

## EXAMINATION OF ARTICLED CLERKS

## PAPER II

## CORPORATE LAWS

Wednesday, 15th May, 2013

TIME : 3 HOURS (1.00 P.M. TO 4.00 P.M.)

(Total Marks – 100)

- Notes.* —(1) Please answer precisely.  
 (2) Cite case law wherever relevant.  
 (3) In case of “open book exam” portion, please do NOT reproduce sections/ rules/regulations. Mention of the applicable sections/rules/regulations will be sufficient.

## A. COMPANIES ACT, 1956.

Marks

1. Please answer any **two** of the following :—

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- (a) As on date there are totally eight directors on the Board of Tatbir Limited, namely, Mr. A, Mr. B, Mr. C, Mr. D, Mr. E, Mr. G, Mr. H, Mr. X and Mr. Y. Of these, two directors Mr. A and Mr. B were appointed as additional directors holding office up to the date of the forthcoming Annual General Meeting. Mr. X and Mr. Y are whole time directors, not liable to retire by rotation.

The company secretary of Tatbir Limited wants your brief opinion, with reasons, as to the number of directors liable to retire by rotation at the forthcoming Annual General Meeting of the Company.

- (b) Supercars India Limited started a project for setting up a new plant to manufacture cars. The project was partially implemented by acquiring land and part of the machinery when for certain strategic reasons the board of directors decided to transfer the project to a wholly-owned subsidiary (WOS). It is proposed to fund the WOS through equity contribution by the holding company.

The board of directors of Supercars India Limited want your brief opinion with reasons as to whether they need to obtain the consent of the general body under section 293(1) of the Companies Act.

- (c) Three individuals, A, B and C, entered into a Joint Venture Agreement to form a JV company, viz. ABC Limited. The company is not listed on any stock exchange. Apart from other provisions, the JV Agreement provided that in the event any of A, B or C is desirous of selling his shares of the JV Company, the other two members will have a preemptive right to acquire the shares held by such selling member. These provisions have been incorporated in the Articles of Association of ABC Limited.

B wants your advice whether such provisions can be said to be violative of the section 111A of the Companies Act. Please give

## Marks

2. Please write a brief note, not exceeding 100 words, on any **three** of the following :— 15
- Company's lien on its shares;
  - Doctrine of indoor management;
  - Lifting of corporate veil;
  - Provisions relating to foreign companies;
  - Doctrine of ultra vires.
3. Please write five bullet points on any **three** of the following :— 15
- Members' right to convene general meeting ;
  - Auditors' appointment & removal ;
  - Removal of a director ;
  - Powers of Company Law Board under section 402 ;
  - Restrictions on inter-corporate loans and investments.
4. Please briefly set out the step by step procedure for any **two** of the following :— 20
- Conversion of a public company into a private company;
  - Reduction of share capital;
  - Amalgamation of two public companies of which the transferee company is listed on stock exchange.

## B. OPEN BOOK PORTION

1. Please write five bullet points on any **two** of the following :— 10
- Buy back of shares by a public listed company from open market;
  - Delisting of securities;
  - Remedies available to a company if a recognized stock exchange refuses to list the company's securities.
2. Please write **true** or **false** against any **five** of the following statements, with not more than three lines of reasoning :— 10
- SEBI Takeover Regulations do not apply to indirect acquisition of shares of the target company;
  - Acquisition of shares of a company pursuant to the provisions of the SEBI (Delisting of Equity Shares) Regulations 2009 do not attract the provisions of regulations 3 and 4 of the SEBI Takeover Regulations.
  - Since under the Hindu Law a deity of a God or Goddess can hold property in its name, a demat account can be opened in the name of such deity.
  - A company can buy back its preference shares from any holder thereof through negotiated deal on spot transaction basis.
  - In case of a private company, after it has filed the draft letter of offer with the Registrar of Companies, it can withdraw its buy back offer at any time after giving seven days' notice to all the shareholders.
  - The draft letter of offer to be filed under regulation 8 of the SEBI (Buy Back of Securities) Regulations, must disclose the market price immediately prior to the date on which the resolution approving the

**Marks**

- (g) In case of a buy back through tender offer, it is not necessary for the promoters to disclose whether or not they intend to offer their shares.
- (h) Sections 13, 14, 15 and 17 of the Securities Contracts Regulations Act are applicable to transfers of securities by the depository from the account of a beneficial owner to the account of another beneficial owner when such securities are dealt with by the depository.
3. Please write a brief paragraph on any **one** of the following :— 10
- (a) Offer Price under the SEBI Takeover Regulations.
- (b) Open offer Process under the SEBI Takeover Regulations.
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