

EXAMINATION OF ARTICLED CLERKS

PAPER II

CORPORATE LAWS

Wednesday, 16th October, 2013

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

(Total Marks – 100)

Notes. —(1) Please answer precisely.

(2) Cite relevant case law wherever necessary.

(3) In case of “Open Book Portion”, please do not reproduce sections/ rules/regulations. It would suffice to mention the relevant section/ rule/regulation.

- | | Marks |
|---|--------------|
| 1. Please write a short note on any three out of the following :— | 15 |
| (a) Proxy and Poll | |
| (b) Preference Shares | |
| (c) Change of registered office. | |
| (d) Scope and effect of section 9 of the Companies Act, 1956 | |
| (e) Minutes books required to be maintained by a company. | |
| 2. Please write true or false against any five of the following, with reasons not exceeding three lines :— | 10 |
| (a) The register of members of a private company can be inspected only by a member of such company. | |
| (b) A person who has completed the age of 75 years cannot be appointed as a managing director of a company | |
| (c) Section 293(1)(a) of the Companies Act would be applicable to sale of an undertaking by a private company to a public company | |
| (d) Every public company must have an audit committee. | |
| (e) The board of directors can fill any vacancy caused in the office of the auditor of the company by the resignation of the auditor. | |
| (f) A private company is also required to maintain a register of directors under section 303 of the Companies Act. | |
| (g) The register of members kept by a private company can be inspected by a person who may not be a member of such private company. | |
| 3. Please write five bullet points on any three of the following :— | 15 |
| (a) Postal ballot. | |
| (b) Notice of general meeting. | |
| (c) Director's Identification Number. | |
| (d) Restrictions on the powers of the board of directors. | |
| (e) Interested director. | |
| 4. Please write note on any two of the following :— | 20 |
| (a) Procedure for amalgamation of a subsidiary company into its holding company. | |
| (b) Rights of minority shareholders in case of oppression and /or mismanagement. | |

5. Please answer any **one** of the following :—

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(a) Mr Patel is a director of India Motels Limited. Mr. Patel is also a trustee of a private trust which holds 10% of the issued and paid up share capital of Hotel Suppliers Private Limited. As a trustee, Mr. Patel's name appears as a member in respect of these shares. Neither Mr. Patel nor any of his family members is a beneficiary under the said trust. The Board of Directors of India Motels Limited at its meeting, where Mr. Patel was present, passed a resolution for entering into a contract with Hotel Suppliers Private Limited for supply of furniture for a total price of Rs. 2.5 Crores. Mr. Patel had filed the form 24AA with India Motels Limited but had not disclosed therein the name of the Hotel Suppliers Private Limited as a company in which he is interested.

Mr. Patel wants your advice whether there has been any violation of section 297 of the Companies Act.

(b) XYZ Limited is a public company. Its Board of Directors have discovered that the Managing Director (who is also a shareholder) has committed fraud and siphoned off huge amounts from the Company. Under the agreement between the Company and the managing Director, the Company is required to give three months' notice for termination of the agreement. The Board of Directors wants your advice as to what steps can be taken by it to protect the interest of the Company.

OPEN BOOK PORTION

6. Please write true or false against any **five** of the following, with reasons in short :—

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- (a) The promoter of a target company has to disclose the details of the shares pledged by his wife for a financing facility with a bank.
- (b) Under the Takeover Code, the offer price to a willing seller can be paid only in cash.
- (c) A transaction of acquiring shares through the exercise of an option under a share warrant, on the basis of the price agreed upon at the time of the issue of the share warrant, is subject to the provisions of the Securities Contracts (Regulations) Act.
- (d) An open offer under the Takeover Code is not required to be made to the portfolio manager of the acquirer.
- (e) An escrow account under the SEBI (Buy Back of Securities) Regulations can consist of a corporate guarantee in favour of the merchant banker.
- (f) A public company, not listed on any stock exchange, is required to reserve for small shareholders fifteen percent of the number of securities it proposes to buy back.
- (g) In the public announcement to be made under the SEBI (Buy Back of Securities) Regulations, the Company has to disclose the sources of funds from which the buy back would be made.

7. Please write a brief note on any **two** of the following :—

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- (a) Negotiated price per share under Regulation 8 of the Takeover Code.
- (b) Distinction between a derivative and an option in securities
- (c) Conditional competing offer under the Takeover Code.

8. Please write a short paragraph on any **three** of the following :—

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- (a) Option Contracts
- (b) Threshold limits under the Takeover Code
- (c) Different method available to a company for buy back of its shares.