

**EXAMINATION OF ARTICLED CLERKS**

**PAPER II**

**CORPORATE LAWS**

**WEDNESDAY, 29<sup>th</sup> OCTOBER, 2014**

**TIME: 3 HOURS [1.00 P.M TO 4.00 P.M.]**

**(TOTAL MARKS – 100)**

1. Write a short note on any four of the following :— 20
- a. Key Managerial Personnel
  - b. Postal Ballot
  - c. Payment of remuneration to non-executive directors
  - d. Audit Committee
  - e. Independent directors
  - f. Nomination and remuneration committee
2. Please write 'True' or 'False' against any ten of the following, with reasons not exceeding three lines :— 20
- a. A private company can alter the provisions of its memorandum of association by an ordinary resolution of general body.
  - b. A public charitable trust in which two of the directors of X Limited are the only trustees, is a related party with reference to X Limited.
  - c. A relative of the auditor of an unlisted public company can provide to its holding company services as an internal auditor.
  - d. A person can be a director on the board of not more than fifteen public companies.
  - e. The quorum for a meeting of the board of directors of a company having a total strength of 10 directors would be 4.
  - f. The board of directors of an unlisted public company can pass a resolution by circulation for borrowing money.
  - g. The term "officer" includes a non-executive alternate director of an unlisted company.
  - h. In postal ballot voting cannot be held through electronic mode.
  - i. A private company engaged in financial services cannot have more than 100 shareholders.
  - j. In all cases at the annual general meeting of any company, an ordinary resolution has to be first passed by show of hands.
  - k. Mrs X, a textile designer, was holding a yearly retainer of Rs. 3 lakhs from a public company till 31<sup>st</sup> March 2013. Her appointment as an independent director at the annual general meeting of the said company held on 1<sup>st</sup> September 2014 is valid.
  - l. The articles of association of X Limited, an unlisted public company do not contain provisions for appointment of an alternate director. The Board of Directors of X Limited can appoint an alternate director if an ordinary resolution is passed by the general body authorising the Board to do so.
3. Write not more than ten bullet points on any three of the following :— 15
- a. Foreign Company
  - b. Appointment of Auditors
  - c. One-man Company
  - d. Interested Director

4. Answer any one of the following :— 15
- a. ABC Limited is a public listed company. Prior to 1<sup>st</sup> April 2014, pursuant to the requirements under the listing agreement, ABC Limited had appointed four independent directors in accordance with the provisions of the Companies Act, 1956. The total number of directors of ABC Limited is nine, of which two are whole-time directors, three are promoter directors and the remaining four are the said independent directors. Please advise ABC Limited as to what steps it should take to ensure that the provisions of the Companies Act, 2013, with respect to the appointment of directors and constitution of its Board of Directors, are not violated.
  - b. XYZ is a public company. It wants to take on leave and licence basis a residential flat belonging to Mrs. Q, the wife of the managing director of XYZ Limited. Mr Q wants to know whether the Company can do this, and if so, what steps should be taken to ensure that there is no violation of any provisions of the Companies Act, 2013. Please advise Mr Q.

#### OPEN BOOK SECTION

5. Please write 'True' or 'False' against any FIVE of the following, with reasons not exceeding three lines :— 10
- a. All options in securities entered into after 1st April 2014, are illegal.
  - b. The Mumbai Stock Exchange has refused to list the securities of ABC Limited. ABC Limited has the following options:
    - i) To accept such refusal; or
    - ii) To prefer an appeal to the Securities Appellate Tribunal; or
    - iii) To file a suit in the Bombay High Court for a declaration that the decision of the Mumbai Stock Exchange is bad in law and not enforceable.
  - c. The provisions of the SEBI(Substantial Acquisition of Shares and Takeovers) Regulations are not applicable to acquisition of over 50% of the equity shares of a public listed company through inheritance.
  - d. AN acquirer is required to send to the target company a copy of the draft letter of offer which the acquirer files with SEBI under regulation 16(1) of the SEBI(Substantial Acquisition of Shares and Takeovers) Regulations.
  - e. A listed company can buy-back its shares from only those shareholders who hold not more than 1,000 shares, if a special resolution to that effect is passed at a general meeting.
  - f. In the explanatory statement to be annexed to the notice of a general meeting of a public listed company, where it is proposed to pass a special resolution for the buy-back of shares, the source of funds for the buy-back has to be disclosed.
  - g. Under the provisions of the SEBI(Substantial Acquisition of Shares and Takeovers) Regulations, an escrow account can be entirely in the form of a bank guarantee issued in favour of the manager to the open offer by any scheduled commercial bank.
6. Please write five bullet points on any three of the following:-- 12
- a. Threshold limits under the SEBI(Substantial Acquisition of Shares and Takeovers) Regulations.
  - b. Persons acting in concert.
  - c. Conditional competing offer under the SEBI(Substantial Acquisition of Shares and Takeovers) Regulations
  - d. Securities Appellate Tribunal
  - e. Delisting of securities
7. Please write a brief note on any one of the following: 8
- a. Buy-back of shares by a public listed company
  - b. Disclosures required to be made under the SEBI(Substantial Acquisition of Shares and Takeovers) Regulations in relation to shareholding and control