

EXAMINATION OF ARTICLED CLERKS**PAPER II****CORPORATE LAWS**

FRIDAY, 18TH NOVEMBER 2016

TIME : 3 HOURS [1-00 P.M. TO 4-00 P.M.]

(TOTAL MARKS—100)

- Notes.**— (1) Please read the entire question paper before attempting to answer.
 (2) Please answer precisely, with reasons.

- | | Marks |
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| 1. MNC Limited has its registered office in Vadodara, Gujarat and a branch office in Mumbai, Maharashtra. The equity shares of the company are listed on the Bombay Stock Exchange. The Board of Directors wants to keep its books of account at its corporate office in Mumbai which is conveniently located. | 10 |
| (a) Please advise the company on the feasibility of maintaining the books of account and financial statements at a place other than the registered office of the company. | |
| (b) In the event the company proposes to change its registered office from Vadodara to Mumbai, please advise the company on the procedure to be followed for change of the registered office from Vadodara to Mumbai. | |
| (c) What would be the consequences of default in complying with the requirements under the Companies Act, 2013 in connection with change of the registered office ? | |
| 2. Alex has been appointed as managing director for life, by the Articles of Association of a private limited company, incorporated on 1st June, 2014. The Articles of Association also empower Alex to appoint a successor. In his will, Alex has appointed Gautam as his successor for the position of managing director. | 10 |
| (a) Please advise whether Gautam can succeed Alex as managing director, after the death of Alex ? | |
| (b) Is it possible for the company to remove Alex from the office of a director during his lifetime and before the expiry of his term of office ? | |
| (c) Please enlist the other restrictions, if any, on the appointment of a managing director of a company. | |
| 3. XYZ Limited had held 3 (three) board meetings till 31st October, 2015 during the financial year 2015. The next board meeting was proposed to be held on 27th December, 2015 but for want of quorum the meeting could not be held. A group of shareholders complained that the Company has violated the provisions of Section 173 of the Companies Act, 2013 in not holding the required number of board meetings. Amar and Akbar, who are the directors of the Company, informed the Company of their inability to attend the meeting because the notice of the meeting to be held on 27th December, 2015, was not served on them. | 15 |
| (a) Discuss whether there is any violation on the part of the Company in holding the required number of board meetings. | |

- (b) Describe the legal provisions pertaining to notice for board meetings applicable to XYZ Limited and the consequences of failure to provide such notice.
- (c) Discuss the applicable legal provisions if XYZ Limited was a dormant company.
- (d) Please advise XYZ Limited on the request made by one of the directors to attend the board meeting through Skype?
- (e) Describe the provisions pertaining to quorum for board meetings applicable to XYZ Limited.
- (f) Please explain the procedure for passing a resolution by circulation by the Board.
- (g) Discuss "One Person Company" under the Companies Act, 2013, with emphasis on the procedure for passing a resolution in case of a One Person Company.

4. Write short notes on any 4 (four) of the following :—

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- (a) Registration of charges.
- (b) Audit and Auditors.
- (c) Liabilities for mis-statements in the Prospectus.
- (d) Ordinary and special resolutions.
- (e) Financial statement.
- (f) Interested Director.
- (g) Preferential payments.
- (h) Extraordinary general meeting with short notice.

5. Write 5 (five) bullet points on any 3 (three) of the following :—

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- (a) Key Managerial Personnel.
- (b) Dormant Company.
- (c) Serious Fraud Investigation Office.
- (d) Corporate Social Responsibility.
- (e) Additional director.
- (f) Private Placement.

6. Please answer *true* or *false* against any 5 (five) of the following statements :—

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- (a) A company buying back its shares from the existing security holders shall make a public announcement within 7 (seven) working days from the date of the special resolution passed by the company.
- (b) A company is entitled to withdraw its buy-back offer, after it has filed the draft letter of offer with the Registrar of Companies, after giving 2 (two) days' notice to all the shareholders.
- (c) The prospectus shall contain the related party transactions entered during the last 5 (five) financial years immediately preceding the issue of the prospectus.
- (d) A listed company, limited by shares, may issue equity shares with differential voting rights if authorized by its Articles of Association, subject to approval by its shareholders through postal ballot.

- (e) The physical share certificate must be issued in the prescribed Form No. SH. 2.
- (f) A company accepting deposits from the public shall furnish to the depositor a receipt for the amount received as deposit within 14 (fourteen) days from the date of receipt of the money.
- (g) A company limited by shares registered under the Companies Act, 1956 shall have to maintain a register of its members in Form No. MGT. 1, on or before 1st January, 2015.
- (h) A director intending to participate in a Board meeting through video conferencing shall have to communicate his intention to the Company Secretary only 30 (minutes) prior to the said meeting.
- (i) A company may pay sitting fees to a director for attending meetings of the Board such that the amount of the fees shall not exceed ₹ 1,00,000/- (Rupees One lakh only) per annum.
- (j) A company shall file a return of appointment of the Managing Director with the Registrar of Companies, within 60 (sixty) days of the appointment.
7. Write a paragraph each, on any 3 (*three*) of the following :— 12
- Public Announcement.
 - Woman Director.
 - Small shareholders' director.
 - Trustee for depositors.
 - Extinguishment of certificates.
8. A private limited company, PQR Private Limited, is in the process of acquiring 53% shareholding in a public listed company, XYZ Limited, through the open offer process. 8
- Please explain briefly the meaning of "open offer".
 - Please explain in bullet points the steps to be followed for the said acquisition.

Marks

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