

Roll No.....

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 8

Total number of printed pages : 6

**NOTE :** Answer SIX questions including Question No.1 which is compulsory.

1. (a) State, with reasons in brief, whether the following statements are correct or incorrect :
- (i) Private companies are not required to employ the whole-time Company Secretary.
  - (ii) A member of the Institute of Company Secretaries of India (ICSI) in whole-time practice can issue compliance certificate in respect of any number of companies without any ceiling whatsoever.
  - (iii) Unlisted companies cannot float global depository receipts (GDRs) in India under the Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993.
  - (iv) The provisions regarding number of Board meetings and periodicity of Board meetings contained in clause 49 of the listing agreement and section 285 of the Companies Act, 1956 are identical.
  - (v) Investment in Indian depository receipts (IDRs) is an investment opportunity for foreign investors to invest in Indian companies.
- (2 marks each)
- (b) Suraj, a Practising Company Secretary ignored some material discrepancies while issuing compliance certificate to a company. Explain the professional responsibility involved and state whether any penal provisions are prescribed for taking action in such circumstances.
- (5 marks)
- (c) Explain the significance of securities management and compliances by a Company Secretary under the Companies Act, 1956.
- (5 marks)
2. (a) Choose the most appropriate answer from the given options in respect of the following :
- (i) According to SEBI guidelines relating to issue of capital, the draft prospectus is required to be filed with SEBI at least –
    - (a) 30 days prior to the filing of prospectus with the Registrar of Companies
    - (b) 45 days prior to the filing of prospectus with the Registrar of Companies
    - (c) 60 days prior to the filing of prospectus with the Registrar of Companies
    - (d) 90 days prior to the filing of prospectus with the Registrar of Companies.

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- (ii) Retail individual shareholder means a shareholder whose shareholding is not more than –
- (a) Rs.1,000
  - (b) Rs.10,000
  - (c) Rs.1,00,000
  - (d) Rs.99,000.
- (iii) Under the Employees' Stock Option Scheme, a director is not eligible to participate in the scheme if he is directly or indirectly holding the equity shares in that company more than --
- (a) 1% of the issued capital of the company at the time of issuance
  - (b) 2% of the issued capital of the company at the time of issuance
  - (c) 5% of the issued capital of the company at the time of issuance
  - (d) 10% of the issued capital of the company at the time of issuance.
- (iv) The stock exchange may delist such companies which have been suspended for non-compliance with the listing agreement for a minimum period of –
- (a) 1 month
  - (b) 2 months
  - (c) 3 months
  - (d) 6 months.
- (v) Out of the following, which is not required to be credited to the Investor Education and Protection Fund –
- (a) Application money received by the company for allotment of any securities and due for refund
  - (b) Matured deposits with the company
  - (c) Matured debentures with the company
  - (d) Matured loans with the company.
- (vi) Section 295 of the Companies Act, 1956 deals with --
- (a) Appointment of sole selling agents
  - (b) Loans to directors
  - (c) Remuneration to directors
  - (d) Disclosure of interest by directors.

(1 mark each)

- (b) State the circumstances when a company is –
- (i) required to file the return of allotment with the Registrar of Companies; and
  - (ii) not required to file the return of allotment.

(2 marks each)

- (c) Distinguish between **any two** of the following :
- (i) 'Compliance certificate' and 'secretarial audit'.
  - (ii) 'Technical collaboration' and 'financial collaboration' involving foreign investment in India.
  - (iii) 'Global depository receipts' (GDRs) and 'Indian depository receipts' (IDRs).
- (3 marks each)*
3. (a) You are working as the whole-time Company Secretary in a large listed company. Draft a note to the Audit Committee of the Board highlighting the need for the appointment of Secretarial Auditor in the company.
- (6 marks)*
- (b) A foreign company engaged in automobile manufacturing activities is interested in setting-up a branch office in India. As a Company Secretary, advise the foreign company the purposes for which a branch office can be set-up under the Foreign Exchange Management Act, 1999.
- (6 marks)*
- (c) Explain the following terms used in takeovers and acquisitions :
- (i) Conglomerate merger.
  - (ii) Reverse merger.
- (2 marks each)*
4. (a) Re-write the following sentences after filling-in the blank spaces with appropriate word(s)/figure(s) :
- (i) \_\_\_\_\_ is a process of conversion of physical certificates into electronic balances.
  - (ii) The orders of SEBI under the securities laws are appealable before \_\_\_\_\_.
  - (iii) A \_\_\_\_\_ is a product whose value is derived from the value of underlying asset, index, etc.
  - (iv) When a charge on the assets of the company is satisfied, the fact is intimated in Form No. \_\_\_\_\_ to the Registrar of Companies.
  - (v) At the time of opening of a new demat account, the \_\_\_\_\_ should ensure that the application form has been filled in all respects and the client has been introduced by a well-known person.
  - (vi) A company cannot register a transfer unless \_\_\_\_\_ duly stamped and executed by both the transferor and transferee is delivered to the company.

*(1 mark each)*

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- (b) While carrying out the secretarial audit of Daisy Ltd., you have found that a resolution was passed by the shareholders authorising the company to buy-back its shares. Intimation regarding the buy-back was also given to the recognised stock exchange in due course. However, no further steps were taken by the company in this regard. Meanwhile, a notice has been received by the company from the Securities and Exchange Board of India holding it guilty for not implementing the resolution of buy-back. Decide whether the company is bound to implement the resolution of buy-back of its shares.
- (5 marks)*
- (c) What do you mean by an 'independent director' ? Mention the criteria for considering a director as an independent director ?
- (5 marks)*
5. (a) Jai Hind Ltd. made a public issue of 12 crore shares @ Rs.260 per share. 3 crore shares were offered to retail category of investors. Response of public to the issue was overwhelming and the entire issue was oversubscribed by 4.5 times whereas for the retail category the oversubscription was 6 times. The allotment procedure was finalised as per the SEBI guidelines. Three retail investors Ramesh, Suresh and Tushar who applied for 80 shares, 64 shares and 40 shares respectively, are interested in ascertaining the number of shares likely to be allotted to them. As per the issue document, applications could be made for a minimum of 8 shares and in multiples thereof. What will be their respective actual entitlements ? Explain with reasons.
- (5 marks)*
- (b) State the compliances required under the listing agreement regarding publication of financial results in newspapers.
- (5 marks)*
- (c) As a Practising Company Secretary, prepare a check-list for the purpose of compliance certificate under section 383A of the Companies Act, 1956 with regard to declaration, payment and transfer of dividend.
- (6 marks)*
6. (a) A member of Rosy Ltd. is interested in inspecting and taking copies of minutes of Board meetings and of the annual general meeting held in the year 2008. Draft a suitable reply to be sent to the member.

*(6 marks)*

- (b) You are in the process of preparing compliance certificate of Konzept Ltd. You find that a Board resolution has been passed to grant a loan of Rs.80 lakh to another company, Rocket Ltd. The information about Konzept Ltd. as on 31<sup>st</sup> March, 2009 is as under :

	<i>Rs. in Lakhs</i>
Paid-up share capital :	
- Equity	50
- Preference	10
General reserves	100
Debentures redemption reserve	5
Loans already given to :	
- Xel Ltd.	5
- Yetin Ltd.	10

Konzept Ltd. has already given a guarantee of Rs.10 lakh to Zohar Ltd.

Prepare a note commenting on the decision of the Board and indicating whether it has complied with the relevant provisions of the Companies Act, 1956.

(6 marks)

- (c) Janta Power Ltd. was incorporated on 30<sup>th</sup> November, 2008. The certificate of commencement of business was issued by the Registrar of Companies on 31<sup>st</sup> December, 2008. Explain the provisions of the Companies Act, 1956 regarding holding of statutory meeting by the company.

(4 marks)

7. (a) Write notes on **any two** of the following :

- (i) CEO/CFO certification under listing agreement.
- (ii) Pledge of shares held in dematerialised form and the role of depository participant.
- (iii) Search and status report on the position of borrowings made by a company.

(4 marks each)

- (b) Distinguish between **any two** of the following :

- (i) 'Friendly takeover' and 'hostile takeover'.
- (ii) 'Share transfer audit' and 'statutory audit'.
- (iii) 'Audit committee' and 'remuneration committee'.

(4 marks each)

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8. Critically examine and comment on **any four** of the following :

- (i) All listed companies are required to ensure minimum level of public shareholding of 25% of the total number of issued shares of a class/kind for the purpose of continuous listing on a recognised stock exchange.
- (ii) While the newly inserted provision under section 383A(1) has opened much awaited area of practice for Company Secretaries, it casts onerous responsibility and poses a great challenge to the profession.
- (iii) Company Secretary of a listed company, in addition to complying with the provisions of Companies Act, 1956, is also expected to perform certain activities relating to securities laws and compliances.
- (iv) Public announcement is not required for *inter-se* transfers.
- (v) The objectives of a legal due diligence exercise may vary from case to case.

(4 marks each)

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