

Roll No.....

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 8

Total number of printed pages : 4

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

**1.** Examine and comment on the following. Attempt **any five** :

- (i) Pre-diligence is primarily the activity of management of papers, files and people.
- (ii) Conversion of optionally convertible debt instruments into equity share capital depends upon willingness of the holders of such instruments.
- (iii) Through an effective compliance programme the business and its shareholders learn about their individual and group responsibilities towards the organisation.
- (iv) Audit is concerned with historic financial statements whereas due diligence reviews forecast financial performance for the company.
- (v) Under the automatic route the foreign investor requires approval only from the Reserve Bank of India and not from Foreign Investment Promotion Board (FIPB).
- (vi) Company Secretary as Compliance Officer under the listing agreement.

(4 marks each)

**2.** (a) Briefly state the disclosures to be made for 'remuneration' under Board's report by a listed company under the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

(8 marks)

(b) Distinguish between the following :

- (i) 'Friendly takeover' and 'hostile takeover' indicating the meaning of takeover.
- (ii) 'Dematerialisation' and 'rematerialisation' stating the steps to be taken to complete the said processes.

(4 marks each)

3. (a) Unix Ltd. has provided 100% margin money to its banker for issuance of performance bank guarantee. The bank guarantee is for 3 years. The said margin money was converted into a fixed deposit by the banker and it cannot be utilised by the company until the bank guarantee is cancelled. State whether a charge will have to be created under the provisions of section 77 of the Companies Act, 2013. Justify your answer with reasons.  
(4 marks)
- (b) Define the term 'officer who is in default' under the Companies Act, 2013.  
(4 marks)
- (c) Sam is a director of ABC Ltd. and XYZ Ltd. ABC Ltd. was regular in filing the annual return but did not file annual accounts for the years ended 31<sup>st</sup> March, 2013 and 2014. ABC Ltd. also did not pay interest from 1<sup>st</sup> April, 2015 on loan taken from a public financial institution and it also failed to repay matured deposits taken from public on due dates from 1<sup>st</sup> April, 2015 onwards.  
Answer the following in the light of relevant provisions of the Companies Act, 2013 —  
(i) Whether Sam is disqualified under section 164(2) of the Act ?  
(ii) Whether Sam can be appointed as an additional director in any other private company ?  
(4 marks)
- (d) State the main difference between 'offer of shares through book building' and 'offer of shares through fixed price public issue' indicating the floor price in case of book building. Also state the minimum number of days for which bid should remain open in book building.  
(4 marks)
4. (a) SCT Ltd. is a software company employing more than one lakh people in India and abroad. It proposes to acquire another software company half of its size which has multiple country culture employees. As a Company Secretary, what due diligence on human resources front you will apply prior to acquisition ?  
(8 marks)
- (b) Sunny Ltd. maintains its books of accounts in electronic mode and it is maintained outside India. One of its directors have sought to know certain financial information through his agent. List out procedure to be followed in providing the requested information to the director under the Companies (Accounts) Rules, 2014.  
(8 marks)

5. (a) Explain the concept of compliance management system. Mention its scope relating to the following —
- (i) Corporate and economic laws
  - (ii) Industry specific laws
  - (iii) Local laws.
- (8 marks)*
- (b) Describe the matters that are required to be disclosed to stock exchange within 15 minutes of the closure of the Board meeting under the listing agreement. Also state the pre and post compliances that are required to be undertaken by the company in this regard.
- (8 marks)*
6. (a) Re-write the following sentences after filling-in the blank spaces with appropriate word(s)/figure(s) :
- (i) \_\_\_\_\_ are the policy documents relating to various aspects of secretarial practices in the corporate sector.
  - (ii) \_\_\_\_\_ is an equity-linked convertible security that can be converted/exchanged for a specific number of shares of the issuer company.
  - (iii) \_\_\_\_\_ refer(s) to commercial loans in the form of bank loans, securitised instruments, buyers' credit, suppliers' credit availed of from non-resident lenders with a minimum average maturity of 3 years.
  - (iv) In case of public issues, the issuer company makes detailed disclosures as per the SEBI (\_\_\_\_\_) Regulations, 2009 in its offer document.
  - (v) \_\_\_\_\_ means custodian of securities registered with SEBI and authorised by the issuing company to issue Indian depository receipts.
  - (vi) \_\_\_\_\_ means a document which either creates or acknowledges a debt.
- (1 mark each)*
- (b) Axis Ltd., an unlisted public company, proposes to issue employee stock option to its management staff. As a Practising Company Secretary, state the items that are required to be verified to ensure that the company has duly complied with the provisions as required under the Companies Act, 2013.
- (6 marks)*
- (c) What are the possible hurdles in carrying out a legal due diligence ?
- (4 marks)*

7. (a) Explain the compliances required with regard to the following. Attempt **any two** :
- (i) Transfer of shares by a resident in India to a person resident outside India and *vice-versa*.
  - (ii) Corporate social responsibility disclosures in Board report.
  - (iii) Conversion of ECB into equity.
- (4 marks each)
- (b) Write notes on the following. Attempt **any two** :
- (i) Regulatory framework for issue of securities by small and medium enterprises.
  - (ii) Takeover defenses by a target company against hostile takeover.
  - (iii) Principal documents required for the issue of global depository receipts.
- (4 marks each)
8. Critically examine and comment on the following. Attempt **any four** :
- (i) Foreign direct investment (FDI) in India is undertaken in accordance with the FDI policy.
  - (ii) The legal framework for depository system as envisaged in the Depositories Act, 1996 provides for the establishment of single or multiple depositories.
  - (iii) It may not be always possible for a Practising Company Secretary to physically verify each and every transfer deed, particularly in the case of a company whose shares are frequently traded and the volume of shares is large.
  - (iv) Certain matters which are required to be approved at a meeting of the Board of directors cannot be held through video conferencing or other audio visual means.
  - (v) Secretarial audit results in tangible benefits to the company and its stakeholders.
- (4 marks each)