

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) There are a number of rules, regulations and guidelines in existence for the securities markets, yet the markets are vulnerable to non-compliances and shareholders' grievances.
- (ii) Verification of compliance of secretarial standards is optional for secretarial audit.
- (iii) Financial due diligence provides peace of mind to both corporate and financial buyers.
- (iv) SMEs can access capital markets easily, quickly and without any sort of due diligence.
- (v) Compliance with the requirements of law through a compliance management programme can produce positive results.
- (vi) Horizontal merger is a merger between business competitors.

(4 marks each)

2. (a) You are the Secretarial Auditor of Shilpa Ltd., which declared lock-out due to non-availability of raw material, power and other compelling administrative reasons from 31st July, 2014 to 31st March, 2015. The shares of the company are listed at Bombay Stock Exchange (BSE). How would you deal with this situation for the purpose of reporting in secretarial audit ?

(4 marks)

(b) Secretarial audit is an effective tool for corporate compliance management. Elaborate.

(4 marks)

(c) While conducting IPO due diligence, examine the following :

- (i) Issuer company advertises on television about the IPO without any disclaimer.
- (ii) Issuer company uses celebrities as models for IPO advertising.
- (iii) Issuer company has not appointed monitoring agency for a mega IPO of ₹400 crore.
- (iv) Promoter's contribution is 10% of the post-issue capital.

(2 marks each)

3. (a) "Where a friendly takeover of a listed company is with the consent of taken-over company, no due diligence is required." Comment.
(2 marks)
- (b) A European company wishes to acquire controlling stake in Pride Ltd., a listed Indian company. As an advisor to Pride Ltd., strategise and advise to the management as to how they can defend the hostile takeover attempt. You are expected to suggest specific defensive strategies.
(4 marks)
- (c) Prepare a detailed check-list of information required from the target company for the purpose of takeover due diligence.
(10 marks)
4. (a) You are a Company Secretary of an unlisted company which has decided to go for an IPO. Advise the company regarding a check-list on filings/approvals/submissions required in this regard under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.
(8 marks)
- (b) Examine the following in the context of share transfer audit :
- (i) Stamp duty is uniform throughout the country in the case of transfer of shares and debentures.
 - (ii) In case transferor's signature on the transfer deed varies from the signature available in the company records, the company accepts the deed on the recommendations of the Ministry of Finance.
(4 marks)
- (c) What are the certifications recognised by financial institutional lenders to be furnished to them by a Company Secretary in Practice ?
(4 marks)

5. (a) Write notes on the following. Attempt *any two* :
- (i) IPO grading
 - (ii) Role of a Practising Company Secretary in securities management under the Securities and Exchange Board of India Act, 1992 and rules, regulations, guidelines and circulars made thereunder
 - (iii) Consequences of non-compliance of listing agreement.
- (4 marks each)*
- (b) Distinguish between the following :
- (i) 'Due diligence' and 'audit'.
 - (ii) 'Derived instruments' and 'benchmarked instruments'.
- (4 marks each)*
6. (a) Re-write the following sentences after filling-in the blank spaces with appropriate word(s)/figure(s) :
- (i) The maximum period of subscription for an IPO is _____.
 - (ii) The eligible securities allotted under qualified institutional placement shall not be sold by the allottee for a period of _____ from the date of allotment, except on a recognised stock exchange.
 - (iii) The merger of a subsidiary company into its parent company is called _____.
 - (iv) The Nomination and Remuneration Committee shall comprise of at least _____ directors, all of whom should be non-executive directors.
 - (v) Maximum application amount in an IPO for a retail investor shall be _____.
 - (vi) Indian parties are prohibited from making direct investment in a foreign entity engaged in _____.
- (1 mark each)*
- (b) What are the conditions to be observed by Indian parties for disinvestment in joint venture/ wholly-owned subsidiaries abroad ?
- (6 marks)*
- (c) Explain the issue of shares with differential voting rights. State the salient features of differential voting rights.
- (4 marks)*

7. (a) State the requirements the financial institutions insist on fulfilling while granting term loans to companies.

(4 marks)

- (b) Shyam has been recently appointed as an independent director in Ria Ltd., a listed company. He is proposed to be appointed as member in the shareholders' grievance committee and also as Member/Chairman of the audit committee in the company. Presently, Shyam is also working as an independent director in X Ltd. (listed company) and Y Ltd. (unlisted company). He is already serving as Chairman of audit committees in both these companies.

With reference to the provisions of listing agreement, clarify whether Shyam can be appointed in the proposed position in Ria Ltd.

(4 marks)

- (c) Describe the occasions that require creation of data room.

(4 marks)

- (d) Ms. Zoomie formed one person company, Anjum (OPC) under the Companies Act, 2013. She is also the director of the company. Is it possible for Ms. Zoomie to enter into contract with Anjum (OPC) ?

(4 marks)

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

- (i) Certification of annual return.
- (ii) Through sponsored global depository receipts, existing shareholders in Indian companies can sell their shares in the overseas market.
- (iii) Indian party is eligible to make direct investment in joint venture or wholly-owned subsidiary outside India.
- (iv) Securities market facilitates the internationalisation of an economy by linking it with the rest of the world.
- (v) There are optional registers that should be maintained for good secretarial practice. If these registers are not maintained, the Practising Company Secretary should not qualify his certificate/audit report.

(4 marks each)