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Roll No.....

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 6

Total number of printed pages : 4

NOTE : Answer **ALL** Questions.

PART — A

Attempt all parts of either Q.No. 1 or Q.No. 1A

1. (a) Royal Ltd. raised external commercial borrowings with prepayment plan for an amount of USD 600 million under approval route. You are required to prepare a check-list for conducting secretarial audit.
- (b) Smily Ltd. had a track record of declaring dividends @ 10%, 15% and 14% in the three financial years preceding the financial year 2015-16. In the year 2015-16, the company declared dividend @ 15% even though there was inadequacy or absence of profit. As a secretarial auditor, what are the checks to be observed in declaration of dividend in case of inadequacy or absence of profit ? Examine the validity of dividend declared in the year 2015-16.
- (c) Sunshine Ltd. is a listed company. As a secretarial auditor, prepare a check-list for verifying the compliances relating to retirement of directors as per provisions of the Companies Act, 2013.
- (d) Explain the establishment, objectives, scope and functions of the Secretarial Standards Board.
- (e) Secretarial audit is a process to check compliance with the provisions of all applicable laws including rules, regulations and procedures. Draw a labelled block diagram explaining the process.

(5 marks each)

OR (Alternate question to Q.No. 1)

- 1A. (i) What are the principles laid down under the Secretarial Standard on General Meetings (SS-2) with regard to 'conduct of poll' you would adhere to as a Company Secretary ?

(5 marks)

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- (ii) Keshav Ltd. is an unlisted company with a paid-up share capital of ₹35 crore and turnover of ₹100 crore. Advise Keshav Ltd., whether it is required to annex to its Board's report, a secretarial audit report by the Company Secretary in Practice. Justify your answer. (5 marks)
- (iii) The articles of association of Bright Ltd. provides that a meeting of the Board of directors shall be held at 10.00 A.M. on the first Saturday of every month. Relying on this, the company did not send notice to the directors for the Board meeting held on Saturday, 2nd April, 2016. The validity of Board meeting was questioned by directors Somya and Tony saying that notices were not sent to them. Are Somya and Tony justified in questioning the validity of the meeting ? Advise. (5 marks)
- (iv) As a Secretarial Auditor, what are the checks to be observed in case of direct investment outside India under approval route ? (5 marks)
- (v) Explain the principles relating to maintenance and recording of minutes of Board meetings as per Secretarial Standard on Meetings of the Board of Directors (SS-1). (5 marks)

PART — B

Attempt all parts of either Q.No. 2 or Q.No. 2A

2. (a) State the requirements under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 with respect to :
- (i) Minimum subscription
 - (ii) Minimum allottees
 - (iii) Monitoring agency
 - (iv) Minimum application value
 - (v) Final post issue report.
- (1 mark each)
- (b) Who is not eligible for making public issue of specified securities under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 ? (5 marks)
- (c) Explain the restrictions on allotment under qualified institutional placement for due diligence. (5 marks)

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OR (Alternate question to Q.No. 2)

- 2A.** (i) Enumerate the points to be checked in respect of the Air (Prevention and Control of Pollution) Act, 1981. (5 marks)
- (ii) (a) What is 'preferential offer' according to Rule 13 of the Companies (Share Capital and Debentures) Rules, 2014 ?
(b) Madhav Ltd. makes preferential offer of securities for consideration other than cash. How is such consideration valued ?
(c) Prakash Ltd. makes preferential offer of shares for consideration other than cash. Name the two methods by which this non-cash consideration is treated in the books of account of Prakash Ltd. (5 marks)
- (iii) Bright Star Ltd. made a public issue of 10 crore shares at ₹200 per share. 3 Crore shares were offered to retail category of investors. The issue was oversubscribed by 5 times whereas the retail category was oversubscribed by 6 times. Three retail investors Akhil, Bhanu and Chandan applied for 80 shares, 64 shares and 40 shares respectively. As per the issue document, applications would be made for a minimum of 8 shares and in multiples thereof. Find out the entitlements of Akhil, Bhanu and Chandan *vis-à-vis* SEBI guidelines. (5 marks)
- 3.** (a) Weak Industries Ltd. is contemplating to sell its business to Expensive Enterprises Ltd. (EEL). As a Practising Company Secretary, EEL has engaged you to create a 'data room' and take further steps. Explain to the management of EEL :
(i) What is data room;
(ii) What benefits it will provide; and
(iii) In what circumstances creation of data room will be required ? (8 marks)
- (b) Superb Plc., a company registered in United Kingdom, while issuing Indian depository receipts, has failed to comply with the provisions of the Foreign Exchange Management Act, 1999. As a Practising Company Secretary, advise the management of Superb Plc. about the penal provisions and remedial measures. (7 marks)
- 4.** (a) Under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, when are the shares of target company said to be infrequently traded ? State how the minimum open offer price will be calculated. (5 marks)

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- (b) A limited two-way fungibility scheme has been put in place by the Government of India for ADRs/GDRs. Explain the scheme with relevant provisions. *(5 marks)*
- (c) What is 'anti-competitive agreement' under the Competition Act, 2002 ? Mention any three anti-competitive agreements under horizontal agreements. *(5 marks)*
5. (a) Distinguish between the following :
(i) 'Relevant geographic market' and 'relevant product market'.
(ii) 'IPO' and 'FPO'.
(iii) 'Diversion of funds' and 'siphoning of funds'. *(3 marks each)*
- (b) Write short notes on the following :
(i) Compliance management
(ii) Importance of search/status report. *(3 marks each)*
6. (a) As a Practising Company Secretary, while carrying out due diligence regarding the loans taken by Quick Ltd. from a nationalised bank, how would you ensure that the company has not committed any wilful default in the matter of repayment of loans ? Also, state the consequences if a false diligence report is submitted. *(5 marks)*
- (b) "Environmental non-compliances may not only result in huge financial liability or reputation wreck but also may result in business discontinuity or huge public damage." Elaborate the statement with two specific case studies. *(5 marks)*
- (c) Strong Ltd. is contemplating to introduce Employees Stock Purchase Scheme (ESPS). As a Practising Company Secretary, advise the management on the following issues :
(i) Whether directors of the company are eligible for ESPS ?
(ii) Is there any restriction on the price of shares to be issued under ESPS ?
(iii) The nature of approvals to be taken from the shareholders of the company.
(iv) Lock-in-period. *(5 marks)*