

Roll No.....

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 6

Total number of printed pages : 7

NOTE : Answer ALL Questions.

PART — A

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

1. (a) Aroma Private Ltd. with paid-up capital of ₹ 60 Lakh is a subsidiary of Ayurvedic Ltd., a public company having a paid-up capital of ₹ 40 crore and turnover of ₹ 35 crore. During a Board meeting, Ram, one of the Directors, asked for furnishing the secretarial audit report of the company stating that it is a mandatory report and should be presented to the Board. The other Board members did not agree with Ram. Being a Company Secretary what would you advise to the Board ?
- (5 marks)
- (b) One of the Directors of Marksmen Ltd. leaked an insider information in the market for personal profit. A, auditor of the company, in the course of performance of his duties finds out this offence which involves the amount of ₹ 2 crore or above. As the auditor of the company, what would A report about this ? Also state the consequences of non-compliance by the Auditor.
- (5 marks)
- (c) List out the check points to be observed by Company Secretary while conducting the Secretarial Audit with regard to Attendance at meetings of the company as per Secretarial Standard-I.

(5 marks)

: 2 :

- (d) Aura Ltd. has received a request from Joe, one of the legal representatives of a deceased member James, for transmission of 1000 equity shares. Meanwhile Jennie, the spouse of James, being a joint holder along with James also approached the company for transmission of those 1000 equity shares in her favour. You, as a Company Secretary of the company, need to check these two claims of transmission of shares and effect the transmission in compliance with the provisions of the Companies Act, 2013. Indicate your course of action in this case.

(5 marks)

- (e) Ray, the Independent Director of a company has brought to the notice of the Board that the company is mandatorily required to file E-Form ACTIVE. As the Company Secretary of the company, you are required to highlight the relevant provisions and consequences of not filing the E-Form ACTIVE within the stipulated time.

(5 marks)

OR (Alternate Question to Q. No. 1)

- 1A. (i) VPS Construction Private Ltd. is working on a project of constructing 80 well equipped hospitals in 10 different cities. For raising capital, the company offered its securities to 400 investors (which include 150 Qualified Institutional Buyers and the Employees who have been given securities under ESOP Scheme) under private placement scheme in current financial year, maintaining record of offer letter in Form PAS-4. The share certificates were issued after 3 months of allotment of shares.
- Being a Company Secretary, state with reasons whether or not the company has complied with the provisions of the Companies Act, 2013 with reference to the above activities ?

(5 marks)

: 3 :

(ii) You are appointed as the Secretarial Auditor of Varuna Food Supplier Ltd., a BSE listed company, for conducting Secretarial Audit for the financial year 2018-19. During the audit, you find the following information :

(a) This year company got covered under Sec. 135 of Companies Act, 2013 and so constituted a Corporate Social Responsibility (CSR) committee.

(b) Mr. A, Director (Finance), resigned from the company.

(c) Notice of closure of the register of members, debenture holders and other security holders.

(d) The company applied for License under Sec. 8 of the Companies Act, 2013. State website disclosures requirements to be checked for above under the Companies Act, 2013.

(5 marks)

(iii) State the disclosures that need to be annexed to the Report of Board of directors with regard to “Public Deposits” as per the Secretarial Standard-4 (SS-4).

(5 marks)

(iv) “Secretarial Audit is to be on the principle of ‘Prevention is better than cure’ rather than a post mortem exercise and to find faults”. Explain.

(5 marks)

(v) List out the check points to be observed by a Company Secretary while conducting the Secretarial Audit with regard to Quorum of the meetings as per Secretarial Standard-1.

(5 marks)

PART — B

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

2. (a) Economic and social factors are recognized and assessed while setting up an industry. State the factors which must be considered in respect of locations to be avoided in setting up an industry.
- (b) Twinbirds Inc., a company registered in Mauritius has recently set up a back office at Hyderabad in the State of Telangana, wherein the company provides service to its customers. Wood Ltd., an Indian entity, holds 74% of equity in the above Mauritius based company. You are required to advise the company with regard to the compliance, if any, in line with the provisions applicable to a foreign company under the Companies Act, 2013.
- (c) Prepare a checklist for right issue of shares.

(5 marks each)

OR (Alternate Question to Q. No. 2)

- 2A. (i) Royal X Ltd., a listed company, has issued USD 50 Million Indian Depository Receipts (IDRs). Prepare a checklist for equitable treatment to IDR holders as per the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(5 marks)

: 5 :

- (ii) Ashu Ltd. and Pragarti PMC Ltd. have entered in to a Joint Venture Agreement (JVA). Pursuant to provisions of JVA, a Joint Venture Company (JVC) shall be incorporated to run the Project Management and Assistance Business in Cambodia. Apart from capital investment, both parties will provide knowhow and intellectual assistance including business secrets to JVC. In this regard, Ashu Ltd. and Pragarti PMC Ltd. need to enter in a Non-disclosure Agreement.

List out the points to be incorporated in the Undertaking Clause of the Non-disclosure Agreement.

(5 marks)

- (iii) Write a note on abuse of dominance under the Competition Act, 2002.

(5 marks)

3. (a) As a company secretary, state the corporate governance requirements with respect to subsidiary of a listed company under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(8 marks)

- (b) Sharma and Verma are the shareholders of Mukta Enterprises Ltd., an unlisted public company, holding 5000 equity shares each. Both the shareholders have their holdings in physical form. In June 2019, they decided to transfer their shares but could not transfer due to the recent changes in the law. Advise them about relevant rules and prepare checklist for the company to ensure compliance of rules relating to issue of securities in dematerialised form by unlisted public companies.

(7 marks)

4. (a) Mention the time within which Public Announcement is required to be made to the Stock Exchange under the following circumstances :
- (i) Disinvestment.
 - (ii) Acquisition of shares, voting rights or control over the Target Company pursuant to Preferential Issue.
 - (iii) Agreement to acquire shares or voting rights or control over the Target Company.
 - (iv) Acquiring shares or voting rights or control pursuant to conversion of convertible securities with a fixed date of conversion.
 - (v) Increase in voting rights pursuant to a buy-back not qualifying for exemption under Regulation 10 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
- (b) As a company secretary state which companies are to be covered under the defaulter list of the Reserve Bank of India. Also prepare a checklist in this regard.
- (c) State the provisions for registration of charges (created/modified) with the Registrar of Companies under the Companies Act, 2013.
- (5 marks each)*
5. (a) Write short notes on the following :
- (i) Scope of legal due diligence.
 - (ii) Risks associated with non-compliance of law.
 - (iii) Justification for environmental due diligence.
- (3 marks each)*
- (b) (i) Prepare a checklist for compliance with terms and conditions set forth by a lending bank at the time of sanctioning a loan.
- (ii) Mention description of the following forms required to be filed under the Companies Act, 2013 :
- Form No. DPT-3
 - Form No. DIR-12
 - Form No. INC-24

(3 marks each)

: 7 :

6. (a) Greenfield Ltd. has borrowed from Trust Bank by way of Term Loan of ₹ 40 crore for its new hotel project with the consent of the Board. The paid up equity share capital and free reserves on the day of the borrowings were ₹ 10 crore and ₹ 18 crore respectively. In the recent Annual General Meeting, Dey, a shareholder of the company raised an objection that the company has contravened the provisions of the Companies Act, 2013 with regard to the borrowings. Is the contention of the shareholder correct ? Justify. Will your answer differ if the above company is a Private Company ?
- (b) What are the benefits of Data Room under due diligence ?
- (c) “The successful merger demands that strategic planners are sensitive to the human issues of the organizations”. Discuss and mention the checks that need to be ensured in this regard.

(5 marks each)

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