

Roll No. ....

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 8

Total number of printed pages : 7

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

- I. (a) State, with reasons in brief, whether the following statements are true or false :
- (i) A company registered under section 25 of the Companies Act, 1956 shall be required to have minimum paid-up capital of ₹5 lakh or such higher paid-up capital as may be prescribed from time-to-time.
  - (ii) Rematerialisation means the conversion of physical holdings back into the electronic holdings.
  - (iii) All fees/compensation, if any, paid to non-executive directors can be fixed by the Board of directors without the previous approval of the shareholders in a general meeting.
  - (iv) The Securities Contracts (Regulation) Act, 1956 states that if a company fails to comply with the listing conditions or delisting conditions or grounds or commits a breach thereof, it shall be liable to a penalty not exceeding ₹20 crore.
  - (v) A company not eligible to raise funds from the Indian capital market will not be eligible to issue foreign currency convertible bonds.
- (2 marks each)*
- (b) Critically examine and comment on the following :
- (i) A remuneration committee may be set-up by the Board of directors.
  - (ii) As per SEBI regulations, every issuer is required to submit audit report on a quarterly basis.

*(5 marks each)*

2. (a) Write the most appropriate answer from the given options in respect of the following :
- (i) Where a company fails to comply with the requirement of filing the compliance certificate with the Registrar of Companies, every officer of the company and the company shall be punishable with fine which may extend to —
    - (a) ₹250 per day during which the default continues
    - (b) ₹1,000 per day during which the default continues
    - (c) ₹500 per day during which the default continues
    - (d) ₹750 per day during which the default continues.
  - (ii) As per clause 49 of the listing agreement, the Board of directors shall meet in a year at least —
    - (a) 2 Times
    - (b) 3 Times
    - (c) 4 Times
    - (d) 5 Times.
  - (iii) When a charge on the assets of the company is satisfied, which one of the following forms is required to be filed with the Registrar of Companies —
    - (a) Form No.10
    - (b) Form No.12
    - (c) Form No.8
    - (d) Form No.17.
  - (iv) As per FEMA regulations, an Indian party is permitted to make an investment in overseas joint venture/wholly owned subsidiaries not exceeding —
    - (a) 100%
    - (b) 200%
    - (c) 400%
    - (d) 500%of its net worth as on the date of the last audited balance sheet.
  - (v) The proceedings of each general meeting of the company should be entered within —
    - (a) 60 Days of the meeting
    - (b) 45 Days of the meeting
    - (c) 90 Days of the meeting
    - (d) 30 Days of the meeting.

: 3 :

(vi) Which of the following Acts does not come under the purview of the securities laws —

- (a) Securities and Exchange Board of India Act, 1992  
 (b) Foreign Contribution (Regulation) Act, 1976  
 (c) Securities Contracts (Regulation) Act, 1956  
 (d) Depositories Act, 1996.

*(1 mark each)*

(b) Distinguish between the following :

- (i) 'Equity shares' and 'sweat equity shares'.  
 (ii) 'Buy-back of shares' and 'redemption of shares'.

*(5 marks each)*

3. (a) You are a Company Secretary holding certificate of practice. While issuing the secretarial compliance certificate to Keya Co. Ltd., you observe that in the calendar year 2010, the following meetings of the Board of directors were held :

1 <sup>st</sup> meeting	—	26 <sup>th</sup> February, 2010
2 <sup>nd</sup> meeting	—	30 <sup>th</sup> March, 2010
3 <sup>rd</sup> meeting	—	26 <sup>th</sup> May, 2010
4 <sup>th</sup> meeting	—	30 <sup>th</sup> June, 2010
5 <sup>th</sup> meeting	—	1 <sup>st</sup> October, 2010
6 <sup>th</sup> meeting	—	28 <sup>th</sup> December, 2010

Do you feel that there is any violation of the provisions of the Companies Act, 1956 ? Explain.

*(6 marks)*

(b) Swadesh has applied for shares under employees stock option scheme (ESOS) and his option was granted by the company. Now, Swadesh wants to transfer his option to his friend, Vinod. Comment on the check points for non-transferability of option under the ESOS.

*(5 marks)*

(c) "MCA-21 offers the facility to view documents and also search and other facilities of public documents online." Explain the statement and narrate the procedure for examination of records filed by a company with the Registrar of Companies.

*(5 marks)*

4. (a) What do you mean by 'persons acting in concert' ? Who will be deemed to be persons acting in concert as per the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 ?  
(6 marks)
- (b) Sunil is a Company Secretary holding certificate of practice. He has accepted the assignment of secretarial audit of XYZ Ltd. for the financial year ended 31<sup>st</sup> March, 2010. He received the notice of his assignment on 15<sup>th</sup> April, 2010 and signed the audit report on 30<sup>th</sup> June, 2010. It is noticed that Sunil ceased to be a Company Secretary in practice from 1<sup>st</sup> June, 2010. Examine the validity of the report dated 30<sup>th</sup> June, 2010 signed by Sunil.  
(5 marks)
- (c) Amar Properties Pvt. Ltd. was incorporated by Amar and his three sons. The issued and paid-up capital was ₹4 lakh comprising 4,000 shares of ₹100 each. After few years, Amar died in an accident. At that time his name appeared in the following manner in the register of members.

<i>Name</i>	<i>No. of Shares</i>
Amar	100
Amar and his first son	600
Amar and his second son	600
Amar and his third son	500
Total :	<u>1,800</u>

On the demise of Amar, his wife claimed that her late husband held 1,800 equity shares jointly and severally. He had left behind a will and she accordingly obtained a probate in her favour in respect of the above mentioned shares from the court and applied to the company for transmission of all the 1,800 shares in her favour. The company transmitted only 100 shares in the name of Amar's wife because of complaints made by the other survivors. Amar's wife has filed a petition under sections 111(2) and 111(4) of the Companies Act, 1956 challenging the action of the company. Prepare a note for the company about the defences it may take.

(5 marks)

: 5 :

5. (a) Re-write the following sentences after filling-in the blank spaces with appropriate word(s)/figure(s) :

- (i) Promoters' contribution has to be brought in as per the SEBI guidelines before the \_\_\_\_\_ of public issue.
- (ii) Indian depository receipt means any \_\_\_\_\_ in the form of depository receipt created by domestic depository in India.
- (iii) The depository participant shall redress the grievances of the beneficial owners within \_\_\_\_\_ of the date of receipt of the complaint.
- (iv) Form No. \_\_\_\_\_ is required to be filed with the Registrar of Companies in case any existing director was appointed as managing director or manager.
- (v) Legal due diligence is a \_\_\_\_\_ operation through which one can know the strengths and weaknesses of a company.
- (vi) Every company accepting deposits from the public has to file with the Registrar of Companies the return of deposits under section 58A of the Companies Act, 1956 on or before \_\_\_\_\_ every year.

(1 mark each)

(b) Katreena Ltd., a listed company, wants to make an issue of securities through a rights issue and the aggregate value of the securities including premium exceeds ₹70 lakh. As a Company Secretary of Katreena Ltd., advise the company about the procedures to be followed for making the rights issue.

(5 marks)

(c) While conducting the secretarial audit of Rainbow Pharmaceuticals Ltd., it came to notice that a Board meeting held on 24<sup>th</sup> March, 2011 was convened and conducted by Jagat alone as a director of the company. On enquiry, it was found that except Jagat, all other directors of the company had resigned and in order to constitute the quorum and to carry out the business activities, two additional directors were appointed with immediate effect in the said single director Board meeting. Decide the validity of the Board meeting and the appointment of the two additional directors in the meeting held on 24<sup>th</sup> March, 2011.

(5 marks)

6. (a) Mention the possible hurdles in carrying out a legal due diligence. (6 marks)
- (b) MPS Ltd. is an educational institution registered as a society under the Societies Registration Act, 1860. It wishes to make overseas investment in United Kingdom by establishing a wholly owned subsidiary to run schools in that country. Explain the provisions relating to overseas investments by a registered society. (5 marks)
- (c) Mention the various records required to be maintained by depository participants under the Depositories Act, 1996. (5 marks)
7. (a) Explain the compliances required with regard to *any two* of the following :
- (i) Removal of a director.
  - (ii) Triangular merger.
  - (iii) Statutory meeting.
- (4 marks each)
- (b) Write notes on *any two* of the following :
- (i) Sectors where foreign investment is prohibited
  - (ii) Eligibility for issuance of Indian depository receipts (IDRs)
  - (iii) Closure of register of members.
- (4 marks each)
8. Critically examine and comment on *any four* of the following :
- (i) An Indian company planning to make a public offer in the United States of America need not register its securities.
  - (ii) The preferential allotment made to any person shall be locked-in for a period of two years.

: 7 :

- (iii) It is not the duty of the lead merchant banker to ensure the despatch of share certificates/refund orders.
- (iv) The depository system functions very much like the banking system.
- (v) Companies may fall a prey to contravention of the provisions of the Companies Act, 1956 in the absence of professional support as compared to companies which have a qualified Company Secretary.

*(4 marks each)*

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