

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.

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

- (i) Due diligence covers compliances, litigations, uncovered risks and future prospects.
- (ii) How is the minimum promoters' contribution computed under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 ? Mention specified securities (equity shares and convertible securities) which shall not be eligible for this computation.
- (iii) No issuer shall issue convertible debt instruments for financing replenishment of funds or for providing loan to or for acquiring shares of any person who is part of the same group or who is under the same management.
- (iv) Securities held in depository account can be pledged or hypothecated by the beneficial owner.
- (v) Proprietorship concerns and unregistered firms are not allowed to set-up a joint venture/ wholly-owned subsidiary outside India.
- (vi) Under certain circumstances, a company is entitled to hold investments which may not be registered in its own name.

(4 marks each)

2. (a) Write the most appropriate answer from the given options in respect of the following :

- (i) Which of the following statement with respect to due diligence is not correct —
 - (a) Due diligence considers only those historical data that affect a business transaction
 - (b) Due diligence is a risk assessment tool with respect to a business transaction
 - (c) Due diligence is evaluation mechanism with respect to a business opportunity
 - (d) Due diligence is a tool that provides insight into hidden facts.

- (ii) Which of the following is considered as an effective reputation management tool for business decisions —
- (a) Information security due diligence
 - (b) Ethical due diligence
 - (c) Legal due diligence
 - (d) Strategic due diligence.
- (iii) 'Non-institutional investor' means an investor other than a —
- (a) Retail individual investor
 - (b) Qualified institutional buyer
 - (c) High networth individual
 - (d) None of the above.
- (iv) Interest rate swaps and interest rate options belong to the following types of debt instruments —
- (a) Derived instruments
 - (b) Benchmarked instruments
 - (c) Money market instruments
 - (d) Hedging instruments.
- (v) Government has conferred power to recognised stock exchanges to list the securities and to make by-laws under the —
- (a) Securities Contracts (Regulation) Act, 1956
 - (b) Securities and Exchange Board of India Act, 1992
 - (c) Companies Act, 1956
 - (d) Depositories Act, 1996.
- (vi) Under the foreign direct investment (FDI) policy of India, FDI does not include —
- (a) Investment by non-resident entity in the capital of Indian company
 - (b) Global depository receipts
 - (c) American depository receipts
 - (d) Re-invested earnings.

(1 mark each)

(b) Distinguish between the following :

- (i) 'Record date' and 'relevant date' for the purpose of issue and allotment of shares.
- (ii) 'Foreign direct investment as per OECD' and 'foreign direct investment as per UNCTAD'.

(5 marks each)

3. (a) "Section 395 of the Companies Act, 1956 provides means for the compulsory acquisition of the shares of the dissenting minority to prevent it from extracting unreasonably high price for its shares." Explain the statement. Also mention the steps to be taken under the Companies Act, 1956 to give effect to the proposal by X Ltd., an unlisted company to purchase all the shares of Y Ltd., by making an offer to the members of Y Ltd. It may be noted that X Ltd. is purchasing shares of Y Ltd. for the first time.

(8 marks)

- (b) The profit and loss account and balance sheet for the financial year 2013-14 of Anurag Vision Ltd., have been signed by two directors, Anurag and Sameera. The Board is comprised of a third director Anshul, who is also the managing director. The company has also appointed a full-time Company Secretary. Examine whether the authentication of the financial statements is in accordance with the law.

(4 marks)

- (c) While carrying out the secretarial audit for 2013-14 of Veena Food Processing Ltd., you have found that a resolution was passed by the shareholders authorising the company to buy-back its shares. Intimation regarding the buy-back was also given to the recognised stock exchange in due course. However, no further steps were taken by the company in this regard. Meanwhile, a notice has been received by the company from the SEBI, holding it guilty for not implementing the resolution of buy-back. Decide whether the company is bound to implement the resolution of buy-back of its shares.

(4 marks)

4. (a) Sonia, a Company Secretary is a director in Vinod Manufacturers Ltd. The company wishes to appoint/engage the firm Sonia & Co., in which Sonia is a partner in one or more of the following capacities :

- (i) Consultants on regular retainer basis.
- (ii) Authorised representatives to appear before statutory authorities.

Advise the company with reference to the relevant provisions of the Companies Act, 1956.

(6 marks)

- (b) Ankur is a director of Radha Oil Ltd. He has approached HDFC Ltd., for obtaining a loan of ₹50 lakh for the purpose of construction of his residential house in Bengaluru. The bank has sanctioned the loan subject to the condition that Radha Oil Ltd. should provide the guarantee for repayment of loan installments by Ankur.

Advise the company with reference to the provisions of the Companies Act, 1956 for providing the guarantee to HDFC Ltd.

(5 marks)

- (c) Safe Bros. are considering a proposal to park ₹1 crore as an investment in debt securities. As a matter of caution, they want to know if there is any risk associated with trading in debt securities ? Advise.

(5 marks)

5. (a) Answer the following, explaining the relevant provisions of the Companies Act, 1956/ SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 :

- (i) Whether the companies being amalgamated must be the companies registered under the Companies Act, 1956.
- (ii) Mridul Ltd. issued 11% convertible debentures during the financial year 2012-13. Now, the company wants to alter the terms of redemption.
- (iii) Joy (Pvt.) Ltd. could not file compliance certificate with the Registrar of Companies because the AGM of said company for the calendar year 2013 could not be held.

(2 marks each)

: 5 :

- (b) After serious disagreement and difference of opinion among the shareholders of the company in the annual general meeting held on 3rd June, 2014, some of the directors took the steps as noted below. Discuss the validity and effect of the following :
- (i) Ritu, an ordinary director verbally resigns and not in writing.
 - (ii) Sunil, another ordinary director had sent his resignation but withdrew it before the Board meeting was held for accepting his resignation.
 - (iii) Pradeep, another director who is also the managing director of the company sends his notice of resignation.

(2 marks each)

- (c) XYZ Plc., a foreign company proposes to establish a place of business in India to carry out the following activities :
- (i) To render professional or consultancy services.
 - (ii) To carry out retail trading activities.
 - (iii) To carry out manufacturing activities by way of sub-contract through an Indian manufacturer.
 - (iv) Export/import of goods.

State whether the above said activities can be carried out by XYZ Plc. ?

(1 mark each)

6. (a) Re-write the following sentences after filling-in the blank spaces with appropriate word(s)/figure(s) :
- (i) The listed companies are required to file the ESOS or ESPS schemes through _____ filing.
 - (ii) In terms of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, the date of opening of offer to acquire has to be not later than _____ from the date of receipt of recommendation from SEBI.

- (iii) An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within a period of not more than _____ from the date of such resignation or removal as the case may be.
- (iv) A depository participant (DP) is required to submit the audit report for audit period from 1st October, 2013 to 31st March, 2014 to NSDL latest by _____.
- (v) The issuing company has to inform to _____ within 30 days of issue of GDRs.
- (vi) Indian depository receipt means any instrument in the form of a depository receipt created by _____ in India against the underlying equity shares of issuing company which is located outside India.

(1 mark each)

- (b) State the provisions of the Foreign Exchange Management (Transfer or Issue of Any Foreign Security) Regulations, 2004 relating to :
 - (i) Eligibility
 - (ii) Restrictions/prohibitions
 - (iii) Approvals required.

(6 marks)

- (c) Mention the compliances required under the European Union (EU) directives in respect of issue of global depository receipts.

(4 marks)

- 7. (a) Explain the compliances required with regard to the following. Attempt **any two** :
 - (i) Minutes book of meetings of directors
 - (ii) Register of documents on which common seal has been affixed
 - (iii) Appointment of sole selling agent.

(4 marks each)

(b) Write notes on the following. Attempt *any two* :

- (i) Hurdles in carrying out a legal due diligence.
- (ii) Contents of public announcement as per Regulation 15 of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
- (iii) Standard agreement with the depository (NSDL/CDSL).

(4 marks each)

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

- (i) Uniform procedure for dealing with unclaimed shares under the listing agreement.
- (ii) Company Secretary as compliance officer in monitoring share transfers.
- (iii) Significance of corporate compliance management.
- (iv) Meaning and attributes of an independent director.
- (v) Types of information that can be provided under a data room.

(4 marks each)