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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) "Secretarial Standards Board is doing multifarious functions." Comment.
(5 marks)
- (b) You are the Company Secretary of Star Infrastructure Ltd. Your Chairman has asked you to submit a note regarding compliances required to be made and the restrictions if any imposed by section 92 of the Companies Act, 2013 with respect to filing of annual return. Draft the note.
(5 marks)
- (c) "Secretarial audit is prevention rather than post-mortem." In the light of this statement explain the need of secretarial audit particularly with reference to corporate law compliances.
(5 marks)
- (d) Board of directors of Charming Entertainment Ltd. in its meeting held on 16th April, 2015 declared an interim dividend on its paid-up equity share capital. Now, the Board wants to revoke the said declaration in its next Board meeting scheduled on 3rd May, 2015. You as a Company Secretary of the company, advise the Board with the relevant provisions of the Companies Act, 2013, whether the Board of directors can do so ?
(5 marks)

- (e) Explain the provisions contained in the Foreign Exchange Management (Transfer or Issue of Any Foreign Security) Regulations, 2004 related to investment by Indian entities in overseas joint ventures and wholly owned subsidiaries abroad.

(5 marks)

OR (Alternate question to Q.No. 1)

- 1A. (i) Prepare a checklist of compliances with respect to loans, investments, guarantees and securities by a company for the purpose of secretarial audit.

(5 marks)

- (ii) "Compliance of secretarial standards is good for governance." Explain.

(5 marks)

- (iii) Amit, the director of Smile Ltd., did not attend the meetings of the Board of directors of the company during the last twelve months with the leave of absence. Comment on his status as director.

(5 marks)

- (iv) Ms. Mansi was the properly appointed director of Excellent Ltd. Subsequently, the company altered its articles of association and made it a compulsory qualification for the director to be a qualified Company Secretary. Ms. Mansi, not being a qualified Company Secretary, was asked to vacate the office. Decide whether the action of Excellent Ltd. is valid as per the relevant provisions of the Companies Act, 2013.

(5 marks)

- (v) Merry Ltd. is planning to access the external commercial borrowings under approval route for the expansion of its business. As a Company Secretary, prepare a checklist in this regard.

(5 marks)

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PART – B*Attempt all parts of either Q.No. 2 or Q.No. 2A*

2. (a) Sharda Fertilizers Ltd., a listed company, proposes to make an issue of foreign currency convertible bonds (FCCBs) under the automatic route. You are required to answer the following with reference to the scheme, viz. the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993 —
- (i) Is there any ceiling on the issue of FCCBs ?
 - (ii) Whether FCCBs can be attached with warrants ?
 - (iii) What should be the minimum maturity time ?
 - (iv) How much can be the issue related expenses ?
 - (v) What information should be furnished to the RBI after completion of the issue ?
- (5 marks)*
- (b) The accounts of Varsha Goldmine Ltd., a listed company, for the year ended 31st March, 2014 were finalised on 31st May, 2014. The company has paid-up share capital of ₹50 lakh and free reserves of ₹100 lakh. The company did not have any accumulated losses.
- The Board of directors of the company wishes to make a public issue of equity shares amounting to ₹10 crore by public offering through offer document, firm allotment and promoters' contributions during the year 2015-16. State how can this be done under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.
- (5 marks)*
- (c) "Environmental failures may lead to financial loss, reputational damage and business discontinuity." Comment with reference to leading case laws on the subject.
- (5 marks)*

OR (Alternate question to Q.No. 2)

2A. (i) Prime Bank had advanced a substantial amount to ABC Ltd. The bank suspects that the amount advanced is not properly utilised by the company. The bank appoints you as a Practising Company Secretary to submit a fact finding report on the same. Draft the report.

(5 marks)

(ii) Soha Ltd. wants to go for initial public offer. Ms. Pia, the Company Secretary of the company, has to advise to the management of the company about the conditions for making initial public offer. What should be Ms. Pia's advice ?

(5 marks)

(iii) Pratham Ltd. issued convertible debentures during the financial year 2013-14. Now it wants to alter the terms of redemption. Is it permissible under the provisions of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 ? Give reasons.

(5 marks)

3. (a) Effective compliance programme should have the ability to monitor audit compliance in a 'real time manner'. To facilitate this, explain the role of information technology in compliance management.

(5 marks)

(b) "Roll-over of non-convertible portion of partly convertible debt instruments is possible subject to certain conditions." Comment.

(5 marks)

(c) As a Practising Company Secretary, you have been assigned to carry out legal due diligence on the financial aspects of a company. Prepare a checklist on the different aspects to be considered in this regard.

(5 marks)

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4. (a) Explain the purpose and projects for which environmental impact assessment (EIA) is undertaken. Which areas should be addressed while preparing EIA report ?
(8 marks)
- (b) Your client is intending to enter into a major commercial agreement for collaboration. You as a Company Secretary have been asked to conduct due diligence for the prospective company. Which factors you will keep in mind while conducting due diligence ?
(7 marks)
5. (a) Write notes on the following :
- (i) Compliance programme
 - (ii) Securitisation
 - (iii) Wilful default.
- (3 marks each)
- (b) Distinguish between the following :
- (i) 'Legal due diligence' and 'financial due diligence'.
 - (ii) 'Foreign currency convertible bonds (FCCBs)' and 'depository receipts (DRs)'.
- (3 marks each)
6. (a) PK Cement Ltd., incorporated in January, 2014, is engaged in the business of manufacturing cement. The company is facing stiff competition and with a plan to increase its market share, the Board has decided to reduce the price of cement bags. The cost structure of one cement bag is as under :
- (i) Cost of production : ₹185
 - (ii) Selling price : ₹245

Now, since the company has started to sell its cement bag @ ₹210, other cement manufacturers made a complaint to the Competition Commission of India stating that PK Cement Ltd. is guilty of predatory pricing having the effect of reducing the competition or eliminating the competition. Advise PK Cement Ltd. as to the meaning of predatory pricing and whether the company can be said to have indulged in the said practice having regard to the provisions of the Competition Act, 2002.

(5 marks)

- (b) Star Ltd. and its group company Earth Ltd. acquired shares of Mars Ltd. (the target company) over a period of time. On 17th December, 2014, Star Ltd. and Earth Ltd. were holding 13.86% and 4.74% shares respectively of the target company. Both these companies want to further acquire shares in the target company. You are asked to advise the companies whether these companies can freely acquire further shares in the target company as per the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

(5 marks)

- (c) The balance sheet of Neeraj Fertilizer Ltd. as at 31st March, 2015 disclosed the following details :

	(₹ in crore)
Authorised shares capital (<i>equity shares</i>)	500
Paid-up share capital	200
Statement of profit and loss (<i>Cr.</i>)	30
General reserve	70
Debenture redemption reserve	50
Loan (<i>long-term</i>)	50
Temporary loan payable on demand	20
Short-term loan	15

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Board of directors of the company wishes to borrow an additional sum of ₹300 crore from the company's financial institution. The borrowing was duly approved at a Board meeting. One of the directors had raised objection for such borrowing and argued that said borrowing was beyond the powers of the Board of directors. The Board of directors seeks your advice, being a company's advisor, about the borrowing limits and compliances required with the provisions of the Companies Act, 2013. Advise the company.

(5 marks)

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