

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) Zeba Ltd. has a net worth of ₹400 crore, turnover for the financial year 2014-15 at ₹1,200 crore and a net profit for the financial year ended 31<sup>st</sup> March, 2015 at ₹25 crore. The company has asked you as a Company Secretary to prepare a check-list of compliances with respect to Corporate Social Responsibility (CSR) as per the provisions contained in the Companies Act, 2013. Also state the circumstances in which a company is required to constitute a CSR Committee.

(5 marks)

- (b) The Board of directors of Peeku Ltd. decided to :
- (i) Have meeting of the Board through video conferencing to consider the approval of the annual financial statements; and
  - (ii) Circulate the draft minutes of the meeting among all the directors within thirty days of the meeting through e-mail.

As a Company Secretary of the company you are asked by the Chairman of the Board to advise whether the Board of directors can do so ?

(5 marks)

- (c) Top Ltd. is having a paid-up capital of ₹40 crore and turnover of ₹300 crore during the financial year 2014-15. The company decided to appoint a Company Secretary in Practice for conducting its secretarial audit. Mention the requirements of the secretarial audit report as per the provisions of the Companies Act, 2013. Examine whether it is mandatory for the company to have such a secretarial audit.

(5 marks)

- (d) Explain the requirements to be followed before passing a special resolution. State the circumstances under which a special resolution is to be passed in the following cases :
- (i) Loans and investments by a company
  - (ii) Appointment of managing director, whole-time director or manager.
- (5 marks)
- (e) Excel Ltd. has borrowed a sum of ₹10 crore by mortgaging its fixed assets. As a Company Secretary, indicate the steps you would take to get the charge registered with the Registrar of Companies. State the consequences if the charge is not registered.
- (5 marks)

**OR (Alternate question to Q.No. 1)**

- 1A. (i) Crescent (Pvt.) Ltd. has its registered office at Mumbai and project office at Pune where the books of account have been kept. The company has sought financial assistance from the bankers who have agreed to grant loan subject to verification of the records pertaining to the books of account. Examine whether the action of the company in maintaining its books of account at its project office in Pune is in order.
- (5 marks)
- (ii) Sameer has been co-opted as a non-executive director of a large manufacturing company and has to attend his first Board meeting. He has requested the Chairman of the company to provide him the basic information with regard to the secretarial audit as under :
- (a) List of beneficiaries to the secretarial audit; and
  - (b) Will the secretarial audit report be circulated to all directors every month along with other MIS reports ?
- Advise Sameer.
- (5 marks)

- (iii) (a) Explain the provisions regarding penalty for incorrect audit report as per the provisions of the Companies Act, 2013.  
(3 marks)
- (b) Cathy International Ltd., a foreign company, desires to invest US \$50,00,000 in real estate business in India. Comment on its admissibility under the FDI Policy, 2015.  
(2 marks)
- (iv) XYZ Ltd., an unlisted company, at its Board meeting decides to issue sweat equity shares to its employees at a discount. Some of the directors demand that such shares be issued to directors also for providing their technical know-how to the company. Examine the proposal and the steps to be taken by the company in this regard.  
(5 marks)
- (v) Indus Securities Ltd. has been making several investments in companies but is not aware as to how the investments have to be recorded in its books. As a Company Secretary, advise the company the procedures to be followed in this regard as per the provisions of the Companies Act, 2013.  
(5 marks)

**PART — B**

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

2. (a) A2Z Ltd., an unlisted company having a paid-up share capital of ₹5 crore consisting of 50,00,000 equity shares of ₹10 each fully paid-up proposes to make an initial public offer (IPO) of 1,00,00,000 equity shares of ₹10 each at a premium of ₹5 per share in July, 2015. The promoters acquired 11,00,000 shares on 1<sup>st</sup> January, 2009 and another 11,00,000 shares on 1<sup>st</sup> January, 2015 at face value. What should be the minimum contribution required to be made by the promoters of the company in order to comply with the guidelines issued by the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 ?  
(5 marks)

- (b) The balance sheet of Neema Ltd. contains the following information :

	<i>As at</i> 31.03.2013 (₹)	<i>As at</i> 31.03.2014 (₹)	<i>As at</i> 31.03.2015 (₹)
Paid-up capital	60,00,000	65,00,000	85,00,000
General reserve	30,00,000	40,00,000	45,00,000
Credit balance in statement of profit and loss	6,00,000	7,00,000	9,00,000
Debenture redemption reserve	10,00,000	22,00,000	30,00,000
Secured loans	8,00,000	15,00,000	30,00,000

In the forthcoming Board meeting scheduled to be held on 6<sup>th</sup> January, 2016, one of the items of the agenda among others is to decide about borrowing from Royal Chartered Bank. Based on above information, you are required to find out the amount up to which the Board can borrow from the bank as per the provisions of the Companies Act, 2013 without seeking the approval in general meeting.

(5 marks)

- (c) The key financial data of Zen Ltd., an unlisted public company as on 31<sup>st</sup> March, 2015 is given as under :

	₹ (in crore)
(a) Paid-up equity share capital	12.00
(b) Turnover for the year 2014-15	80.00
(c) Outstanding secured loans	52.00

The following are the Board of directors of the company :

1. Ketan – Managing Director
2. Mrs. Chetana Ketan – Executive Director (Technical)
3. Pankaj Ketan – Director (Finance)
4. Ms. Rekha Ketan – Director

(all belonging to the promoters family)

You are required to examine and comment on the compliance of the provisions of section 149 of the Companies Act, 2013 regarding appointment of independent directors and whole-time key managerial personnel.

(5 marks)

*OR (Alternate question to Q.No. 2)*

- 2A. (i) Jane Ltd., a foreign company decided to go for foreign direct investment in a non-SME venture in India which is permissible under the approval route. As a Company Secretary of the company you are asked to submit a check-list of required compliances.

*(5 marks)*

- (ii) Gems India Ltd. held a Board meeting on 30<sup>th</sup> June, 2015 to transact the items as per the agenda. One of the items was to fill-up a casual vacancy caused by the death of Shyam who was director of the company for the last eight years. The casual vacancy was filled by the appointment of Dev as a director. Dev met with an accident on 10<sup>th</sup> October, 2015 and subsequently on 20<sup>th</sup> October, 2015 he expired. The Board now wishes to fill-up the casual vacancy of director caused by the unfortunate death of Dev by appointing his brother Deepak in the forthcoming meeting of the Board. Advise the Board in this regard.

*(5 marks)*

- (iii) What are the primary components of due diligence on competition law ?

*(5 marks)*

3. (a) The Board of directors of Horizon Ltd. at a Board meeting has decided to augment resources for expansion and diversification projects which are scheduled to happen in the next three to five years. Henry, an independent director has offered his suggestion that the company should explore the possibility to raise finance through American Depository Receipts (ADRs). The Board accepted Henry's suggestion and mandated you as a Practising Company Secretary to prepare a brief note in regard to :

- (i) Nature of instruments and its various types  
(ii) Scheme of sponsored ADRs.

*(8 marks)*

- (b) As a Practising Company Secretary, during the course of carrying out due diligence process of a merger and amalgamation, enumerate the obligations of target company and acquirer.

*(7 marks)*

4. (a) "Audit is a financial post-mortem analysis whereas due diligence is a future decision and a process to achieve the desired comfort level about the potential investment." Comment.

(5 marks)

- (b) The public sector oil marketing companies increased diesel prices @ ₹4 per litre *w.e.f.* 1<sup>st</sup> December, 2013. All Road Licensed Transport Federation (ARLTF), a registered society since 1970 and a federation of motor transport associations in the field of road transport and truck industry has 5,000 truck associations and 5,00,000 truck owners as its members. The federation gave a call to its member associations to increase the truck freight by 20% *w.e.f.* 2<sup>nd</sup> December, 2013 on account of hike in diesel prices. The members increased the freight immediately in accordance with the direction given by the federation. Saurabh, one of the customers complained to the Competition Commission of India alleging the hike to be anti-competitive and against the interest of the customers. Examine the case as per the provisions of the Competition Act, 2002 and comment.

(5 marks)

- (c) Snow Ltd. is a closely held public company in the manufacturing sector. The company's net worth is ₹250 crore as on 31<sup>st</sup> March, 2015. The turnover of the company for the year 2014-15 is ₹750 crore. The profits earned by the company during the last five years are as under :

<i>Year</i>	<i>Profit</i> ₹ (in crore)
2014-15	7.50
2013-14	6.00
2012-13	4.50
2011-12	3.60
2010-11	3.00

The company has spent ₹14 lakh during the year 2014-15 in an approved Corporate Social Responsibility (CSR) project for the benefit of weaker sections of the society. Examine whether the company is mandatorily required to comply with the CSR initiative and whether the action of the company is in adherence to the relevant provisions of the Companies Act, 2013.

(5 marks)

5. (a) Distinguish between the following :

- (i) 'Diversion of funds' and 'siphoning of funds'.
- (ii) 'Apparent', 'adequate' and 'absolute' compliance.
- (iii) 'Private placement' and 'preferential issue'.

*(3 marks each)*

(b) Write short notes on the following :

- (i) Elements of ISO 14001 standard
- (ii) Disadvantages of virtual data room.

*(3 marks each)*

6. (a) E-Age Bank Ltd. has sanctioned a term loan of ₹10 crore to Evergreen Ltd., a media company, for its new FM Radio activity. The company has submitted all the required documents to obtain disbursement of loan from the sanctioned amount. Before the disbursement, the bank has sought your report as the banker's panel consultant to confirm whether the name of the company appears in the defaulters list of Reserve Bank of India. Give the list of compliance inputs and check-list in this regard.

*(5 marks)*

(b) A group of investors are upset with the functioning of stock brokers of Bombay Stock Exchange and want to make a complaint to Securities and Exchange Board of India (SEBI) for intervention and redressal of their grievances. As a Company Secretary, identify the purposes of establishment of SEBI and examine what type of default by the stock brokers come under the purview of the Securities and Exchange Board of India Act, 1992.

*(5 marks)*

(c) Sun Chemicals Ltd., a chemical speciality company proposes to get itself merged with Star Industries Ltd., a pioneer in chemicals, fertilizers and plastic moulds having a market share of more than 40%. List out the basic information that the company may require under the scheme of amalgamation.

*(5 marks)*