

# Company Secretarial Practice

371

Roll No.....

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 8

Total number of printed pages : 7

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

2. All references to sections relate to the Companies Act, 1956 unless stated otherwise.

1. Draft **any four** of the following. In case of a resolution, state the type of meeting to consider such resolution and the nature of the resolution together with any special requirement attached to it. In respect of the rest, mention (a) who can issue the same; and (b) the basis for the issuance :
  - (i) Investment in the equity of MNO Ltd., which is a subsidiary of the investing company where the investing company already holds 68% of the equity of the investee company and wants to bring it to 85% of the equity by acquisition of the equity shares of other holders of such shares by private agreement. This acquisition will take the investing company's inter-corporate investment, loan, guarantee, *etc.*, to a level exceeding 150% of the paid-up share capital and free reserves of the investing company whose free reserves constitute 30% of the paid-up capital representing equity and preference shares issued by the company.
  - (ii) Resolution for variation of rights of preference shareholders extending the period of redemption by three years.
  - (iii) A specimen of (a) objectives; and (b) employee coverage that may appear in an Employee Stock Option Scheme (ESOS) of a listed company.
  - (iv) Notice from an unlisted public company for holding an extra-ordinary general meeting for consideration of the Board's proposal to buy-back 15% of the paid-up equity share capital (no explanatory statement is required).
  - (v) Dematerialisation request as per National Securities Depository Ltd. (NSDL) Business Rules.

(5 marks each)

2. (a) State, with reasons in brief, whether the following statements are true or false :

- (i) Every member of a producer company having individuals and institutions as members shall have one vote irrespective of the number of shares held by such member.
- (ii) Chairman can exercise 'casting vote' only if the articles of association of the company contain a provision to that effect.
- (iii) Resolution for availing of a term loan sanctioned by the banker of the company can be passed by circulation.
- (iv) Tenure of an auditor of a company is up to the end of the adjourned annual general meeting when the original meeting could not complete its agenda.

*(2 marks each)*

(b) In relation to e-form 23C, state the :

- (i) Reasons for filing this form
- (ii) Particulars required to be filled in the form
- (iii) Documents required to be enclosed with the form
- (iv) Person who is to sign and certify the form.

*(1 mark each)*

(c) Distinguish between **any two** of the following :

- (i) 'Ordinary business to be transacted at the AGM of a company' and 'special business to be transacted at the AGM of a company'.
- (ii) 'Clean audit report' and 'qualified audit report'.
- (iii) 'Interim dividend' and 'final dividend'.

*(2 marks each)*

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

- (i) When a company fails to receive minimum subscription of \_\_\_\_\_ in respect of a rights issue, the entire subscription will have to be refunded to the applicants within \_\_\_\_\_ from the date of closure of the issue.
- (ii) Duties of debenture trustees have been described in detail in Regulation \_\_\_\_\_ of the SEBI ( \_\_\_\_\_ ) Regulations, 1993.
- (iii) Share transfer deed in the case of a listed company is valid for \_\_\_\_\_ months from the date of presentation of the form to the prescribed authority or till its next book closure under section 154, whichever is \_\_\_\_\_ .
- (iv) Casual vacancy caused by the resignation of an auditor can be filled by passing a resolution at the \_\_\_\_\_ meeting of the company by its \_\_\_\_\_.
- (v) Section 313 empowers the Board of directors to appoint an alternate director, if the \_\_\_\_\_ provide for it or the resolution passed in \_\_\_\_\_ meeting authorise it.
- (vi) As per clause 49 of the Listing Agreement, an independent director is one, who is not related to \_\_\_\_\_ or persons occupying management positions at the Board level or at \_\_\_\_\_ level below the Board.

*(2 marks each)*

(b) As the Company Secretary of a company, explain to the Chairman of the company the meaning of the term 'adjournment' of a validly constituted (where quorum is present) general meeting of the members. To what extent the Chairman is empowered to adjourn the meeting ? What shall be the implications if the Chairman vacates the chair and leaves after commencement of the meeting ? State your views.

*(4 marks)*

4. (i) "Directors cannot usurp the powers vested by the articles in the general body of shareholders and the shareholders cannot usurp the powers vested by the articles in the directors." Discuss in the context of the scheme of the Companies Act, 1956 and applicable case law, if any.

*(4 marks)*

- (ii) Who are the persons required/obliged to use digital signature for filing/certifying e-forms ?

*(4 marks)*

- (iii) "The Companies Act, 1956 does not contain any provision for surrender of shares or forfeiture of shares." Is this statement correct ? Answer with reasons.

*(4 marks)*

- (iv) "Allowing alteration of Registered office address from one State to another State involves exercise of balanced discretion by the concerned authority." Elucidate this statement with reference to the provisions of the Companies Act, 1956 and applicable case law, if any.

*(4 marks)*

5. (a) Discuss the Insider Trading Regulations in United Kingdom and United States of America.

*(8 marks)*

- (b) Discuss the action taken by SEBI under the SEBI (Prohibition of Insider Trading) Regulations, 1992 with reference to Hindustan Lever Ltd. (HLL) vs. SEBI (1998) 3 Comp. L.J 473 (AP).

*(4 marks)*

- (c) In what way is the appointment of a Company Secretary of a company having paid-up share capital of `10 crore is regulated under the provisions of the Companies Act, 1956 and the Rules thereof ? Explain.

*(4 marks)*

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6. (a) State the purpose of filing e-forms Nos. 24A and 24B along with mention of three attachments needed in the respective cases.

*(4 marks)*

- (b) Enumerate the scope and functions of Secretarial Standards Board of the Institute of Company Secretaries of India.

*(4 marks)*

- (c) Lakshmi Trading Ltd. to whom ₹4,50,000 was due and payable by ABC Pvt. Ltd. against their supply of material in the year 2010 was shocked to find that the name of ABC Pvt. Ltd. has been struck off by the Registrar of Companies under section 560.

Advise Lakshmi Trading Ltd., an unpaid creditor, as to how it can recover its dues.

*(4 marks)*

- (d) "The Institute of Company Secretaries of India has responded positively to the need and impact of non-financial information in the annual report." State in brief the growing importance of non-financial information in the annual report in the changing scenario of the society.

*(4 marks)*

7. (a) State the broad requirements of the Companies Act, 2006 of United Kingdom as regards 'Directors' Remuneration Report'.

*(6 marks)*

- (b) A general meeting of a company has been called by the Board of directors upon the requisition of its members. On the scheduled date and time, the quorum as required is not present. Advise the Board whether it can still hold the meeting or adjourn it at a future date.

*(2 marks)*

- (c) (i) A director of a company vacates his office under section 283 and this vacation in general takes an automatic effect as soon as the event for the vacation stated in the aforesaid section occurs. However, there are three grounds of vacation which do not get immediate effect. State these grounds and explain when they may get effect.

(6 marks)

- (ii) Is a private limited company exempt from the operation of section 283 ? What is its position under this section ?

(2 marks)

8. (a) The Board of directors of Delight Ltd. decides to call the 15<sup>th</sup> annual general meeting (AGM) of the company at its registered office. Assuming your own figures/names, *etc.*, draft a notice calling the meeting. The agenda should contain two matters/items, beyond the items transacted as ordinary business but do not involve adoption of a special resolution.

(4 marks)

- (b) Write a note on satisfaction of a registered charge.

(4 marks)

- (c) Classify the following items into 'ordinary business' and 'special business' going to be transacted at the annual general meeting of a company and also state the type of resolution through which these businesses can be carried on :

- (i) Declaration of dividend;
- (ii) Amalgamation of company with another company;
- (iii) Consideration of annual accounts and auditor's report;
- (iv) Issue of bonus shares;

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- (v) Alteration of articles of association;
- (vi) Alteration of objects as stated in the memorandum of association;
- (vii) Appointment of auditors; and
- (viii) Appointment of directors and fixation of their remuneration.

*(4 marks)*

- (d) What procedure would you adopt for payment of dividend without providing for depreciation ?

*(4 marks)*

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