

Q.1. (A) Select the proper option from the options given below and rewrite the Sentences: (05)

1. The Return of Allotment must be filed with the RoC within **30** days from the date of allotment.
2. Debenture holders have a right to create a **Charge** on the assets of the company.
3. Refusal to allot shares is conveyed through **Regret** letter.
4. A Government Company may accept deposits from the public up to **35** % of the aggregate of its paid up capital and free reserves.
5. In respect of financial matters, advice to the Board of Directors is given by **Finance Manager**.

Q1. (B) Match the correct pairs. (05)

- | | |
|-------------------------|---|
| 1. Deposit | - (f) Maximum 36 months |
| 2. Dividend coupon | - (d) Share warrant holder |
| 3. Bonds | - (e) Borrowed capital |
| 4. Oversubscription | - (a) More applications than expected |
| 5. Financial management | - (b) Handling business finance efficiently |

Q.1. (C) Write a word or term or phrase which can substitute each of the following Statements. (05)

1. The value of shares determined by demand and supply forces in the market. – **Market Value**.
2. Deposits cannot be accepted by this type of Joint Stock Company. – **Private Ltd. Co.**
3. A part of the profits kept aside to be distributed to the shareholders. – **Dividend**.
4. A place where fresh issue of securities takes place. – **Primary Market**.
5. A type of bill in the nature of promissory note issued by the government. – **Government Securities**.

Q.2. Distinguish between the following: (ANY 3) (15)

1. Equity shares and Preference shares.

Ans:-

No.	POINTS	EQUITY SHARES	PREFERENCE SHARES
1	Meaning	Equity Shares are those shares, which do not enjoy preferential right in regard to payment of dividend and repayment of capital.	Preference Shares are those shares, which enjoy preferential right in regard to payment of dividend and repayment of capital.
2	Right of Dividend	Equity Shares receive dividend only after Preference Shares are paid fixed rate of dividend.	Preference shareholders are given preference in the payment of dividend over the Equity Shares.
3	Rate of Dividend	The dividend rate is not fixed. It is fluctuating. The	The dividend rate is fixed on Preference Shares. It is fixed

		rate of dividend depends upon the profits of the company during the year.	at the time of issue of Preference Shares.
4	Types	There are two types of Equity Shares viz. Equity shares with normal voting rights and Equity shares with differential voting	There are eight types of Preference Shares viz. cumulative, non-cumulative participating, non-participating, redeemable, irredeemable, convertible & non-convertible.
5	Return of Capital	Equity Share Capital is permanent capital repaid only in the event of winding up if anything remains after paying Preference Shares.	Redeemable Preference Shares are paid after certain period. Convertible Preference Shares are converted into Equity Shares, but irredeemable Preference Shares are fixed in nature. They are paid before Equity Shares in the event of winding up.
6	Voting Rights	Equity Shareholders enjoy normal voting rights.	Preference Shareholders do not enjoy normal voting rights, but can vote on matters affecting their interest.
7	Bonus & Right Shares	Equity shareholders are eligible for bonus shares and rights shares, if issued by the company.	Preference shareholders are not eligible for bonus shares and right shares, if issued by the company.
8	Nature of Investors	Those investors who are ready to take a risk, invest in Equity Shares. Equity Share Capital appeal to the risk-bearing investors.	Those investors who are not ready to take a risk, invest in Preference Shares. Preference Shares appeal to the cautious investors.
9	Redeemability	Equity Shares are not redeemed during the life of a company.	Redeemable Preference Shares are redeemed after certain period of time.
10	Face value	Normally, Equity Shares are issued for a face value of Rs.10. The face value of Equity Shares is relatively low.	Normally, Preference Shares are issued for a face value of Rs.100. The face value of Preference Shares is relatively high.
11	Risk	Equity Shares are subject to higher risk. Investment in equity shares may get less dividend when company earns less profits.	Preference Shares are subject to Less risks. Investment in Preference Shares normally get steady and regular dividend.

2. Shares and Debentures.

Ans:-

NO.	POINTS	SHARE	DEBENTURE
1.	Meaning	A share is a part of the total share capital of the company. The holder of shares is called a	A debenture represents a part of the debt capital of the company. The holder of the debentures are called as

		shareholder of the company.	debenture holders.
2.	Status of Holder	The shareholder is the owner of the company	The debenture holder is the creditor of the company.
3.	Nature of Capital	Shares represent the owned capital.	Debentures represent borrowed or loan capital.
4.	Income	The shareholders get dividend as income on their investment. The dividend depends on the profits and policy of the company.	The debenture holder gets a fixed rate of interest as income. They get the interest even when the company makes losses.
5.	Conversion	Shares cannot be converted into debentures.	The convertible debentures can be converted into shares.
6.	Repurchase	A company cannot repurchase its shares. However, at present, buy back of shares is permitted.	The company can purchase back its own debentures.
7.	Voting Rights	The shareholders enjoy normal voting right at the company meeting.	A debenture holders do not enjoy normal voting right, except on those matters which affect their interest.
8.	Repayment of Capital	The shareholders are eligible for repayment only after making payment to debenture holders at time of winding up of the company.	They get priority over the shareholders in repayment of principal amount at the time of winding up of the company.
9.	Charge against Assets	The shareholders do not enjoy a charge against assets of the company.	The secured debentures have a charge against the assets of the company.
10.	Appeal to Investors	Shares appeal to adventurous investors who are willing to accept risk.	Debentures appeal only to cautious investors who are happy with fixed rate of interest.

3. Interim Dividend and Final Dividend.

Ans:-

Sr. No.	Points	Interim dividend	Final Dividend
1.	Meaning	Interim dividend is the dividend which is declared between two annual general meetings of a company.	Final dividend is the dividend which is declared at the annual general meeting of a company.
2.	When is it declared?	It is declared between two annual general meetings.	It is declared at the annual general meetings.
3.	Who declares?	Interim dividend is declared by the Board of Directors by passing a resolution if they are authorized by Articles.	Final dividend is recommended by Board of Directors and declared by the shareholders by passing ordinary resolution at Annual General Meeting.

4.	Rate of Dividend	Rate of interim dividend is less than final dividend.	The rate of final dividend is generally more than interim dividend.
5.	Legal Aspects	If company suffers a loss at the end of the year, the directors will be personally liable to make good amount of disbursed interim dividend.	Declaration of final dividend is always legal, as it is declared only after ascertaining the correct profit on basis of audited accounts.
6.	Authorization	Authorization of Articles is necessary for declaration of interim dividend	Authorization of Articles is not necessary for declaration of final dividend
7.	Sources of Declaration	It is declared only out of the periodic profits of the financial year only.	It is declared out of a) Current Profits b) Profits of previous year c) Capital Profits d) Reserves e) Financial assistance provided by government for dividend

4. Primary Market and Secondary Market.

Ans:-

NO.	Points	Primary market	Secondary market
1	Meaning	The market is utilized for raising fresh capital in the form of shares and debentures.	It is a market where existing securities are resold or traded.
2	Functions	The function is to raise long term funds through fresh issue of securities.	The function is to provide continuous and ready market for existing long term securities.
3	Participants	The participants are financial institutions, mutual fund, under writer, individual investors.	The participants of primary market as well as the stock brokers and the members of the stock exchange are the participants.
4	Listing requirements	Listing is not required in the case of primary market.	Only listed securities can be dealt in the secondary market.
5	Determinants of prices	The prices are determined by the management of the corporate houses with due compliances with the SEBI requirements for new issue of securities.	In case of secondary market the prices are determined by forces of demand and supply in the market and they keep on fluctuating.

5. Share Certificate and Share Warrant.

Ans:-

Sr.No.	Point	Share certificate	Share warrant
1.	Meaning	Share certificate is a registered document of title to the shares issued by the company under its common seal, duly stamped and signed by at	Share Warrant is a bearer document of title to the shares issued by the company under its common seal, duly stamped and signed by at least two

		least two directors and counter signed by secretary of the company	directors of the company.
2.	Which company can issue?	Both private as well as public companies can issue share certificate.	Share warrant can be issued only by public limited companies.
3.	For which shares?	Share certificate is issued in respect of partly or fully paid shares.	Share warrant can be issued only in respect of fully paid shares.
4.	Approval	Issue of share certificate does not require the approval of the central government.	Issue of share warrant requires prior approval of the central government.
5.	Transfer	Share certificate is a registered document of title to the share. It can be transferred by following the procedure laid down in the Articles of Association.	Share warrant is a bearer document. It can be transferred by mere delivery without undergoing the regular procedure of transfer of share.
6.	Negotiability	Negotiability Share certificate is a not-negotiable document. It acts like evidence of the validity of title and ownership	Share warrant is a negotiable instrument
7.	Status/Rights of the holder	A holder of share certificate is a registered member of the company and enjoys normal rights to receive notices of meetings, attending meetings, voting rights, etc.	A share warrant holder is not a registered member of the company and does not enjoy normal membership rights.
8.	Qualification shares	Shares included in a share certificate can be considered as qualification shares for a director.	Shares included in the share warrant cannot be considered as qualification shares for a director.
9.	Distribution of dividend	Dividend is paid through dividend warrant posted by the company at the registered address of the member.	Dividend is paid through 'dividend coupon'.
10.	Petition for winding up to the company	The share certificate holder can submit a petition for the winding up of the company.	The share warrant holder cannot submit a petition for winding up of the company.
11.	Stamp duty	Share certificate requires nominal stamp duty.	Share warrant requires heavy stamp duty.

Q.3. Write notes on: (ANY 3)

(15)

1. Share Warrant.

Ans:- Share Warrant is a bearer document of title to the shares issued by the company under its common seal, duly stamped and signed by at least two directors of the company. Share warrant can be issued only by public limited companies.

Share warrant can be issued only in respect of fully paid shares.
Issue of share warrant requires prior approval of the central government.
Share warrant is a bearer document. It can be transferred.
by mere delivery without undergoing the regular procedure of transfer of share.
Share warrant is a negotiable instrument
A share warrant holder is not a registered member of the company and does not enjoy normal membership rights.
Shares included in the share warrant cannot be considered as qualification shares for a director. Dividend is paid through 'dividend coupon'.
The share warrant holder cannot submit a petition for winding up of the company.
Share warrant requires heavy stamp duty.

2. Capital structure and its components.

Ans:- Meaning :

Capital structure constitutes two words i.e. capital and structure. Capital refers to investment of funds in the business while structure means arrangement of different components in proper proportion. Thus capital structure means 'mix-up of various sources of funds in desired proportion'.

Once the capital requirement of firm is decided, attention is given to the kind of capital sources which can be raised to meet this need.

A company can raise its capital from different sources i.e. owned capital or borrowed capital or both. The owned capital consists of equity share capital, preference share capital, reserves and surplus. On the other hand, borrowed sources are debentures, loans, etc. Proportions of different sources are used in capital structure.

To decide capital structure means, to decide upon the ratio of different securities in total capital. It is nothing but 'composition of capital'.

3. Functions of Stock Exchange.

Ans:- Presence and vibrant functioning of a stock exchange is necessary for a developing economy. It reflects healthy financial and investment conducive atmosphere in the economy.

The Indian securities market is considered as one of the most promising emerging markets. It is one of the top eight markets of the world. The stock exchange plays a vital role in the process of raising resources for the development of corporate sector. In the absence of the stock exchange it would be impossible for private enterprises, industries and entrepreneurs to survive and grow. A stock exchange performs various important functions as discussed below.

- **Liquidity:** It is the stock exchange that provides liquidity to private investment in corporate enterprises. It provides marketability along with liquidity to the product called securities. In other words, the facility of stock exchange provides a two-way outlet as it transforms money into investment and vice versa without much delay.
- **Promotes capital formation:** A stock exchange motivates the investors to invest their savings in the securities of the reputed companies. Stock exchange is the market where buying and selling of securities continually goes on. As a result, capital flows continually into business field. Thus, formation of capital goes on.
- **Fair evaluation of securities:** A stock exchange like any other market provides a mechanism for evaluating the prices of securities through the basic law of demand and supply.
Stock exchange prices help to check the real worth of the securities in the market. The prices quoted on stock exchange are provided with wide publicity through electronic as well as print media. The working of stock exchanges is on line which help investors keep in touch with price update and know real worth of their investment.
- **Protects investors interest:** All the transactions in the stock exchanges are effected and controlled by the Securities Control (Regulation) Act 1956. The stock exchanges protect the interests of the investors through the strict enforcement of their rules and regulations.

The malpractices of the brokers are punishable with heavy fine, suspension of their membership and even imprisonment.

- **Economic Barometer:** A stock exchange serves as a reliable barometer of a country's economic status. Stock exchanges support and promote industrial development. It stimulates investment in productive sector which accelerates the process of economic development of the country.
- **Motivation to Management:** A stock exchange allows the trading of listed securities only. Listing procedure requires to comply with certain guidelines for protecting the interests of investors and obviously are under strict supervision of stock exchange. If companies do not comply with the rules and regulations of the exchange, the shares of a company can be delisted. To avoid such unfavorable and undesirable consequences every company manages its affairs more cautiously and effectively.
- **Best utilization of capital:** The stock exchange regulates and controls the flow of investment from unproductive to productive, uneconomic to economic, unprofitable to profitable enterprises. Thus, savings of the people are channelized into industry yielding good returns and underutilization of capital is avoided. As the stock exchange provides an account of price variations of the securities listed on it (upward or downward fluctuations) it would be an opportunity for the investors to switch their investments. This would keep companies performing in the best possible way.

4. Procedure of redemption of debentures.

Ans:-

- 1) **Board Meeting:** Board meeting is held to pass a resolution to redeem the debentures.
- 2) **Intimation about Redemption to debenture holders:** Secretary has to send letter to debenture holders specifying the details of redemption. He also informs them to surrender debenture certificates.
- 3) **Refund:** A secretary informs the banker to make the repayment to debenture holders.
- 4) **Change in Register of Debenture holders:** Once the process of redemption is completed, the changes are made in the Register of Debenture holders.
- 5) **Changes in the Register of Charges:** The charges which were created on company's asset in favour of debenture holders are cancelled and accordingly the changes are made.
- 6) **Intimation to Registrar of Companies:** Company Secretary informs the Registrar about the details of redemption of debentures.

5. Features of shares.

Ans:-

- 1) **Distinctive Number:** Each share has a distinctive number for identifying its holder. Thus, a shareholder may be holding 100 shares bearing distinctive number from 26701 to 26800.
- 2) **Issue Price:** A share can be issued at par, at a premium or at a discount. Issue at par means share is sold at equal to face value. E.g. a share of Rs.10 is issued at Rs.10. Issue at premium means a share is issued for more than its face value. E.g. a share of Rs.10 is issued at Rs.12. Issue at discount means a share is issued for less than its face value. E.g. a share of Rs.10 offered at Rs.9.
- 3) **Shareholder:** One who holds shares of a company is called the 'shareholder'.
- 4) **Transferability:** A share is a transferable property. Its ownership is transferable from one person to another person. The procedure for the transfer of shares has to be laid down in the Articles of Association of the company.

- 5) **Increases 'Shareholders' Wealth:** Shares of reputed companies increase shareholders' wealth. This is due to regular dividend and issue of bonus shares.
- 6) **Nature of Capital:** The capital which is raised or collected by a company by issuing shares is called the share capital. The share capital is the owned capital of a company.
- 7) **Collateral Security:** Shares can be kept as collateral security to take loans. Banks easily give loans against shares of reputed companies.
- 8) **Types:** A company can issue Equity Shares and Preference Shares. The company can also issue bonus shares to its existing equity shareholders, when the company has good amount of reserves. Deferred shares can be issued by independent private companies.
- 9) **Income:** The return on investment in shares of a company is called 'Dividend'. On Preference Shares, the rate of dividend is fixed. On Equity Shares, the rate of dividend is fluctuating.
- 10) **Value of Share (Paid-up Value):** The value of a share may be collected at one time i.e. on application or it may be collected in installments such as some money on application, called as application money, some money on allotment, called as allotment money and the remaining amount is collected as call money by making calls on the shares.
- 11) **Evidence of Title:** Every shareholder is given a documentary evidence of holding the shares of a company. It is called a 'Share Certificate'.
- 12) **Status of Shareholders:** A shareholder is one of the owners of the company. All the shareholders of a company are joint owners of the company.
- 13) **Confers Rights and Imposes Responsibilities:** A share gives certain rights to the holder, such as right to receive dividend, right to attend shareholders' meetings, right to vote, right to transfer shares, etc. It also imposes liability on shareholders to pay unpaid amount on shares.

Q.4. State with reasons whether the following statements are true or false. (ANY 3) (15)

1. **A company can accept deposits repayable on demand.**

Ans:- False

A company cannot accept deposits payable on demand.

Reasons:

- (a) Deposits are accepted by the public companies only,
- (b) A company cannot accept deposits repayable before 6 months or after 36 months of receipt,
- (c) The depositors cannot be repaid within 3 months of its acceptance,
- (d) Company shall invite deposits according to the rules made under Sub Section (1) of Section 58A of the Companies Act, 1956.

2. **It is not possible to go ahead without financial plan.**

Ans:- True

Reasons:

- (a) Finance is lifeblood of every business. So management of such finance by preparing proper financial plan by finance manager is obligatory,
- (b) It is not possible for finance manager to go ahead unless he prepares 'Financial Plan'. It is required not only for earning profit but also for survival of any business organization,
- (c) Financial planning is an advance programming of all plans of financial management,
- (d) Financial planning establishes target of sales. Profit promotes co-ordination of resources and efforts to reach the targets,
- (e) The success of entire business depends on proper financial plan,
- (f) The financial managers prepares financial plan after getting entire information about the firm's activities. It includes financial policies and information.

Hence, it is not possible to go ahead without financial plan.

3. Share Certificate is a registered document.

Ans:- True

A share certificate is a registered document.

Reasons:

- (a) It is a registered document as all particulars of shares mentioned in the share certificate are recorded in the Register of Members,
- (b) Registered document means the ownership of shares,
- (c) A share certificate is a non-negotiable document which cannot be transferred to another person without following a proper procedure as laid down in the Articles of Association of the company,
- (d) A bearer document means any such document in which the name of the owner is not stated and not entered in the Register of Members.

But a share certificate is not a bearer document. It is a registered document.

4. Interest on debentures is paid irrespective of the volume of profits.

Ans:- TRUE.

1) Every year interest is paid to debenture holders irrespective of company profits.

Reasons:

- (a) Debenture is a loan or borrowed capital of the company. It is an easy and quick means to raise capital,
- (b) Interest is the amount received on the amount advanced in the form of loan.
- (c) Debenture holders got interest as a return on their debentures purchased
- (d) Rate of interest, date is decided at the time of issuing debentures.
- (e) They have preference when companies distribute its profit. They have preference over equity shares.
- (f) As it is loan raised by the company, it is obligatory to pay interest whether company earns profit or not.

5. Handling shares in the dematerialized form is extremely time consuming.

Ans:- False

Handling demat shares is very quick.

Reasons:

- (a) The system of trading at the Stock Exchange is physical transfer which is very time consuming.
- (b) Demat shares are holding, trading, and settling of securities in the electronic form. It is very quick and efficient disposal of work.
- (c) Dematerialization helps to prevent share certificates from getting mutilated or damaged.
- (d) It helps the process of transfer of securities to be made quick and easy.
- (e) It also helps to avoid the risks of loss, theft, fraudulent transfer, etc. and brings transparency.

Q.5. Attempt the following. (ANY 2)

(10)

1. What are the legal provisions regarding declaration of dividend?

Ans:- LEGAL PROVISIONS REGARDING DECLARATION OF DIVIDEND

- 1. Regulation 85 of Table A provides that the company may declare dividend in its general meeting.
- 2. The rate of dividend shall not exceed the rate recommended by the Board of Directors.
- 3. When the company fails to redeem redeemable preference shares within the specified period, company shall not declare any dividend on its equity shares, so long as such failure continues.

4. The company cannot declare dividends for past years in respect of which accounts are closed at previous annual general meeting.
5. The company cannot declare further dividend after declaration of dividend at Annual General Meeting.
6. The dividend once declared cannot be revoked.

2. Draft a letter to depositor for repayment of deposits.

Ans:-

Sunrise Industries Limited

60/ A, V.S. Khandekar Raod,
Vile Parle (W) Mumbai – 400056.
Web: <http://www.SunInd.co.in>

Tele. No. : 022-61246871

Fax : 022-61246872

Ref.: D4/2012

Date : 21st April, 2017.

Mr. Babu Mahale
C-12, Suvarna Appartment,
Raja Bade Chowk,
Mahim, Mumbai – 400016.

Sub : Repayment of Deposit

Dear Sir,

We have received from you the original deposit receipt no.83556 duly discharged alongwith your instruction for repayment.

Details of repayment of deposit are as under:

Type of deposit	Receipt No.	Deposit Amount	Maturity Amount	T.D.	Net Amount
Deposit for 12 months	83556	₹ 20000/-	₹ 22,000/-	Nil	20 th April, 2017.

Please find enclosed herewith a cheque of ₹ 22,000 bearing No. 443211 dated 20th April, 2017, drawn on Bank of India, Shivaji Park branch, Dadar, Mumbai – 28.

Thanking you.

Yours faithfully,
Sunrise Industries Ltd.

Sd/-
Secretary

Encl : Cheque No - 443211

3. What are the points to be borne in mind by the secretary while writing letters to the members?

Ans:- POINTS TO BE CONSIDERED WHILE ENTERING INTO CORRESPONDENCE WITH MEMBERS

- 1) Correct information:** While handling correspondence with the members the secretary must ensure that factually correct information is provided to the members. Every care should be taken while giving facts and figures. Any mistake in providing information may create problems. It is also improper to provide wrong information or incomplete information to the members.
- 2) Lucid language:** Secretary must use simple words, simple sentences and adopt convincing style of letter writing. Technical words should be avoided as far as possible. Words having double meaning should not be used. Similarly writing of long and complicated sentences should also be avoided. A letter should be written in such a way that a member will get clear idea immediately after reading a letter. It should be easy to understand.
- 3) Prompt replies:** The secretary must be prompt in sending replies to the letters received from the members. There should not be unnecessary delay in giving replies to the letters received from members. Complaint letters should be promptly attended to. In tact prompt replies to letters mean- nothing but a matter of courtesy, an acknowledgement on behalf of company.
- 4) Secrecy:** The secretary is a custodian of confidential matters. He should not disclose any confidential information to the members. Some members may be interested in knowing certain secret information, but the secretary should tactfully turn down their enquiries.
- 5) Politeness:** It means use of courteous language. Rude and abusive language should be strictly avoided while corresponding with members. A complaint letter should be replied politely. The approach of the letter should be courteous, skillful, submissive and friendly.
- 6) Legal matters:** The secretary should pay more attention to legal aspects while writing these letters. The contents of such letters should be true, correct and definite. The secretary should strictly follow relevant provisions of the Companies Act 1956 and other relevant Acts. While drafting these letters, if necessary- he should consult with legal adviser on certain points.
- 7) Consideration:** The secretary must have considerate approach towards members. While sending negative replies, he should draft these letters carefully. So that the members concerned would not be hurt. He should make the members feel that the management honestly regrets refusal. This tone of the letter is essential for effective communication with the members.
- 8) Image of the company:** The secretary should try to create good image of the company in the minds of its members. While writing the letters he should help the members in removing their doubts, queries and difficulties with polite and courteous presentation.

4. Draft a letter regarding payment of interest on debentures to the debenture holders.

Ans:-

DISHA INDUSTRIES LIMITED

50/A Bandra-Kurla Complex
Bandra (East), Mumbai-400051
Web: <http://www.dishaindustries.com>

Tele No.: 24761524

Ref.: Disha 96/2011-12

Date : 24th Jan, 2017.

Mr. Ramchandra Bohare
H-4, Anil Housing Society,
Bhadkamkar Marg, Fort,
Mumbai-400001.

Sub : Payment of Interest on debentures

Dear Sir,

I am directed to inform you that the interest on your 100, 10% non convertible debentures of ₹ 100 each is due for payment.

The details of amount of interest payable to you are as follows:

Folio No.	Number of Debentures	Distinctive Nos.		Gross Amount of Interest	T.D.S	Net Amount of Interest	Interest Warrant No.
		Form	To				
B344	100	501	600	1000	Nil	1000	IW4888

The interest warrant is enclosed herewith
Please acknowledge the receipt and oblige.

Thanking you.

Yours faithfully,
For Disha Industries Ltd.
Sd/-

Encl : Interest warrant

Secretary

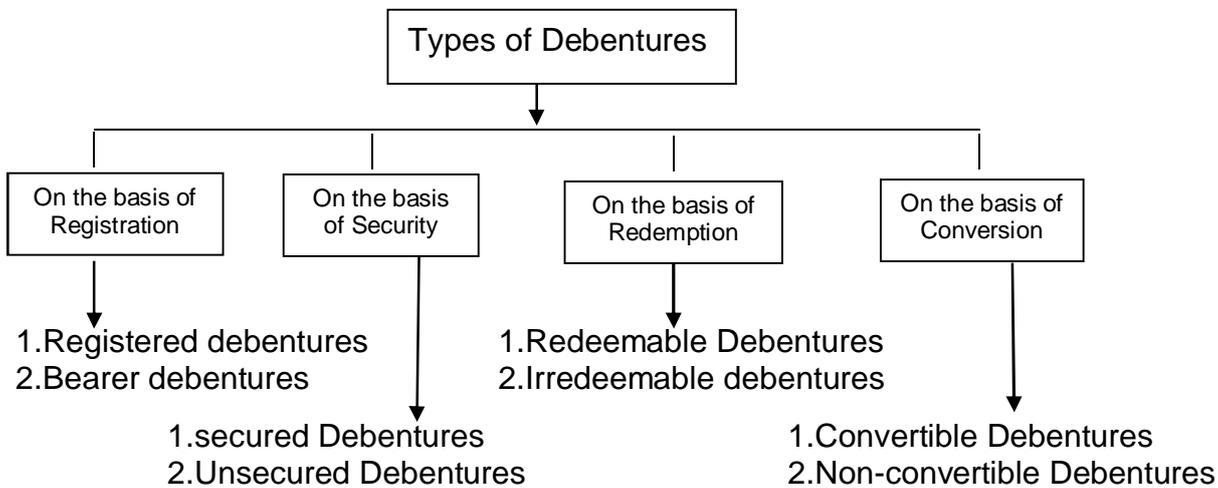
Interest Warrant

A/c payee only	<p style="text-align: center;">Interest Warrant No. 4888</p>	<p style="text-align: center;">DISHA INDUSTRIES LIMITED 50/A Bandra-Kurla Complex Bandra East Mumbai-400051</p> <p style="text-align: right;">Date : 17th Jan, 2017.</p>
	Pay Mr. R. Bohara a sum of ` One Thousand only	
Valid for 3 months	Bank of India Shivaji Park branch Mahim, Mumbai - 96	<div style="border: 1px solid black; display: inline-block; padding: 5px 20px;">` 1000/-</div>
		<p style="text-align: center;">For Disha Industries Ltd.,</p> 1. _____ Managing Director 2. _____ Secretary
123440	4001440565	11

Q.6. 1. Types of Debentures.

(10)

Ans:- Kind of Debentures :



(1) On the basis of Registration :

- (a) Registered Debentures :** In the case of these Debentures, the names, addresses and particulars of holding are entered in a register kept by the company. Such Debentures are non- negotiable or transferable by mere delivery. Interest on such Debentures are payable only to registered holders of the Debentures through interest warrants. Transfers are freely allowed by executing proper transfer deeds and on formal approval of the Board of Directors.
- (b) Bearer Debentures :** Debentures which are not recorded in the Register of Debenture holders and also holder's names are not entered on the certificate (Debenture) are bearer debentures. These Debentures are freely transferable by mere delivery. No need of executing a transfer deed and no stamp duty is to be

paid. Interest is payable to the holders on presenting interest coupons attached to the Debentures.

(2) On the basis of Security :

- (a) Secured Debentures :** Secured Debentures are those, which are secured by some charge on the property or assets of the company. They are also called mortgage debentures. If the company fails to repay the principal and interest to the debenture holders, the debenture holders have a right to recover the amount of Debentures and interest from the company by selling of the assets charged to them.
- (b) Unsecured Debentures :** These Debentures are also known as simple or naked debentures. Such debentures are not given any security for repayment of principal amount and interest. Unsecured debenture holders are ordinary creditors of the company. The general solvency of the company is the only security available to unsecured debentures.

(3) On the basis of Redeemability :

- (a) Redeemable Debentures :** These debentures are issued for a specific period say for 5 years or 10 years. On expiry of the specific period, debenture capital (principal) is redeemed or paid back. Interest is paid regularly, annually or half-yearly. Generally, all Debentures are redeemable debentures, if specifically not stated at the time of issue of debentures.
- (b) Irredeemable Debentures :** Irredeemable Debentures are those Debentures, which are not repaid or redeemed by the company so long as it is a going concern. On winding up of the company, these debentures are paid prior to the preference and equity shares. Interest on these debentures is a permanent charge on the profits of the company, which is paid regularly as per the agreement.

(4) On the basis of Convertibility :

- (a) Convertible Debentures :** Convertible Debentures are those debentures, which are convertible into Equity Shares on maturity as per the terms of issue. Interest is paid till the date of conversion. These are most popular among investors in India. Prior approval of shareholders and that of Central Government is required to issue convertible Debentures
- (b) Non-convertible Debentures :** Non-convertible Debentures are those Debentures which are not converted into Equity Shares. Till they are redeemed or not, they remain as creditorship or borrowed capital. Normally, all debentures are non-convertible unless specified or declared.

OR

2. Draft a Letter of Allotment along with Allotment Receipt and Allotment Slip.

Ans:- Letter of Allotment.

STAR INDUSTRIES LIMITED

50/A, Kasarwadi, Pimpri-Pune-411018

Tele No. 23471235 <http://www.starind.in>

Email – starind@gmail.com

Fax : 24371255

Date : 18th June, 2017

Ref : D 35/2012

Mr. Bhave singh P. Chavan

A/24, Sundarban, Bhandarkar Raod,
Khar, Mumbai – 53.

Sub : Public issue of 1,00,000 equity shares of ` 10/- each at par

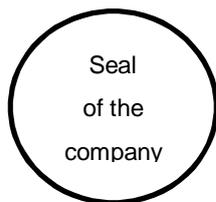
Dear Sir,

With reference to your share application form No. 555341 dated 25th May, 2017 for 100 equity shares of ` 10 each, we are pleased to inform you that you have been allotted 100 equity shares. The decision is taken by board of directors by passing resolution No. 52 at the board meeting, held on 15th June, 2017. The details of allotment of equity shares are given below:

1	2	3	4	5
No. of Share Applied	No. of Shares allotted	Distinctive numbers of Shares	Amount received as application money	Amount due on allotment
100	100	2801 to 2900	` 250	` 250

You are hereby requested to pay the aforesaid amount due on allotment mentioned in column 5 to our Company's Bankers viz. Bank of India at any of its branches. Please make it convenient to pay the allotment money on or Before 6 July, 2017. If you fail to pay allotment money within stipulated period, interest will be charges @ 5% p.a. Duly signed and executed share certificate shall be exchanged against this letter of allotment and allotment receipt.

Thanking you.



Yours faithfully,
For Star Industries Ltd.

Sd/-
Secretary

**Allotment Receipt
Star industries Ltd.**

50/A, Kasarwadi, Pimpri-Pune-411018
Tele No. 23471235 <http://www.starind.in>

Ref : D 35/2012

Received from Shri. Bhave Singh P. Chavan a sum of ` Two Hundred and Fifty only as allotment money on One Hundred equity shares of ` 10 each.



Revenue
Stamp only if
Amt. is more
than ` 5,000

For Bank of India
Signature
Cashier

**Allotment slip
(to be forwarded to company)**

Ref : D 35/2012

Received from Shri. Bhava Singh P. Chavan a sum of 250 (Two Hundred Fifty) on behalf of Star Industries Ltd., as allotment money on one hundred equity shares numbered 2801 to 2900

For Bank of India
Signature
Cashier

