

FOR 10 MARKS

Q.1 Discuss the procedure of issuing right shares by a company. {2016}

Ans: There are some of the procedure of issuing right shares by a company are discuss below :

Notice of Board Meeting

As per *Section 179(3) of Companies Act, 2013*, the notice of the Board Meeting should be sent to the shareholders 7 days before the date of the Board Meeting. The notice should include the agenda of the meeting.

Hold Board Meeting

The Board Meeting is conducted, and Board Resolution is passed. The Resolution is passed as per the *Secretarial Standards-1 (SS-1)*.

The Right Issue does not need the approval of the Shareholders through Special Resolution. The Board can pass a Board Resolution and offer shares to the existing shareholders of the Company in proportion to their current shareholding.

Letter of Offer

After passing of the Board Resolution, the approval of the Letter of Offer is also given. The Letter of Offer is sent to all the shareholders by registered post, speed post or through electronic mode. As per *Section 62(2) of the Companies Act, 2013*, the letter must be posted at least 3 days prior to the opening of the issue.

Subscription Period of Acceptance

The maximum period for acceptance of the letter of offer *is 15 days and at most 30 days*. The shareholders should accept the offer within this prescribed limit only.

Form MGT-1

After passing of the Board Resolution, Form MGT-1 is filed within 30 days of passing of the Board Resolution. A true certified copy of Board Resolution should be attached with the Form MGT-1. The Form MGT-1 is mandatory to be filed in case of Public Companies.

Accept Application Money

The accepted application should be sent to the Board with the application money. Cash in terms of money is accepted in both private and public Company.

Second Board Meeting

After receiving the application, notice for the second Board Meeting should be sent to all the shareholders at least 7 days before the date of the Board Meeting. The notice should include the whole agenda of the Board Meeting.

The required quorum of the Board should be present at the Board Meeting. The Board Resolution for the Allotment of Shares will be passed.

Allotment of Shares

After passing of the Board resolution in the second Board Meeting, the Allotment of Shares is done. *The Allotment of Shares should be done within 60 days of receiving the application and application.*

Filing of Forms to ROC

After Allotment of Shares, *Form PAS-3* should be filed to the Registrar of Companies (ROC) by the Director of Board of Company. The *Form PAS-3* should be filed within 30 days from the Allotment of Shares. The certified true copy of Board Resolution and list of Allottees should be attached with *Form PAS-3*.

Form MGT-14 for both Issues of Shares and Allotment of Shares should be filed with the ROC.

Issue Share Certificate

After filing of the *Form PAS-3*, the Share Certificate is issued to the shareholders. *The Share Certificate should be issued within 2 months from the date of Allotment of Shares.* The Share Certificate should be signed by at least 2 Directors of the Company. The Share Certificate shall be issued in *Form SH-1*.

Q.2 Discuss the various methods of redemption of debentures and their accounting entries.

Ans: