

**Maharashtra State Board**  
**Secretarial Practice**  
**Sample Question Paper – 1**  
**Academic Year: 2024-2025**

**Note:**

1. ALL questions are compulsory.
2. Figures to the right indicate full marks for the questions.
3. Figures to the Left indicate question numbers.
4. Answer to every question must be started on a new page.

**Q1.A**

**1.A.1. Select the correct answer from the options given below and rewrite the statement.**

The holder of \_\_\_\_\_ preference shares has the right to convert their shares into equity shares.

1. cumulative
- 2. convertible**
3. redeemable

**Solution:**

The holder of **convertible** preference shares have right to convert their shares into equity shares.

**1.A.2. Select the correct answer from the options given below and rewrite the statement.**

\_\_\_\_\_ refers to any kind of fixed asset.

1. Authorised capital
2. Issued capital
- 3. Fixed capital**

**Solution:**

**Fixed capital** refers to any kind of fixed asset.

**1.A.3. In Depository System, securities are held in \_\_\_\_ form.**

1. scrip Based

**2. electronic**

3. physical

**Solution:**

In Depository System, securities are held in **electronic** form.

**1.A.4. Select the correct answer from the options given below and rewrite the statement.**

A \_\_\_\_ who expects a fall in the price of a security.

1. bull

**2. bear**

3. jobber

**Solution:**

A **bear** who expects a fall in the price of a security.

**1.A.5. Unpaid/unclaimed dividends shall be transferred to Investor Education and Protection fund on expiry of \_\_\_\_ years.**

1. three

**2. seven**

3. six

**Solution:**

Unpaid/unclaimed dividends shall be transferred to Investor Education and Protection fund on expiry of **seven** years.

**Q1.B | Give one word or phrase for the following sentences:**

**1.B.1. Give one word or phrase for the following sentence:**

How securities are settled?

**Solution:**

Transfer and settlement of securities are done electronically.

**1.B.2. Give one word or phrase for the following sentence:**

The company enters into a contract with one or more debenture trustees.

**Solution:**

Debenture Trust Deed

**1.B.3. Give one word or phrase for the following sentence:**

What kind of capital is Debenture?

**Solution:**

The debenture is borrowed capital.

**1.B.4. Give one word or phrase for the following sentence:**

Borrowed capital of a company.

**Solution:**

Debenture Capital

**1.B.5. Give one word or phrase for the following sentence:**

Full form of SARS.

**Solution:**

Stock Appreciation Rights Scheme.

**Q1.C | True or false:**

**1.C.1.** Government companies can accept deposits from members.

1. True

**2. False**

**Solution:**

This statement is **False**.

**1.C.2.** Call money cannot exceed 5% of the nominal value of shares.

1. True

2. False

**Solution:**

This statement is **False**.

**1.C.3. NSDL & CDSL are the only depositories that exist in India.**

1. True

2. False

**Solution:**

This Statement is **True**.

**1.C.4. State whether the following statement is true or false.**

The debenture is a loan capital of the company.

1. True

2. False

**Solution:**

This statement is **True**.

**1.C.5. In the Money market, the instruments traded have a maturity period of more than one year.**

1. True

2. False

**Solution:**

This Statement is **False**.

**Q1.D | Match the pairs:**

Match the correct pairs:

	Group 'A'		Group 'B'
(1)	Working capital	(a)	Redeemed capital
(2)	Equity share capital	(b)	Secretary
(3)	Share warrant	(c)	Shares do not have distinctive numbers

(4)	Recommendation of dividend	(d)	Fixed assets
(5)	Fungibility	(e)	The link between SEBI and Depository
		(f)	Board of Directors
		(g)	Registered document
		(h)	Sum of current assets
		(i)	Bearer document
		(j)	Permanent capital

**Solution:**

	Group 'A'		Answers
(1)	Working capital	(h)	Sum of current assets
(2)	Equity share capital	(j)	Permanent capital
(3)	Share warrant	(i)	Bearer document
(4)	Recommendation of dividend	(f)	Board of Directors
(5)	Fungibility	(c)	Shares do not have a distinctive number

**Q2 | Explain the following terms/concepts in detail: (Any 4 out of 6):**

**2.A. Explain the following term/concept in detail:**

Stock Exchange

**Solution:**

The stock exchange is a specific place where various types of securities are purchased and sold. The term securities include equity shares, preference shares, debentures, government securities, and bonds. etc., including units of Mutual Funds. Stock markets act as intermediaries between investors and borrowers. To provide safety and stability to the investors. Stock exchanges in India are regulated by SEBI.



**2.B. Explain the following term/concept in detail:**

Preference shares

**Solution:**

As the name indicates, these shares have certain preferential rights distinct from those attached to the equity shares.

The shares which carry the following preferential rights are termed preference shares:

- a. A preferential right to receive the payment of dividends during the Lifetime of the company.
- b. A preferential right to receive the return of capital in the event of winding up of the company. The holder of the preference share has a prior right to receive a fixed rate of dividend before any dividend is paid to the equity shareholders. The rate of dividend is prescribed at the time of issue.

**2.C. Explain the following term/concept.**

Blank transfer

**Solution:**

- When a member signs the Instrument of transfer without filling in the name of the transferee and hands it over to the transferee along with the share certificate, it is called a 'Blank Transfer.'
- The blank transfer enables easy to purchase and sale of shares as the blank transfer form can be sold any number of times. The intermediate buyers need not pay stamp duty. A holder of a blank transfer form enjoys all rights that a member is entitled to have.

**2.D. Explain the following term/concept.**

Investment decision

**Solution:**

Once the business firm has gained access to capital, the finance manager has to take decisions regarding the use of the funds in a systematic manner so that it will bring a maximum return for its owners. For this, the firm has to take into consideration the cost of capital. Once they know the cost of capital, the firm can deploy or use the funds in such a way that returns are more than the cost of capital.

**2.E. Explain the following term/concept.**

Debenture certificate

**Solution:**

Debenture Certificate is a document that certifies that the holder is the creditor of the company for the amount mentioned in the certificate. It is issued to all debenture holders. It is issued within a period of six months from the date of allotment of debentures.

**2.F. Explain the following term/concept.**

Interim Dividend

**Solution:**

The dividend declared by the Board of Directors between two Annual General Meetings is called Interim Dividend. The interim dividend is paid in the middle of the accounting year i.e. before the finalisation of annual accounts for the year. The opinion of the company's Auditors should be taken before declaring Interim Dividend.

**Q3 | Study the following case/situations and express your opinion. (Any TWO)**

**3.A. Study the following case/situation and express your opinion.**

Ram a stock broker, traded on the stock exchange. He sells stock of Reliant Industries a listed public company on 1<sup>st</sup> March, 20xx whereas the transaction gets settled on 5<sup>th</sup> March.

(No Holiday being declared to the stock market on the given dates).

**Solution:**

Ram sells Reliant Industries' shares on March 1<sup>st</sup>, 20xx, but the transaction is settled on March 5<sup>th</sup>. The transaction should be netted off in T + 2 days, according to the rules. The transaction is expected to be completed on March 3<sup>rd</sup>, 20xx. As a result, the settlement is not legal.

**3.B. Study the following case/situation and express your opinion.**

CC Company Ltd. is an eligible Public Company as per the Companies Act, 2013 with reference to accepting Public Deposits.

- a. Can the company accept deposits in joint names?

- b. Can the company accept deposits from its members?
- c. Can the company issue secure deposits?

**Solution:**

- a. Yes, the company can accept deposits in the joint names of the depositors. But there should not be more than 3 names.
- b. According to the Companies Act of 2013, CC Company Ltd. is a qualified public company. As a result, it can accept deposits from both its members and the general public.
- c. Yes, the firm can make secured deposits. If a business offers secured deposits, it must create a charge against its tangible assets within 30 days of acceptance.

**3.C. Study the following case/situation and express your opinion.**

Admire Ltd., a listed public company of which the board of directors recommended ₹10/- per share as a dividend to equity shareholders:

- a. Is it mandatory for Admire Ltd. to take approval from Shareholders?
- b. Admire Ltd., paid a dividend of 99% to shareholders in cash and the rest 1% in kind. Is it permissible according to the law?

**Solution:**

- a. Admire Ltd.'s Board of Directors proposed a Dividend Payable, which shareholders must approve at the Annual General Meeting. It is considered approved and declared by the organization only after it has received the necessary approval.
- b. The dividend must be paid in cash, not in kind, according to the provisions of the Companies Act. In the case of Admire Ltd., 1% of shareholders are receiving dividends in kind, which is illegal.

**Q4 | Distinguish between the following: (Any THREE)**

**4.A. Distinguish between:**

Primary Market and Secondary Market

**Solution:**

Points	Primary Market	Secondary Market
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1) Meaning	The issue of new shares by the company is done in the primary market.	The securities issued earlier are traded in the secondary market.
2) Mode of Investment	Direct investment in the securities. Securities are acquired directly from the company.	Indirect investment as the securities are acquired from other stakeholders.
3) Parties in action	The parties dealing in this market are companies and investors.	The parties dealing in this market are only investors.
4) Intermediary	The underwriters are the intermediaries.	The security brokers are the intermediaries.
5) Value of security	The price of security in the primary market is fixed as it is decided by the company.	The price of a security is fluctuating, depending on the demand and supply conditions in the market.

#### 4.B. Initial Public Offer and Further Public Offer

##### **Solution:**

<b>Initial Public Offer</b>	<b>Further Public Offer</b>
<b>1. Meaning:</b> IPO refers to an offer of securities by an unlisted Public Company to the public for the first time.	FPO means an offer of securities by a listed Public Company to the public to raise subsequent capital.
<b>2. Type of issuer company:</b> It is issued by an unlisted Public Company.	It is issued by a listed Public Company.
<b>3. When issued:</b> It is usually issued by an existing company which wants to raise capital from the public for the first time.	It is usually issued by a listed Public company when it wants to raise further capital from the public.
<b>4. Order of issue:</b> IPO proceeds FPO. IPO is the first-time sale of shares to the public.	FPO is always done after IPO. FPO is the second or subsequent sale of shares to the public.

<b>5. Listing:</b> Company has to get itself listed for the first time before issuing IPO.	Company making an FPO is already a listed company.
<b>6. Risk:</b> It is very risky for the investor as he cannot predict the company's performance.	It is less risky for the investor as he has an idea of the company's past performance and can judge its future performance.

#### 4.C. Shares and Debentures

##### **Solution:**

Shares	Debentures
<b>1. Meaning</b>	
A share is a part of share capital of a company. It is known as ownership securities.	A debenture is a certificate of loan taken by a company. They are also known as creditorship securities.
<b>2. Nature</b>	
It is permanent capital. It is not repaid during the lifetime of the company.	It is a temporary capital. Generally, it is repaid after a specific period.
<b>3. Status</b>	
Share capital is ownership capital. A shareholder is the owner of the company.	Debenture capital is borrowed/loan capital. A debenture holder is a creditor of the company.
<b>4. Voting rights</b>	
Shareholder being owner enjoys voting rights. Shareholders participate in the management of the company.	The debenture holder being the company's creditor does not have any Voting rights. He cannot participate in the management of the company.
<b>5. Return on investment</b>	
Shareholders are paid a dividend. Equity shareholders receive a dividend at a fluctuating rate whereas preference	Debenture holders are paid interest at fixed rate. Interest is paid even when the company has no profit.

shareholders receive a dividend at a fixed rate.	
<b>6. Security</b>	
Share capital is unsecured capital. No Security is offered to the shareholder.	Debenture capital being loan capital is secured by creating a charge on its property.
<b>7. Time of issue</b>	
Shares are issued in the initial stage of the company.	Debentures can be issued at a later stage when the company has securities to offer.
<b>8. Position on liquidation</b>	
On liquidation of a company, shareholders rank last in the list of claimants.	Debenture holders being creditors rank prior to shareholders for repayment on liquidation of the company.
<b>9. Suitability</b>	
Shares are suitable for long-term finance.	Debentures are suitable for medium-term finance.

#### 4.D. Distinguish between the following.

Fixed Price Issues and Book Building

#### **Solution:**

<b>Fixed Price Issue Method</b>	<b>Book Building Method</b>
<b>1. Meaning:</b> Under this method, the issue price of shares is mentioned in the prospectus and investors have to buy shares at that price only.	Under this method, the issue price is determined by a bidding process. The investors are given a price band and are asked to bid at a price within the band. This way company arrives at a price at which it will sell its shares.
<b>2. Price of Shares:</b> The exact price of shares is known in advance and it is mentioned in the prospectus.	The price of shares is not known in advance. Only the minimum price and maximum price at which the company is willing to sell the shares are known in advance.



<b>3. Prospectus:</b> The company has to issue a prospectus and it contains the details of the price at which shares are offered and the total number of shares offered by the company.	Company issues a Red Herring Prospectus. It contains only the price band and the total size of the issue.
<b>4. Determination of Demand:</b> The company comes to know the public demand for its shares only after the closure of the issue.	The company can know the public demand for its shares every day. The bids are registered in the book every day until the closure of the issue.
<b>5. Payment of Application Money:</b> Application money or the entire money has to be paid by the investor at the time of submitting his application for shares.	Only application money has to be paid at the time of bidding. The money will be collected only after the issue price has been fixed.
<b>6. When Used:</b> It can be used for any issue i.e. Public Issues, Rights Issues, ESOS, etc.	It is usually used in Public issues i.e. IPO and FPO.

#### Q5 | Answer in brief: (Any TWO)

##### 5.A. Explain the features of Capital Market.

##### **Solution:**

It is the market for borrowing and lending long-term capital required by business enterprises. As per SEBI, the capital market is a market for long-term debt and equity shares.

**The features of the capital market are as follows:**

- 1. The link between investors and borrowers:** The capital market links investors with the borrowers of funds. It routes money from savers to entrepreneurial borrowers.
- 2. Deals in medium and Long-term investment:** In the capital market, medium and long-term financial instruments are traded. Through this market, corporates, industrial organisations, financial institutions access long-term funds from both, domestic as well as foreign markets.



3. **Presence of Intermediaries:** Capital market operates with the help of intermediaries. The intermediaries like brokers, underwriters, merchant bankers, collection bankers, etc. play an important role in the capital market.
4. **Promotes capital formation:** Capital market provides a platform for investors and borrowers of long-term funds to engage in trade. This leads to capital formation in the economy as it mobilises funds.
5. **Regulated by government rules, regulations, and policies:** Capital market operates freely. However, it is regulated by government rules, regulations, and policies. E.g.: SEBI is the regulator of Capital markets.
6. **Deals in marketable and non-marketable securities:** It trades in both, marketable and non-marketable securities. Marketable securities are securities that can be transferred. E.g.: shares, debentures, etc. Non-marketable securities are those which cannot be transferred. E.g.: term deposits, loans, and advances.
7. **Variety of Investors:** It has a wide variety of investors including both, individuals (i.e. general public) and institutional investors like mutual funds, insurance companies, financial institutions, etc.
8. **Risk:** Risk is very high as the instruments have long maturity periods. But along with that, the return on investments is also very high.
9. **Instruments:** Equity shares, preference shares, debentures, bonds, government securities and public deposits are the main instruments in capital market.
10. **Types:** Capital market is mainly classified into two main types, government securities market or gilt-edged market and industrial securities market. Industrial securities market is further classified into the primary and secondary markets.

#### **5.B. What are the requirements as per SEBI for the issue of debentures?**

##### **Solution:**

##### **Requirements as per SEBI for the issue of Debentures:**

- a. **Minimum subscription:** SEBI (Issue and Listing of Debt Securities) Regulation, 2008 Regulation-12 states the minimum subscription to be collected by a company. As per SEBI, the minimum subscription for public issue of debentures is 75% of the base issue size i.e. ₹100 crores. If the

minimum subscription is not received, the entire money received should be refunded within 12 days from the date of closure of the issue.

- b. **Retention of over subscription:** Company can retain over-subscription money up to a maximum of 100% of the base issue size or any lower limit as specified in the offer letter or letter of offer or prospectus.
- c. **Underwriting:** The company may enter into an underwriting agreement with underwriters for its public issue of debentures. Appointment of underwriters must be mentioned in the offer letter or letter of offer or prospectus.
- d. **Credit Rating:** SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 states that companies should get a credit rating for issuing debentures.

As per SEBI, Companies making a public issue or right issue of convertible debentures must obtain a credit rating from one or more credit rating agencies. The rating should be mentioned in the offer letter or letter of offer or prospectus.

### **5.C. Explain the advantages of the Depository System to the companies.**

#### **Explain the advantages of the Depository System.**

#### **Solution:**

##### **Advantages to Investors:**

- 1. **Safety:**  
The depository system is the safest and most secure way of holding securities. The entire system functions under the Depository Act and is monitored by SEBI.  
**E.g.:** the investor can keep his account in a 'freeze/lock' mode to avoid/prevent unexpected debit or credit by giving instructions to the depository participant.
- 2. **Updates and Intimation:**  
The DP regularly sends a statement to the investor which provides the status of holdings and transactions. Depository too provides such a statement occasionally.
- 3. **Risk Elimination:**  
All risks associated with physical certificates like delays, loss, theft, bad deliveries, etc. are totally eliminated with the depository system.

**4. Easy Transfer of Shares:**

- i. The efforts that we required earlier in filing transfer forms and lodging of documents are not required
- ii. Also, the stamp duty levied on the transfer of physical shares is not applicable.
- iii. Processing time in the transfer of securities is reduced and neither the securities nor the cash is held up for an unnecessarily long time.

**5. The facility of Nomination:**

The depository system allows individual investors to avail of the nomination facility. In case of the death of the investor, the securities are transferred to the account of the person who has been nominated by the investor.

**6. Automatic Credit:**

The account of the investor is automatically credited/debited in case of a change initiated by the company which impacts the securities. This is called 'Corporate Action'. Payment of dividends, issue of bonus shares, offering of rights shares, early redemption of debentures, mergers, and acquisitions, etc. are a few examples.

**7. No Concept of 'Lots':**

In the physical mode, it was compulsory to buy shares in certain lots i.e. lot 10, lot 100, etc. This system of 'lots' has been abolished with the depository system. The market lot is one share for dematerialized securities.

**8. Security Against Loan:**

Banks and financial institutions also provide loans against dematerialized securities as collateral (security).

**Advantages to Companies:**

**1. Up-to-date Information:**

The up-to-date information about investors is provided by the depository.

**2. Reduction in Costs and Efforts:**

Costs, efforts, and time involved in printing and distribution of certificates in cases of new issues, bonuses, transfers, etc. saved.

**3. Better Investor-Company Relationships:**

The complaints arising out of loss of certificates, signature differences, long lapses of time in executing requests, etc. are substantially reduced. It leads to better communication with investors and increased goodwill for the company.



**4. International Investments:**

Under a depository system, better and quicker services can be provided and this attracts investments from abroad.

**Q6 | Justify the following statements: (Any TWO)**

**6.A. Justify the following statement.**

Transmission of Shares takes place due to the operation of law.

**Solution:**

Transmission of shares takes place due to the operation of law i.e. the shares of a member are automatically transferred to another person on the death, insolvency, or insanity of a member. Thus the transmission of shares is an involuntary action. There is only one party i.e. Legal Heir who initiates the process of transmission. The legal heir or official receiver need not pay any consideration for the shares. The original liability of the member continues in case of transmission. There is no need to submit an Instrument of Transfer or pay stamp duty.

**6.B. Justify the following statement.**

Interest is a liability/obligation of the company.

**Solution:**

Interest is the cost of renting money, for the borrower and it is the income from lending money to the lender.

**Features of interest are:**

1. Interest is the price paid for the productive services rendered by capital.
2. It is directly related to risk. The higher the risk, the higher the interest.
3. The rate of Interest is expressed as an annual percentage of the Principal.
4. The rate of interest is determined by various factors like money supply, fiscal policy, the volume of borrowings, the rate of inflation, etc.
5. Interest is a charge against the profit of the company. Even if the company makes no profit, interest should be paid.
6. It is payable at a fixed and generally pre-determined rate.

The company has to pay interest if it has borrowed money from creditors like Debentures holders, Depositors, Bondholders, etc. Thus, interest is a liability/obligation of the company.



### **6.C. Justify the following statement.**

The nature of business affects the working capital requirement.

#### **Solution:**

There are no precise standards to measure working capital adequacy. Management has to determine the size of working capital in light of certain aspects of the business firm and the economic environment within which the firm operates. Firms engaged in manufacturing essential products of daily consumption would need relatively less working capital as there would be constant and sufficient cash inflow in the firm to take care of liabilities. Likewise, public utility concerns have to maintain a small working capital because of a continuous flow of cash from their customers. On the contrary, if the business is dealing in Luxurious products, it requires a huge amount of working capital as the sale of Luxurious items is not frequent. Trading/merchandising firms that are concerned with the distribution of goods have to carry big inventories of goods to meet customers' demands and have to extend credit facilities to attract customers. Hence, they need a large amount of working capital.

### **6.D. Justify the following statement.**

SEBI has to perform many functions to regularise the market.

#### **Solution:**

**The various functions of SEBI are:**

1. To protect the interest of investors in the securities market.
2. To promote the development of securities markets.
3. To regulate the business in stock exchanges and any other securities market.
4. To register and regulate the working of stock brokers, sub-brokers, share transfer agents, bankers to an issue, trustees of trust deeds, registrars to an issue, merchants bankers, underwriters, and such other intermediaries who may be associated with the securities market.
5. To register and regulate the working of the Depositories, Depository Participants, Custodians of securities, foreign institutional investors, and credit rating agencies.
6. To register and regulate the working of venture capital funds and collective investment schemes including mutual funds.

7. To promote and regulate self-regulatory organizations.
8. To prohibit fraudulent and unfair trade practices relating to securities markets.
9. To promote investor's education and training of intermediaries of the securities market.
10. To prohibit insider trading in securities.

**Q7 | Attempt the following: (Any TWO)**

**Q7.A. Write a letter to deposit or regarding renewal of his deposit.**

**Solution:**

**HEERA INTERNATIONAL LTD.**

Registered Office: 19, Heera House, Kulaba,  
Mumbai - 400021  
CIN: L15522 MH 2000 PLC301244

Phone: 022-60101224  
Fax.: 022-30405223  
Ref No. D/DEP/62/19-20  
Miss. Meera Rajput  
20, Krishna Apartment,  
Malad (E)  
Mumbai-400064.

Website: [www.heeralimited.com](http://www.heeralimited.com)  
E-mail: [heera60@gmail.com](mailto:heera60@gmail.com)  
Date: 20th June, 20xx

Sub: Renewal of Fixed Deposit

Dear Madam,

We hereby acknowledge the receipt of your application for renewal of the deposit of ₹1,00,000 for a further period of two years. Along with the application we have also received the original Fixed Deposit Receipt (FDR) No. 5736, and the same has been placed before the Board for consideration and approval.

The Board of Directors by passing a resolution at the Board meeting held on 17th March, 20xx has decided to renew the deposits for a further period of 3 years on the same terms and conditions. A Deposit Receipt No. 6816 is enclosed along with this letter.

Thanking you.

Encl: Fixed Deposit Receipt No. 6136

Yours faithfully,  
Heera International Ltd.  
Ms. Mitwa Abdula  
Company Secretary

### 7.B. Attempt the following:

Write a letter to a debenture holder informing him about the conversion of debentures into equity shares.

#### Solution:

**Balaji Industries Limited**

Registered Office: 9, Balajisadan, Sambhaji Chowk,

Kolhapur - 416012

CIN: U27106MH1965PLC013212

Phone No: xxxxxxxxx

Website: [www.balajiindustriesltd.com](http://www.balajiindustriesltd.com)

Fax No.: xxxxx

E-mail: [krishna30@gmail.com](mailto:krishna30@gmail.com)

Reference No: G/HD/30/18-19

Date: 15th June, 20xx

Mr. Ramesh

Malvani, 22, Krishna Complex,

Vishnu Road,

Buldhana-413 018.

Sub: Conversion of Debentures into Equity Shares

Dear Sir,

I am directed to inform you that in accordance with the terms decided at the time of issue of 1,00,000, 10% fully convertible debentures, the debentures are due for conversion.

In accordance with the above, a Special Resolution was passed by the shareholders in the Extra-Ordinary General Meeting held on 20th June, 20xx for approval of the conversion of debentures into equity shares in the ratio of 2:1. As per your Letter of Option you have been allotted 50 Equity shares in lieu of 100 Debentures.

Details of your holding after conversion are as follows:

1	2	3	4		5
Folio No.	No. of Debentures held	No. of Equity Shares Issued	Distinctive Numbers		Share Certificate No.
			From	To	
576	100	50	601	660	1120

The duly signed and executed share certificate is enclosed herewith. Debenture Certificate will be null and void w.e.f 20th June, 20xx.

Thanking You.

Yours Faithfully,  
Balaji Industries Limited.

Encl: Share certificate

Sign.  
(Mr. Naresh Goswami)  
Company Secretary

### 7.C. Write a letter to thank the depositor for the Fixed Deposit.

#### Solution:

Thanking fixed deposit holder

<b>Prime Industries Ltd.</b>					
<b>Registered Office: 40, Prime Towers, M.J. Road</b>					
<b>Mumbai-400001</b>					
CIN: U74999 MH 2018 PTC312143					
Phone:		Website: <a href="http://www.primelimited.com">www.primelimited.com</a>			
Fax: 030-40050088		E-mail: prime50@gmail.com			
Reference No: G/DEP/09/19-20		Date: 11 <sup>th</sup> Sep, 2022			
Mr. Eknath Mandale					
75/66, Prime Apartment, Budhwar Peth					
Pune-411038					
<b>Sub: Thanking Depositor for Fixed Deposit</b>					
Dear Sir,					
We are in receipt of your application dated 6 <sup>th</sup> March 2022 for an investment of ₹1,00,000 in the fixed deposit as per the terms and conditions stated in the advertisement for a period of 3 years. We are thankful to you for the initiative and the trust you have shown in depositing a substantial amount in our company:					
The details of deposits accepted are given in the following schedule:					
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	
Fixed Deposit Receipt No.	Amount of Deposit	Period of Deposit (years)	Rate of Interest (%)	Bank Details	
C - 550	100	501	600	Name of the Bank	Bank-Account No.
<b>769</b>	<b>1,00,000</b>	<b>3 years</b>	<b>13.6%</b>	<b>Yes Bank</b>	<b>333050</b>
The Boord of Directors of our com pony expresses its gratitude for depositing money in our company. We assure you of our best service and thank you for the confidence shown in our company.					
Thanking You.					
Yours Faithfully, For prime Industries Ltd.					



**Q8 | Answer the following questions: (Any ONE)**

**8.A. State benefits of the depository to Investors.**

**Solution:**

**The benefits of the depository to the Investors are:**

- a. **Elimination of Risk:** All risks associated with physical certificates like delays, lost, theft, mutilation, bad deliveries, etc., are totally eliminated.
- b. **Safety:** It is the safest and most secure way of holding securities. The entire system functions under the Depository Act and is monitored by SEBI., e.g. The Investor can keep his account in a 'Freeze/Lock' mode to avoid/prevent unexpected debit or credit or both by giving instructions to the DP.
- c. **Easy Transfer of Shares:**
  - 1. Efforts in filling transfer forms and lodging the documents are eliminated.
  - 2. Also the stamp duty levied on the transfer of physical shares is not applicable.
  - 3. Processing time in the transfer of securities is reduced and neither the securities nor the cash is tied/held up for an unnecessarily long time.
- d. **Updates and Intimation:** The investor is provided with the status of the holdings and transactions by DP and occasionally by the Depository too.
- e. **Security against Loan:** Dematerialised securities are preferred by banks and financial institutions as security against loans.
- f. **No concept of 'Lots':** The system of odd and even lots stands abolished. The market lot is one share for dematerialized securities.
- g. **Nomination Facility:** Individual Investors can avail of the nomination facility. This simplifies the process in the event of the death of the investor.
- h. **Automatic Credit:** The account of the investor is automatically credited/debited in case of a change initiated by the company which impacts the securities. This is called 'Corporate Action'. A few examples which can be termed Corporate Action are Payment of Dividends, Issue of Bonus Shares, Offering of Rights Shares, Early Redemption of Debentures, Mergers, and Acquisitions. etc.

**8.B. Answer in one sentence.**

What are Equity Shares?

**Solution 1:**

Equity shares are ordinary shares which are not preference shares. Equity share is a risky capital.

**Solution 2:**

**Meaning:** Equity shares are also known as 'ordinary shares'. For legal reasons, a company cannot exist without equity shares.

**Definition:** Companies Act 1956 defines equity share as "those shares which are not preference shares."