

Maharashtra State Board Class 12 Secretarial Practice Solutions

Chapter 5 Deposits

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

Question 1.

Deposit is a type of _____

- (a) Owned capital
- (b) Short term loan
- (c) Long term loan

Answer:

- (b) Short term loan

Question 2.

Eligible Public Company and Government Company can collect deposits from _____

- (a) It's employees
- (b) Public
- (c) RBI

Answer:

- (b) Public

Question 3.

A private company can accept deposits from its Member of Directors up to not more than _____ % of its aggregate of paid-up share capital and free reserves.

- (a) 100
- (b) 35
- (c) 25

Answer:

- (a) 100

Question 4.

A _____ Company can accept deposits from the public not exceeding 35% of its paid-up share capital and free reserves.

- (a) Government
- (b) Private
- (c) Eligible Public

Answer:

- (a) Government

Question 5.

Deposits can be accepted for a minimum of 6 months and maximum for _____ months.

- (a) 36
- (b) 3
- (c) 30

Answer:

- (a) 36

Question 6.

Company issues _____ to invite its members to subscribe for its deposit scheme.

- (a) Advertisement
- (b) Circular
- (c) Newspaper

Answer:

- (b) Circular

Question 7.

The company can issue a circular or advertisement for inviting deposits after _____ days of filing it with the Registrar of Companies.

- (a) 30
- (b) 21
- (c) 7

Answer:

- (a) 30

Question 8.

Company has to appoint _____ to protect the interest of depositors.

- (a) Debenture Trustees

(b) Deposit Trustees

(c) Credit Rating Agency

Answer:

(a) Deposit Trustees

Question 9.

Charge on assets is to be created when a company issues _____

(a) Unsecured deposit

(b) Unsecured Debenture

(c) Secured deposit

Answer:

(c) Secured deposit

Question 10.

Deposit Receipt is issued within _____ days of receipt of deposit.

(a) 7

(b) 30

(c) 21

Answer:

(c) 21

Question 11.

For premature repayment of deposit, company deducts _____ % of interest.

(a) 1

(b) 18

(c) 20

Answer:

(a) 1

Question 12.

Return of deposit must be filed every year on or before _____

(a) 30 June

(b) 31 March

(c) 30 April

Answer:

(a) 30 June

1B. Match the pairs.

Question 1.

| Group 'A' | Group 'B' |
|------------------------|---|
| (a) Private Company | (1) 10% of the aggregate of paid-up share capital + free reserves |
| (b) Deposit Trust Deed | (2) Signed at least 7 days before issuing advertisement |
| (c) Secured Deposit | (3) Maximum 30 months |
| (d) Tenure of deposit | (4) Charge on tangible assets |
| (e) Return of Deposit | (5) 100% aggregate of paid-up share capital + free reserves |
| | (6) File on or before 31 March every year |
| | (7) Signed 21 days after issuing advertisement |
| | (8) Maximum 36 months |
| | (9) Charge on intangible assets |
| | (10) File on or before 30 June every year |

Answer:

| Group 'A' | Group 'B' |
|---------------------|---|
| (a) Private Company | (5) 100% aggregate of paid-up share capital + free reserves |

| | |
|------------------------|---|
| (b) Deposit Trust Deed | (2) Signed at least 7 days before issuing advertisement |
| (c) Secured Deposit | (4) Charge on tangible assets |
| (d) Tenure of deposit | (8) Maximum 36 months |
| (e) Return of Deposit | (10) File on or before 30 June every year |

1C. Write a word or a term or a phrase that can substitute each of the following statements.

Question 1.

A company that can accept deposits from its members, directors, or their relatives not exceeding 100% of the aggregate of paid-up share capital and free reserves.

Answer:

Private Company

Question 2.

The company can accept deposits from the public up to 35% of its paid-up share capital and free reserves.

Answer:

Government Company

Question 3.

Minimum tenure of a deposit.

Answer:

6 months

Question 4.

The maximum tenure of the deposit.

Answer:

36 months

Question 5.

Period within which a company has to create a charge on its tangible assets.

Answer:

30 days of Acceptance

Question 6.

Document issued by a company to invite its members to subscribe for its Deposits.

Answer:

Circular

Question 7.

Agreement between the company and Deposit Trustee.

Answer:

Deposit Trust Deed

Question 8.

The account can be used only for repaying deposits.

Answer:

Deposit Repayment Reserve Account

Question 9.

Time within which company has to issue deposit Receipt.

Answer:

21 days

Question 10.

Book which contains details of deposits accepted or renewed.

Answer:

Register of Deposits

1D. State whether the following statements are true or false.

Question 1.

Return of deposit must be filed every year on or before 31 March.

Allguidesite -

- Arjun

- Digvijay

Answer:

False

Question 2.

An eligible public company can collect deposits from its members.

Answer:

True

Question 3.

A government company can collect deposits from its members.

Answer:

False

Question 4.

A private company can collect deposits from the public.

Answer:

False

Question 5.

The deposit can be accepted for a maximum of 36 months.

Answer:

True

Question 6.

An eligible public company can collect deposits from the public not exceeding 35% of its paid-up share capital and free reserves.

Answer:

False

Question 7.

For secured deposits, the company has to create a charge on its tangible assets.

Answer:

True

Question 8.

Deposit Receipt is issued within 21 days of receipt of deposits.

Answer:

True

Question 9.

Company appoints Credit Rating Agency to protect the interest of depositors.

Answer:

False

Question 10.

Deposit Trust Deed is an agreement between the company and Deposit Trustee.

Answer:

True

[1E. Find the odd one.](#)

Question 1.

Private Company, Eligible Public Company, Government Company.

Answer:

Private company

Question 2.

Deposit Trustee, Deposit Trust Deed, Special Resolution.+

Answer:

Special Resolution

Question 3.

Appointment of Deposit Trustee, Appointment of Registrar of companies, Appointment of Credit Rating Agency.

Answer:

Appointment of Registrar of companies

[1F. Complete the sentences.](#)

Question 1.

Deposit is a type of _____ term loan.

Answer:

Short term loan

Question 2.

Eligible Public company and Government Company can accept deposits from _____

Answer:

Public

Question 3.

To collect deposits from the public, Eligible public company must have a net worth of not less than ₹ _____

Answer:

₹ 100 Crores

Question 4.

A Government company can accept deposits from public not exceeding _____

Answer:

35% of the paid-up share capital and free reserves of the company

Question 5.

Deposits can be accepted or renewed for a period not less 6 months and not more than _____

Answer:

36 months

Question 6.

Company cannot accept or renew deposits repayable on _____

Answer:

Demand

Question 7.

Premature repayment of deposits can be done by a company but not before _____

Answer:

3 months

Question 8.

To invite the public to subscribe for its deposits, a company issues _____

Answer:

Advertisement

Question 9.

Agency which gives ratings of the deposits of a company is called _____

Answer:

Credit rating agency

Question 10.

Account which is used only for repaying deposits is called _____

Answer:

Deposit Repayment Reserve Account

1G. Select the correct option from the bracket.

Question 1.

| Group 'A' | Group B' |
|------------------------|-------------------------------|
| (a) Government Company | (1) |
| (b) | (2) Deposits from members |
| (c) 36 months | (3) |
| (d) | (4) Charge on tangible assets |
| (e) Return of deposit | (5) |

(File on or before 30 June, Private Company, Secured deposits, Deposits from public, Maximum tenure of deposits)

Answer:

| Group 'A' | Group B' |
|------------------------|--------------------------------|
| (a) Government Company | (1) Deposits from public |
| (b) Private Company | (2) Deposits from members |
| (c) 36 months | (3) Maximum tenure of deposits |
| (d) Secured deposits | (4) Charge on tangible assets |
| (e) Return of deposit | (5) File on or before 30 June |

1H. Answer in one sentence.

Question 1.

Which companies can accept deposits from the public?

Answer:

Government Companies and Eligible Public companies can accept deposits from the public.

Question 2.

What is the maximum deposit the Government company can collect?

Answer:

Government companies can accept deposits from the public not exceeding 35% of the paid-up share capital and free reserves of the company.

Question 3.

What is the tenure of a deposit?

Answer:

A company can accept deposits for a minimum of 6 months and a maximum of 36 months.

Question 4.

Who are Deposit Trustees?

Answer:

Eligible companies and public companies have to appoint one or more Deposit Trustees to protect the interest of the depositor, in case a company defaults in repaying the depositors.

Question 5.

What is Deposit Trust Deed?

Answer:

Company signs a contract with the Deposit Trustees called as Trust Deed which contains the terms and conditions of the contract.

Question 6.

When does a company create a charge on its tangible assets?

Answer:

A Company accepting secured deposits from the public has to create a charge on its tangible assets.

Question 7.

Within what period should a company issue a Deposit Receipt?

Answer:

The company has to issue a Deposit Receipt to the depositors within twenty-one (21) days from the date of receipt of money or realization of cheque.

Question 8.

When should a company file Return of Deposit?

Answer:

A company has to file a Return of Deposit on or before 30 June every year with the Registrar of Companies.

Question 9.

What is Deposit Repayment Reserve Account?

Answer:

Every company accepting deposits has to open a Deposit Repayment Reserve Account in a scheduled Bank which can be used only for repaying deposits.

Question 10.

What is the Register of Deposit?

Answer:

A company has to maintain a separate Register for deposits accepted or renewed at its registered office which is called as Register of Deposits.

1I. Correct the underlined word/s and rewrite the following sentences.

Question 1.

Government companies can accept deposits from members.

Answer:

Government companies can accept deposits from the public.

Question 2.

Company issues advertisement to invite its members for subscribing to its deposits.

Answer:

Company issues are circular to invite its members for subscribing to its deposits.

Question 3.

Company appoints Credit Rating Agency to protect the interest of Depositors.

Answer:

Company appoints Deposit Trustees to protect the interest of Depositors.

Question 4.

Deposit Receipt is issued within 7 days from the date of receipt of deposits.

Answer:

Deposit Receipt is issued within 21 days from the date of receipt of deposits.

Question 5.

Register of deposits is to be filed with the Registrar of companies on or before 30th June every year.

Answer:

Return of deposits is to be filed with the Registrar of companies on or before 30th June every year.

Question 6.

Charge on assets is created when a company issues unsecured deposits.

Answer:

Charge on assets is created when the company issues secured deposits.

Question 7.

The minimum tenure of the deposit is 36 months.

Answer:

The minimum tenure of the deposit is 6 months.

1J. Arrange in proper order.

Question 1.

Appoint Deposit Trustee, Hold General Meeting, Create charge on assets.

Answer:

Hold General Meeting, Appoint Deposit Trustee, Create charge on assets.

Question 2.

File Return of deposit, Issue Deposit Receipt, Issue advertisement.

Answer:

Issue advertisement, Issue Deposit Receipt, File Return of deposit.

Question 3.

Obtain Credit Rating, Entries in Register of Deposits, Issue Deposit Receipt.

Answer:

Obtain Credit Rating, Issue Deposit Receipt, Entries in Register of Deposits.

2. Explain the following terms/concepts:

Question 1.

Eligible Public Company

Answer:

These companies can accept deposits from their members and also from the public.

Eligible public company means a company having:

- A net worth, not less than ₹ 100 crores or
- Turnover not less than ₹ 500 crores and which has obtained prior approval of its shareholders through special resolution for accepting public deposits.

Question 2.

Tenure of Deposit

Answer:

- Tenure of the deposit is the term or period of deposit.
- A company can accept deposits for a period of six months or more than thirty-six months.
- In certain circumstances, a company may accept deposits repayable earlier than six months to meet its short-term needs. Premature repayment is made after 3 months.

Question 3.

Secured Deposit

Answer:

- Secured deposits are those deposits against which a charge is created within 30 days of the issue.
- A company can accept secured or unsecured deposits which should be clearly mentioned in the circular or advertisement inviting deposits.

Question 4.

Deposit Trustee

Answer:

- Deposit Trustee acts as a link between the company and deposit holder.
- Eligible companies and public companies issuing secured deposits appoint one or more Deposit Trustees.
- The Trustees protect the interest of the depositor in case a company defaults in repaying the depositors.

Question 5.

Charge on tangible assets

Answer:

- A Company accepting a secured deposit from the public, within thirty days of acceptance, has to create a charge on its tangible assets for an amount not less than the amount of deposit accepted.
- It means keeping tangible assets as security for the secured deposit hold.

Question 6.

Deposit Insurance

Answer:

- Deposit Insurance is a protection cover for deposit holders.
- It is to be taken at least 30 days before the issue of circular or advertisement.
- If the amount of deposit plus interest on it is up to ₹ 20,000, insurance is to be taken.

Question 7.

Deposit Repayment Reserve Account

Answer:

- DRRA is an account opened in a scheduled bank for repaying the deposit amount.
- Every company has to open DRRA that accepts deposits.
- Every year, on or before 30 April, the company has to deposit an amount not less than 15% of the number of deposits maturing during the current year and following financial year.

Question 8.

Credit Rating

Answer:

- Credit rating is an estimate of the ability of the organization to fulfill its financial commitments.
- Every company has to get a credit rating of its deposits through a Credit Rating Agency.
- The Credit Rating Agency considers the net worth of the company, liquidity position, ability to repay deposits on time, etc., and accordingly gives a rating.
- The rating shall be obtained every year during the tenure of the deposits.

Question 9.

Deposit Receipt

Answer:

- A deposit Receipt is issued by the company to depositors.
- Deposit Receipt is issued within twenty-one (21) days from the date of receipt of money or realization of cheque.
- The receipt has to be signed by the officer duly authorized by the Board of Directors.

- The Receipt contains the name and address of the depositor, amount of deposit, rate of interest payable, and date on which it is repayable.

Question 10.

Return of Deposit

Answer:

- A company has to file a Return of Deposit, on or before 30 June every year, with the Registrar of Companies.
- The Return gives details of deposit with the company as of 31 March of that year.

[3. Study the following case/situation and express your opinion.](#)

1. Apple Company Ltd. plans to raise funds through Public Deposits. Its net worth is ₹ 10 Crores.

Question (a).

Can they accept deposits from the public?

Answer:

No, the company cannot accept deposits from the public as its net worth is less than ₹ 100 crores.

Question (b).

Can they accept deposits that mature after 4 years?

Answer:

No, the deposit can be accepted or renewed which mature after four years.

Question (c).

Within what period should the company issue deposit Receipts to its depositors?

Answer:

The company has to issue a Deposit Receipt to the depositors within twenty-one (21) days from the date of receipt of money or realization of the cheque.

2. ABC Company Ltd. is an Eligible Public Company as per the Companies Act, 2013 with reference to accepting Public Deposits.

Question (a).

Can the company accept deposits in joint names?

Answer:

Yes, the company can accept deposits in joint names of depositors. But there should not be more than 3 names.

Question (b).

Can the company accept deposits from its members?

Answer:

Yes, the company can accept fresh deposits only if the amount of such deposits together with the previous deposits does not exceed 10% of the aggregate of paid-up share capital and free reserves.

Question (c).

Can the company issue secured deposits?

Answer:

Yes, the company can issue a secured deposit only if it is clear which should be clearly mentioned in the circular or advertisement inviting deposits.

3. Apple Company Ltd. is an Eligible Public Company. It plans to raise secured deposits from the public. Please advise its Board on the following.

Question (a).

Does the company need to get shareholders' approval for accepting deposits?

Answer:

Yes, the company has to seek the shareholder's approval for accepting deposits by passing a special resolution.

Question (b).

Does the company have to appoint a Deposit Trustee?

Answer:

Yes, the company has to appoint a Deposit Trustee as it is issuing secured deposits.

Question (c).

Within what period should the company create a charge on its assets?

Answer:

A Company can create a charge on its tangible assets within 30 days of acceptance.

4. SUN Pvt. Ltd. company wants to raise funds through deposits.

Question (a).

Can the company accept deposits from the public?

Answer:

No, it cannot accept deposits from the public because it is a private company.

Question (b).

Which document should the company issue to invite deposits?

Answer:

A Private Ltd. Company can issue circulars to invite deposits.

Question (c).

What is the maximum period for which they can accept deposits?

Answer:

The maximum period for accepting deposits is 36 months.

4. Answer in brief.

Question 1.

State the number of deposits that different types of companies can collect by way of deposits.

Answer:

Deposits are a source of short-term funds for the company. Deposits can be accepted by the company by the public, directors, or its members. It is a loan taken by the company and there are various terms and conditions that a company needs to follow to accept them.

The amount of deposits that different types of companies can collect by way of deposits is as follows:

Amount of Deposit:

a) Private Company: A Private Company can accept deposits from its members or Directors or Relatives of Directors not more than 100 percent of its aggregate of paid-up share capital and free reserves.

However, a certain class of Private Companies as specified by the Companies Act can accept deposits of more than 100 percent of its aggregate of paid-up share capital and free reserves.

b) Public Company (other than Eligible Company): These Companies cannot accept fresh deposits from members if the amount of such deposits together with the previous deposits exceeds 25% of the aggregate of the paid-up share capital and free reserves of the company.

c) Eligible Public Company:

An 'Eligible Company', i.e. company eligible to accept deposits from the public under section 76(1) of Companies Act, 2013, can accept deposits up to 25% of paid-up capital, free reserves, and securities premium account from the ic.

In addition, it can accept deposits up to 10% of the gate of paid-up share capital, free reserves, and securities premium account from members Rule 3(4) of Companies (Acceptance of Deposits) Rules, 2014.

(d) Government Company:

A Government company is eligible to accept deposits under section 76 of the Companies Act, 2013.

It can accept deposits up to 35% of paid-up capital, free reserves, and securities premium account From the ic.

Question 2.

State the contents of Circular or Advertisement for Deposit.

Answer:

Circular or Advertisement:

- If a company invites deposits from its members, it issues a circular.
- If a company invites deposits from the public, it issues an advertisement.

Contents of circular or advertisement:

- Statement about the financial position of the company.
- The portion of secured and unsecured deposit of fresh issue.
- Credit rating obtained from a Credit Rating Agency (only for eligible public companies).
- Details of the scheme.
- Name of Deposit Trustees.
- Amount due towards deposits of any previous deposits accepted by the company.

Question 3.

State the provisions regarding the appointment of Deposit Trustee.

Answer:

Appointment of Deposit Trustee:

- Eligible companies and public companies appoint one or more Deposit Trustees while issuing secured deposits.
- They protect the interest of the depositor, in case a company defaults in repaying the deposit amount and interest.
- Company signs a contract with the Deposit Trustees called as Trust Deed.
- It contains the terms and conditions of the contract.
- The deed has to be signed at least 7 days before issuing the circular or advertisement.
- The Deposit Trustee on his own or on the request of one-tenth of depositors can call a meeting of all depositors when a company defaults in repaying deposits.

Question 4.

State any four terms and conditions regarding the acceptance of the Deposit.

Answer:

(i) Period/Tenure of Deposit:

- The tenure of deposit should be more than six months but less than thirty-six months.
- Under certain circumstances only, the company can accept deposits for 3 months.
- The company can make premature repayment of deposits after a minimum of 3 months.

(ii) No demand deposit:

The company cannot accept or renew deposits repayable on demand.

(iii) Secured or Unsecured Deposit:

- A company can accept secured or unsecured deposit if it is mentioned in the circular or advertisement.
- A company offering secured deposits has the right to create a charge on its tangible assets within 30 days of acceptance of deposits.

(iv) Application Form:

- A prescribed application form is to be filled by the applicant.
- This application form is given by the company.
- It includes a declaration made by the applicant that the deposit he is making is not borrowed from any person.

(v) Joint names:

The company can accept deposits in joint names of depositors. But there should not be more than three names.

5. Justify the following statements.

Question 1.

All companies cannot accept deposits from the public.

Answer:

- Accepting deposits from the public is an important source of raising funds for a company.
 - The company needs to follow certain terms and conditions while collecting deposits from the public.
 - Similarly, on the other side, provisions issued by the Central Government, Companies Rules 2014, and directives issued by the Reserve Bank of India do not allow companies to accept deposits.
 - Banking companies, Non-Banking Finance Companies, Housing Finance companies are not allowed to accept deposits.
- Thus, it is rightly said, that all companies cannot accept deposits from the public.

Question 2.

There is a limit or restriction on the amount that a company can collect as Deposits.

Answer:

- There are different types of companies that can accept deposits from the public as well as members.
- A private company can accept deposits from the public of more than 100% of their aggregate of paid-up share capital and free reserves.
- Eligible Public Company and Public Company cannot accept deposits from the public exceeding 25% of the aggregate paid-up share capital and free reserves of the company.
- Government company can accept deposits up to 35% of the paid-up share capital and free reserves. Thus, we can conclude that there is a limit or restriction on the amount that a company can collect as Deposits and the statement stands justified.

Question 3.

The company has to fulfill certain provisions related to the issue of circular or advertisement.

Answer:

- The company has to file a copy of the circular or advertisement with the Registrar of Companies before inviting the public.
- Circular or advertisement should be issued to the public after 30 days of filing.
- It should be signed by all directors of the company.
- Circular is sent to the members by the speed post, registered post, or email.
- Thus, it is rightly said that a company has to fulfill certain provisions related to the issue of circular or advertisement.

Question 4.

While issuing secured deposits, the company has to appoint a Deposit Trustee.

Answer:

- When issuing secured deposits, eligible companies and public companies have to appoint one or more Deposit Trustees.

- The Trustees protect the interest of the depositor in case a company defaults in repaying the depositors.
- Company signs a contract with the Deposit Trustees called as Trust Deed.
- It contains the terms and conditions of the contract.
- The deed has to be signed at least 7 days before issuing the circular or advertisement.
- The Deposit Trustee on its own or on the request of one-tenth of depositors can call a meeting of all depositors when a company defaults in repaying deposits.
- Thus, the statement, while issuing secured deposits, the company has to appoint a Deposit Trustee is fully justified.

Question 5.

Companies have to create a charge on their tangible assets while issuing secured deposits.

Answer:

- A Company accepting a secured deposit from the public, within thirty days of acceptance, has to create a charge on its tangible assets for an amount not less than the amount of deposit accepted.
- The chargeable asset amount should not be less than the amount of deposit accepted.
- The minimum amount of security should be equal to the amount not covered by Deposit Insurance.
- The Security is created in favour of the Deposit trustees.
- Creating a charge on the assets ensures safety to the deposits of deposit holders.
- In case a company fails to repay the number of deposits, the deposit holders can sell the assets and recover the amount invested.
- Thus, it is rightly justified that the companies have to create a charge on their tangible assets while issuing secured deposits.

Question 6.

The company issuing deposit must open Deposit Repayment Reserve Account.

Answer:

- Every company accepting deposits has to open a Deposit Repayment Reserve Account in a Scheduled Bank.
- These banks satisfy certain criteria laid by RBI and enjoy certain facilities of RBI.
- Every year, on or before 30 April, the company has to deposit an amount not less than 15% of the number of deposits maturing during the current year and following financial year.
- This account can be used only for repaying deposits.
- Thus, it is rightly justified that, a company issuing deposit must open Deposit Repayment Reserve Account.

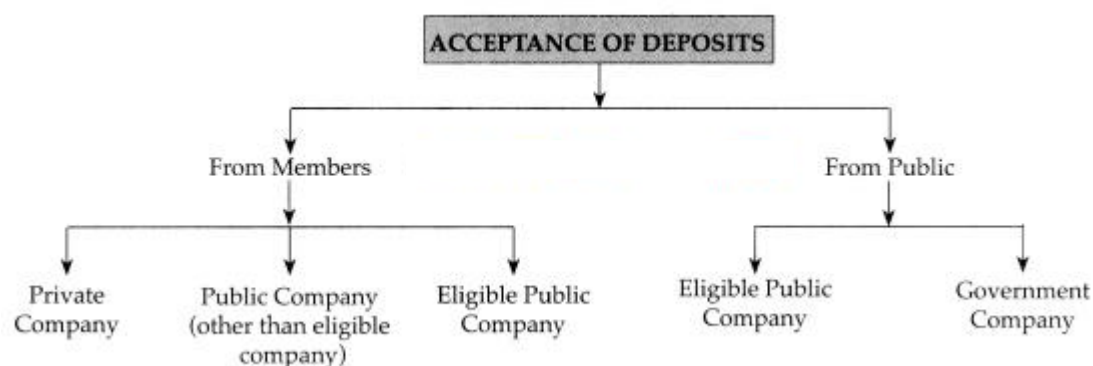
6. Answer the following questions.

Question 1.

Explain the type of companies that can raise deposits along with the maximum amount they can raise as deposits.

Answer:

The company can accept deposits from both public and private companies. This acceptance of deposits by companies are further classified into:



(i) Private Company:

- A private company can accept deposits from
 - Member or Directors or Relatives of Directors.
 - The certain class specified by Companies Act.
- They can accept deposits up to 100% of its aggregate of paid-up Share Capital.

(ii) Public Company (other than an eligible company):

- Public companies (other than eligible companies) accept deposits from members.
- They cannot accept fresh deposits if the previous deposits combined exceed 25% of the aggregate of the paid-up Share Capital and Free Reserves of the company.

(iii) Eligible Public Company:

- Eligible Public Company can accept deposits from Members and Public
- Eligible Public Company can accept fresh deposits only if the previous deposits combined do not exceed 10% of the aggregate of paid-up share capital and free reserves.
- Eligible Public Company can accept fresh deposits only if the previous deposits combined do not exceed 25% of the aggregate of paid-up share capital and free reserves.

(iv) Government Company:

- Government companies can accept deposits from the public.
- These deposits can be accepted not exceeding 35% of the paid-up share capital and free reserves.

Question 2.

Explain the provisions related to circular or advertisement for inviting deposits.

Answer:

A circular is issued when the company invites deposits from its members. An advertisement is issued when the company invites deposits from the public.

(a) Contents of Circular or Advertisement:

- Statement showing the financial position of the company
- The portion of secured and unsecured deposit of fresh issue
- Credit rating obtained from a Credit Rating Agency (only for eligible public companies)
- Details of the scheme
- Name of Deposit Trustees
- Amount due towards deposits of any previous deposits accepted by the company.

(b) Filing of Circular or Advertisement with Registrar of Companies:

A company has to file a copy of a circular or advertisement signed by all directors with the Registrar of Companies.

(c) Issue of Circular or Advertisement:

- The company must file a copy of the circular or advertisement with the Registrar of the Company.
- The filing of circular or advertisement must be done within 30 days.
- Only after filing the circular or advertisement, the company can issue it to the public.
- The advertisement must be published in an English newspaper and in the regional language newspaper where the company's registered office is located.
- The company can send the circular to the members through registered post, speed post, or email.

(d) Validity of Circular or Advertisement:

The validity of circular or advertisement is valid for 6 months from the end of the financial year in which it was issued or the date on which the Annual General Meeting was held, whichever is earlier.