

Roll No.

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 6

Total number of printed pages : 8

NOTE : Answer ALL Questions.

PART-I

1. (a) Grow India Ltd. has recently launched a Mutual Fund Scheme with the name 'GI Equity Multi Cap Scheme' with following details :

Size of the Scheme	₹ 200 lakh
Face value of the unit	₹ 20
Number of the outstanding units	20 lakh
Market value of the fund's investments receivables	₹ 360 lakh
Accrued Income	₹ 2 lakh
Receivables	₹ 2 lakh
Liabilities	₹ 1 lakh
Accrued expenses	₹ 1 lakh

- (i) What do you mean by NAV ?
(ii) Find out the NAV in the present case.
(iii) What does an expense ratio contain in a Mutual Fund Scheme ?

(5 marks)

- (b) Saatvik is a Managing Director in a listed company as well as an Independent director in other three listed companies. One of the leading listed e-Commerce company offered him independent directorship on its Board. Whether he can accept the directorship with specific reference to SEBI regulation. Explain with reasons.

(5 marks)

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(c) A Company is planning for Initial Public Offer of its equity shares. It has decided differential pricing for retail individual investors vis-a-vis QIBs. The proposed price for retail individual investors is ₹ 250 and for QIBs is ₹ 300. Examine the validity of proposal of the company under SEBI Regulations. What will be your answer, if the company proposes ₹ 280 to anchor investors in book building issue ?

(5 marks)

(d) Kiyon International Ltd., is a listed entity on the leading stock exchange platform. It had appointed one Executive Promoter Director in 2019 on a monthly salary only. The company now proposes to appoint another Executive Promoter Director on the Board at the same monthly salary. The aggregate annual remuneration to such directors exceeds five per cent of the net profit of the company.

(i) Examine with respect to the SEBI Regulations, the relevant approval required for paying this remuneration.

(ii) Whether it will make any difference, if the company pays fees/compensation instead of fixed monthly salary ?

(5 marks)

Attempt all parts of either Q. No. 2 or Q. No. 2A

2. (a) The facility of Application Supported by Blocked Amount (ASBA) introduced to protect the interest of investors for faster refund. SEBI has provided additional channels for making subscription and/or call money in respect of partly paid specified securities. Explain.

(4 marks)

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- (b) E-voting by the shareholders in respect of all shareholders' resolutions is at a negligible level. SEBI has made certain changes in its regulation to make it more effective. Explain the initiatives taken by the SEBI.

(4 marks)

- (c) Due to growing numbers of startups in India, one of the leading listed startup has apprehension that the experienced employees may leave the company to get higher pay package. The CEO desires to issue Sweat Equity Shares to the employees to retain them.

You being a Company Secretary advise the management about pricing of the shares under SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

(4 marks)

- (d) The shares issued after the Initial Public Offering (IPO) of an unlisted company, out of options or SAR granted under any scheme prior to its IPO to its employees shall be listed immediately on exercise upon the options in all the recognised stock exchanges. However, the shares of the Company are already listed subject to compliance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018. You are required to explain the compliances and conditions for the same.

(4 marks)

- (e) “The complaints related to trade, settlement and deficiency in services resulting into any financial loss to an investor, if not resolved amicably by the stock exchange, shall be referred to the Investor Grievance Redressal Committee (IGRC)”.

Explain the procedure for handling of complaints by IGRC as per SEBI circular.

(4 marks)

OR (Alternate question to Q. No. 2)

- 2A. (i) Akilesh, one of the Executive Director of a listed company has violated the provisions of Insider Trading Regulations of SEBI. The Adjudicating Officer has imposed penalty of ₹ 5 lakh. The Executive Director did not pay the amount within the stipulated time as stated in the order.

Examine the recourses available with the Adjudicating Officer for recovery of amount under the Securities Contracts (Regulation) Act, 1956.

(4 marks)

- (ii) With reference to the SEBI Regulations, explain with reasons, the eligibility for appointment of an Independent director in a listed company.

- (a) Aarav has given his office premises on lease to the company.
(b) Ehsaan is a component supplier.
(c) Manav is 20 year old.
(d) Elika holds 1% of the total voting power.

(4 marks)

- (iii) Leisure Hill Cottage Ltd., collected ₹ 500 crore from general public under its novel scheme, “Roaming Holiday”. The scheme provides monthly instalments and upon completion of installment tenure, the investor can opt for holiday with all facilities or a return of corpus with interest. Will this scheme come under the SEBI regulations? Explain.

(4 marks)

- (iv) Amber Ltd. is a listed company on the leading stock exchange of the country. The company has substantial bank balances in the financial statement for the Financial Year 2020-21. There is no foreseeable investment opportunity with the company. Hence,

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the management decided to buy-back its equity shares from the market. As a Company Secretary, prepare a note to the Managing Director enumerating the conditions for buy-back of shares with reference to SEBI (Buy-Back of Securities) Regulations, 2018.

(4 marks)

- (v) Amar, one of the Independent directors of Ignite Colour Ltd., a listed company, intends to hold a meeting of Independent directors without inviting the Managing Director of the company. Is the action of the Independent director valid ? Give reasons.

(4 marks)

3. (a) An extract of Balance Sheet of Airrath Aviation Ltd., comprises of :

Equity Share Capital	₹ 30,00,000 of ₹ 50 each
12% Preference Share Capital	₹ 5,00,000 of ₹ 500 each
14% Debenture capital	₹ 15,00,000 of ₹ 500 each

- (i) Ascertain the maximum equity share capital and the number of equity shares that can be bought back in the present case.
- (ii) What is meant by buy-back through tender offer under SEBI (Buy-Back of Securities) Regulations, 2018.

(5 marks)

- (b) MineGame Ltd., a gaming platform of a listed company comprises various subsidiaries, joint venture companies, associates and other related party entities forming an internal part of MineGame Group. In order to retain talented human resources and to recognise the efforts of employees of these entities in the group, MineGame Group decided to grant cash based SARs linked to the share of MineGame Group to the employees of joint venture. You are required to confirm as to whether the scheme falls under the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

(5 marks)

- (c) Answer the following with reference to SEBI Insider Trading Regulations by giving reasons :
- (i) Does exercise of ESOPs/ESPS come under the definition of Trading under the Insider Trading Regulations ?
 - (ii) Can a CFO, who has not reported to the Board of Directors, act as a Compliance Officer and update the Board on the transactions related to Insider Trading ?
 - (iii) Can the company appoint more than one person as Compliance Officer under the regulation ?

(5 marks)

4. (a) MX Ltd. (Target Company) is a listed company. The company has 2 promoters, namely Namita and Sunita who holds paid up equity shares representing 29% and 40% respectively, making the aggregate shareholding of the promoters in the Target company 69%. On 15th February, 2018, Target company allotted 75,00,000 convertible warrants to Namita on preferential basis with due approval from Stock Exchange. These warrants were converted into equity on 30th June, 2018. Pursuant to the conversion, the shareholding of Namita increased from 29% to 37% of the paid up share capital of the Target company. However, during 20th June, 2018 to 25th June, 2018, Sunita sold some shares, thereby reducing the overall promoters shareholding from 69% to 68% of the paid up share capital of the Target company. In view of the above facts, answer the following questions :
- (i) Would Namita be required to make an open offer under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (“SAST Regulations”) ?
 - (ii) Would the obligation to make an open offer apply to Namita in view of the fact that the aggregate promoters shareholding post conversion, does not breach the stipulated thresholds under the SAST Regulations ?

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(iii) What are the disclosure requirements under the SAST Regulations, if any that Namita will have to comply with ?

(8 marks)

(b) The GreenWood Ltd. had launched a scheme named as Malamal scheme. The scheme entailed a one-time payment of ₹ 10,000 in lieu of a unit of 10 Teakwood trees with a holding period of 20 years and on maturity, the contributor/investor have an option to get the teak trees or the realised sale proceeds thereof. The scheme was launched by the company for two calendar years. Within such short span of time, the scheme mobilized ₹ 2 crore from 2,000 contributors/investors. The scheme was being carried on without obtaining registration from SEBI. Referring to the SEBI Regulations, answer the following :

(i) State the provisions under which the registration was required.

(ii) What are the powers of SEBI in this regard ?

(iii) What should be the minimum duration of the scheme ?

(7 marks)

PART-II

5. (a) Eknath, a risk averse investor is planning to take advantage of market rumour that in the upcoming budget, the Government is likely to announce some economic package including production linked incentive (PLI) scheme for auto industries. As he does not like to take higher risk; he purchases one call and put option contract (Lot size 1000 shares) of a leading auto component manufacturing company at a premium of ₹ 5 and ₹ 4 respectively with strike price of ₹ 105. In the budget, no PLI scheme was declared and the price of stock fell to ₹ 90.

(i) Ascertain the net loss/profit.

(ii) What would be your answer, if the stock price escalates to ₹ 120 as Government slashed GST rate on vehicles ?

(5 marks)

(b) Enumerate the general obligations and responsibilities of an Investment Adviser in Indian Securities Market.

(5 marks)

(c) What would be the impact on validity of certificate in case of change in status or constitution of an Intermediary ?

(5 marks)

Attempt all parts of either Q. No. 6 or Q. No. 6A

6. Write short notes on the following :

(a) Repo and Reverse repo rate

(b) Post Trade Surveillance

(c) Vigil Mechanism

(d) SARAL Account Opening

(e) Alternative Investment Fund.

(3 marks each)

OR (Alternate question to Q. No. 6)

6A. (i) Define derivative. Explain about Currency derivatives and Commodity derivatives.

(ii) How can UPI as a payment option be used in the public issue ?

(iii) What is FED policy ? How does a change in US Fed rate can impact India ?

(5 marks each)