

Roll No.

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 6

Total number of printed pages : 7

NOTE : Answer ALL Questions.

PART–A

1. ABC Limited is a trading company. Its annual turnover is ₹ 4000 lakhs out of which ₹ 2800 lakhs is on credit. Its average collection period is 90 days and presently its receivable collection cost is ₹ 35 lakh p.a. The company needs immediate funds to finance its growth projects and it has an option to take short-term loans at interest rate of 18% p.a. Recently, one of the factoring company visited the Chief Executive of ABC Limited and offered him to provide the factoring services on recourse basis. As per terms of factoring arrangement, factoring company will provide for an advance payment of 80% (maintaining factor reserve of 20% to provide for disputes and deductions relating to the bills assigned) of the value of factored receivable and for guaranteed payment after 90 days from the date of purchasing the receivables. The advance will carry a rate of interest of 12% per annum. In addition to interest, factoring company will charge factoring commission @ 2.5% of the value of factored receivables. Both the interest and commission shall be collected by factoring company on upfront basis. You are the Company Secretary of ABC Limited and you have been requested to prepare a report containing the following aspects.

- (a) What is the net annual cost of funding through factoring of receivables assuming 360 days in a year.

(5 marks)

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(b) Whether it is appropriate to choose the factoring of receivable in comparison to short term bank loan ?

(5 marks)

(c) Whether your advice would be changed if the clause of 'on recourse basis' is negotiated 'on non-recourse basis' keeping the other terms of agreement with factoring company as same. The experience indicates that bad debt losses on sales are 2% of sales.

(5 marks)

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

2. (a) In reference to public issue of specified securities, what are the different conditions related to differential pricing ?

(b) What are the conditions to be fulfilled for issue of sweat equity shares ? Explain the lock in period with regard to sweat equity shares. Whether sweat equity shares may be issued to the non-whole time directors ?

(c) What are the eligibility conditions for being identified as “Social Enterprises” under chapter X of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 ?

(5 marks each)

OR (Alternate question to Q. No. 2)

2A. (i) Explain the differences between abbreviations "ADR" and "GDR".

(ii) Explain the term REIT. State the major difference between REIT and Mutual Funds.

(iii) In reference to the Import Finance, explain the difference between the term “Buyer’s Credit” and “Supplier’s Credit”.

(5 marks each)

: 3 :

3. (a) What do you understand by the term ASBA ? Is it mandatory for investor to submit application for “Right Issue” through ASBA ?
- (b) SEBI has issued guidelines for overseas investment by Alternative Investment Funds (AIFs) /Venture Capital Funds (VCFs) vide its circular No. SEBI/HO/AFD-1/PoD/CIR/P/2022/108 dated August 17, 2022. In reference to above referred circular, in which overseas entities, An AIF/VCF may not invest ?
- (c) A bond with a face value of 100 is paying an annual coupon of 12 percent and trading in the markets for 109.50 per bond. What is the effective percentage yield of the bond ?

(5 marks each)

4. (a) Commercial Paper is an important debt instrument used by eligible organisation for raising the funds. There are certain advantages of raising funds, through commercial paper along with some disadvantages. Explain the demerits/disadvantage of raising funds through Commercial Paper.
- (b) Explain the obligations of issuer of Green Debt Securities.
- (c) What are the different types of Private Equity Investments ?
- (d) Explain the different purposes for which bank guarantees are issued.
- (e) What are the different rights of the units holders in an Infrastructure Investment Trust ?

(3 marks each)

PART-B

5. (a) ABC Limited is within the top 1000 listed entities in India. It has 10 directors out of which there is one-woman executive director and 6 non-executive directors. All the non-executive directors are men. Assess whether the company has been complying the requirement of SEBI (LODR) Regulations, 2015.

(5 marks)

- (b) Mrs. R is a director of XYZ Company Limited which is a listed company. She holds membership/chairperson in following companies as per details given below :

- (1) Chairperson of Audit Committee of XYZ Company Limited.
- (2) Chairperson of Nomination & Remuneration Committee of XYZ Company Limited.
- (3) Chairperson of Stakeholders' Relationship Committee of ABC Company Limited.
- (4) Chairperson of Audit Committee of ABC Company Limited.
- (5) Chairperson of Audit Committee of PQR Limited Company.
- (6) Chairperson of Stakeholders' Relationship Committee of XYZ Company Limited.

She is seeking appointment in RRR Company Limited as the chairperson of Nomination Committee of the board of RRR Company Limited. Check whether her appointment as the Chairperson of the Nomination Committee of the RRR limited is valid in view of the provisions of the SEBI (LODR) Regulations, 2015.

(5 marks)

- (c) M/s AAA Limited is a public listed company. The company is undergoing into a high growth phase and its shares are highly traded in the recognized stock exchanges.

: 5 :

You are the Company Secretary of M/s AAA Limited. It is reported to you on 4th January, 2023 that one of the members from promoter group has made trading of approx. ₹ 20 lakh in the shares of M/s AAA Limited on 30th December, 2022. As a Company Secretary of M/s AAA Limited, state the compliance requirements applicable with regard to trading in the shares of company by one of the members from promoter group.

(5 marks)

- (d) M/s PQR Limited is a non-listed company. It has plan of raising finance through public issue of shares. M/s POQ Limited has appointed M/s Fair Issue Merchant Bankers. You are working with M/s Fair Issue Merchant Bankers as operation in-charge. You are given the task for preparing the offer document for public issue of M/s PQR Limited. In this context, explain the relevance of “Virtual Data Room”.

(5 marks)

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

6. (a) The Company, Secretary Profession has got wide recognition under different laws in India. SEBI has recognized the Company Secretary under different regulations of the SEBI (LODR) Regulations, 2015. In view of above, explain the recognition of the Company Secretary as the “Senior Management” of the company.

(5 marks)

: 6 :

- (b) London Stock Exchange is one of the world's most reputed stock exchange and it provides an active and efficient secondary market for trading in a wide range of security. Its main market is the flagship market for larger and more established company. The main market of London Stock Exchange has different segments for catering different business and securities. In view of this, explain the different segments of the main market of the London Stock Exchange.
- (5 marks)
- (c) Explain the term "Designated Securities" in relation to SEBI (LODR) Regulations, 2015.
- (5 marks)
- (d) You are the Company Secretary of XMP Limited. XMP Limited wanted to get itself listed on the "SGX Main Board". You are asked to list down the quantitative requirements related to listing on the "SGX Main Board".
- (5 marks)

OR (Alternate question to Q. No. 6)

- 6A.** (i) You are the Company Secretary of M/s Fair Ventures Limited which is a Public Unlisted Company. M/s Fair Ventures Limited is undergoing a high growth phase and it requires funds for financing the growth opportunities available to it. The company has been weighing various options of raising funds and one of the options is to raise the funds through the public issue of its shares. The managing director of M/s Fair Ventures Limited asked you to list down the important documents which the company would be needed for going ahead with the public issue. In view of above, mention at least 10 documents which would be needed for public issue.
- (5 marks)

: 7 :

(ii) Explain any 5 (five) “Event based compliance requirements” related to SME Listed entities.

(5 marks)

(iii) One of the measures of the principles of the corporate governance and protection of minority shareholder is "Equitable treatment to all shareholders". Explain the manner in which a listed company shall ensure equitable treatment to all shareholders.

(5 marks)

(iv) You are the Company Secretary of M/s Professional Limited. The Board of your company wants to get your company listed on the Luxembourg Stock Exchange. Your company is eligible for listing on both markets of Luxembourg Stock Exchange i.e. BdL Market and Euro MTF Market. The board of the directors asked you to compare both the market of Luxembourg Stock Exchange.

(5 marks)

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