

Roll No.

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 6

Total number of printed pages : 10

NOTE : Answer ALL Questions.

PART-I

1. (a) Edelweiss Mutual Fund's portfolio related information are as below :

Stock	No. of Shares	Price in (₹)
Reliance	1,10,000	1,548.24
Tata	2,57,000	548.65
Suzlon	5,05,000	329.51
Wipro	4,75,000	913.67
Richard	3,20,000	517.29

The fund does not involve borrowed money, but its accrued management fee with the portfolio manager is ₹ 25,00,000. The number of units outstanding is 8,65,63,000. You are required to compute the value of the portfolio and NAV.

(5 marks)

- (b) Tata Aviation Ltd., having nation-wide terminals, is in the process of delisting its equity shares from recognized stock exchange. As per the provision of the delisting regulation, the company is providing exit opportunity to its public shareholder; so the company has got approval from shareholders of the company on 18th March, 2023. Following details are made available to you by the company :

No. of equity shares outstanding are 43,48,33,000

Shares hold by promoters : 14,87,67,800

Shares hold by public shareholders : 28,60,65,200

Floor price : 90 per shares

Indicative price : 97 per share

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You are required to calculate the amount to be deposited at the time of opening Escrow account and mention the date of opening of Escrow account as per the provisions of the SEBI (Delisting of Equity Shares) Regulations, 2021.

(5 marks)

- (c) PQR Ltd. listed its shares in NSE. Its promoters hold 56.5% of paid-up equity share capital as on 31st March, 2022. On 10th October, 2022, some of the promoters who were having convertible warrants in the company, has converted their 12 lakh into equity shares. Consequent to the conversion, the Promoters' holdings increased by 3.95%. Prakash, one of the promoters of the company was holding 16.5% of equity share capital in the company. He proposed to gift 2% of equity shares of the company through transfer to his immediate relative, Vipin.

Answer the following in the light of SEBI(SAST) Regulations, 2011.

- (i) Whether the proposed transfer trigger an obligation upon Vipin for open offer ?
(ii) Would the transaction be covered under creeping acquisition ?
(iii) Would the promoters be permitted to avail any exemption under the regulations ?

(2+2+1=5 marks)

- (d) What is concurrent audit ? Explain its scope with respect to issuance of DIS and verification of DIS.

(5 marks)

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

2. (a) Comment on the following in light of SEBI (Collective Investment Schemes) Regulations, 1999 :
- (i) Can a collective investment scheme provide guaranteed returns ?
 - (ii) What is the offer period for the CIS ?
 - (iii) State the period for issue of Unit Certificates by a Collective Investment Management Company ?
 - (iv) What is the penal interest payable by the person registered under a Collective Investment Scheme on his failure to refund the amount within the specified period to the applicant investor.
- (4 marks)
- (b) Bombay Stock Exchange wants to establish an additional trading floor. Explain briefly the meaning and procedure for establishing an additional trading floor.
- (4 marks)
- (c) Hon'ble Justice Z, a retired Chief Justice of a High Court, attained the age of 64 years on 31st December, 2022. The Central Government had appointed him as the Presiding Officer of the Securities Appellate Tribunal (SAT) with effect from 1st January, 2023. You are required to state with reference to SEBI Act, 1992 :
- (a) The term for which he may be appointed as Presiding Officer of the SAT.
 - (b) Whether he can be re-appointed as such and remains as Presiding Officer of the Securities Appellate Tribunal.
- (4 marks)

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(d) Samrudhi Enterprises Ltd. established a Trust. The Trust holds some shares of the company obtained by it for the purpose of implementation of Share Based Employee Benefit Scheme in the company. Answer the following in the light of SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 :

- (i) In what manner the shares held by the Trust will be disclosed to the stock exchange ?
- (ii) Can shares held by the Trust be included in the category of public holding ?

(4 marks)

(e) Comment on the following :

- (i) Can a Debenture Trustee act for issue of debentures of an associate ?
- (ii) Is appointment of Debenture Trustee compulsory ?
- (iii) Can a debenture issue be transferred ? If so, when can a debenture trustee relinquish his assignments ?
- (iv) Is there any registration fee to be paid by the Debenture Trustee ?

(4 marks)

OR (Alternate question to Q. No. 2)

2A. (i) State with reasons whether the companies are allowed to make public issue under SEBI (ICDR) Regulations, 2018.

- (a) Jain, a promoter of XY Ltd. is categorized as a willful defaulter by SBI in accordance with the guidelines issued by the RBI. The company requires funds for its business expansion and plans to make IPO.

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(b) Sinha is one of the Board of Directors of VG Garments Ltd., against whom a warrant for arrest in relation to a Scheduled offence has been issued by the Court. Sinha left India to keep off criminal prosecution and refused to return to India.

(4 marks)

(ii) RRR Ltd. is a listed company. It has not satisfied the requirements of listing agreement with the Recognized Stock Exchange. The Stock Exchange decided for compulsory delisting of the securities from the trading platform. In the light of SEBI (Delisting of Equity Shares) Regulations, 2021, answer the following :

(a) Whether the Stock Exchange can initiate compulsory delisting of shares of the company ?

(b) Who are the members included in the Panel constituted by the Stock Exchange ?

(c) What is the timeline stipulated by the Stock Exchange to make representation by the company ?

(d) In the case of compulsory delisted company, whether the promoter of the company can act as an intermediary in the securities market ?

(4 marks)

(iii) State with reasons whether the following persons can be appointed as 'Trustee' of Joe Pharma Ltd., a listed company, which has proposed to implement Share Based Employee Benefit Schemes :

(a) Excellent Consultants Ltd. is holding 9% of paid-up capital in the company.

(b) Karnatak Bank Securities Ltd. has been one of the leading promoters of the company.

(4 marks)

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(iv) Explain the term Confidentiality of request under the SEBI (Informal Guidance) Scheme, 2003.

(4 marks)

(v) Elucidate the obligations of the Company under the SEBI (Issue of Sweat Equity) Regulations, 2002.

(4 marks)

3. (a) Morgan Care Limited (“MCL”) is a public limited company, which has its equity shares listed on both BSE Limited and National Stock Exchange of India Limited. Carlton Price Private Limited (“CPPL”) is a part of the promoter group of MCL since it is closely held by certain promoters of MCL. However, currently CPPL neither holds any equity shares in MCL nor has any role in the management of MCL. The ‘Promoter and Promoter Group’ of MCL collectively hold 65.44% of the total paid-up capital of CPPL, as on date. Being a public listed company, MCL has issued a ‘Code of practice and procedures for fair disclosure of unpublished price sensitive information (“UPSI”) and code of conduct to regulate, monitor and report trading by insiders of MCL in accordance with the SEBI (Prohibition of Insider Trading Regulations), 2015. CPPL now intends to acquire 50,000 equity shares, constituting 0.06% of the paid-up capital of MCL (“Proposed Acquisition”), which is beyond the thresholds stipulated by the board of directors of MCL for trading by designated persons. In view of the above facts, answer the following questions :

(i) What category of persons are required to obtain a pre-clearance from the compliance officer of a listed entity prior to trading ?

(ii) Will CPPL be required to obtain a pre-clearance from the compliance officer of MCL for the Proposed Acquisition ?

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- (iii) Does the compliance officer have discretionary powers under the SEBI (PIT Regulations) to reject a pre-clearance request on any reason it deems fit ?
- (iv) Is the compliance officer required to consider certain factors while approving or rejecting an application seeking pre-clearance for a proposed transaction ?
- (v) Is there any provision in the SEBI (PIT Regulations) that provides for the examination of acts of a compliance officer ?

(1+1+1+1+1=5 marks)

- (b) What is Enterprise Value ? Compute the Enterprise value from the following information of XYZ Ltd., if the current market price per share is ₹ 93 :

Liabilities	(₹ in lakh)	Assets	(₹ in lakh)
Share capital (Face value Rs. 2)	840	Non-current assets	2,490
Reserves and surplus	56	Current Assets	900
Minority interest	110	Cash and cash equivalent	96
Short-term debt	2,280		
Long-term debt	200		
	3,486		3,486

(2+3=5 marks)

- (c) Mukharjee holds certain securities on 31st March, 2022, issued in his favour under the “Collective Investment Scheme (CIS)”, for consideration, Mukharjee transferred the said securities in favour of another person. One month after the date on which the income on these securities become due, the transferee lodged the instrument of transfer. Decide in the light of the provisions of the Securities Contracts (Regulation) Act, 1956.

- (i) Whether in the given case, Mukharjee is entitled to receive and retain the income on these securities for the financial year ended 31st March, 2022 ?
- (ii) What would be your answer in case the transferee lodged the instrument of transfer 10 days after the date on which the income on these securities became due ?

(2+3=5 marks)

4. (a) Discuss the compliance requirement under the SEBI (LODR) Regulations, 2015 pertaining to Risk Management Committee. Examine the validity of the agenda, 'RNG Ltd. intends to pass ordinary resolution in relation to appointment of independent director' with respect to Regulation 25 of SEBI (LODR) Regulations, 2015. Whether the appointment of X, as an alternate director is valid at the place of independent director Y ?

(8 marks)

- (b) The following information is available from the audited balance sheet of SZ Ltd.

(₹ in lakh)

Equity Share capital (3,000 lakh share of ₹ 10 each)	30,000
Share Premium A/c	3,000
General Reserve	10,000
Secured Loans	40,000
Unsecured Loans	22,000

Compute the maximum limit up to which buy-back is permitted in the financial year 2022-2023.

(7 marks)

PART-II

5. (a) QIBs are an investment institution who buy the shares of a company on a large scale. Qualified Institutional Buyers are those Institutional investors who are generally perceived to possess expertise and the financial proficiency to evaluate and to invest

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in the Capital Markets. Based on these, Sujith Limited, is manufacturer of steel and other products, issued 200 crores equity shares through compulsory book building process.

The following bids were received from QIBs and Mutual fund :

No.	Types of QIB bidders	No. of shares bid for (in crores)
1	A1	30
2	A2	10
3	A3	90
4	MF1	30
5	MF2	30
6	MF3	70
	Total	<u>260</u>

A1-A3 (QIB bidders other than MFs) and MF1-MF3 (QIB bidders which are MFs). As a company secretary of the company, advise the Board of directors to allot the shares as per the SEBI (Disclosure and Investor Protection) Guidelines, 2000.

(5 marks)

(b) The option contracts are given below; you are required to compute profit or loss to each investor :

(i) Ravi writes a call option to buy share at an exercise price of ₹ 70 for a premium of ₹ 11 per share. The share price rises to ₹ 73 by the time the option expires.

(ii) Narain buys a put option at an exercise price of ₹ 78 for a premium of ₹ 7 per share. The share price falls to ₹ 66 by the time the option expires.

(2+3=5 marks)

(c) All the registered merchant bankers are hereby advised to disclose on their website. Elucidate the investor charter to be published or disclosed by the merchant banker.

(5 marks)

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

6. Write short notes on the following :

- (a) Custodial services
- (b) Co-investment Portfolio Manager
- (c) Qualified stock broker
- (d) Nifty
- (e) Block Mechanism in Demat Account

(3 marks each)

OR (Alternate question to Q. No. 6)

- 6A. (i) Aggarwal purchases 10,000 shares of AB Ltd. at ₹ 20. He obtains a complete hedge of shorting 400 Nifty at ₹ 1,200 each. He closes out his position at the closing price of the next day at which point the share of AB Ltd. dropped 2.3% and the Nifty future dropped 2%. Calculate the overall profit or loss.
- (ii) Explain the effect of refusal to grant certificate to an intermediary.
- (iii) Can an AIF change its category pursuant to registration ? Is the sponsor/management mandated to have an interest in AIF ?

(5 marks each)

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