

Roll No.

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 6

Total number of printed pages : 11

NOTE : Answer **ALL** Questions.

PART-A

1. (a) PAKS Ltd., a listed company was incorporated in 2015. The company is booming and favouring the younger generation to work. The Capital Structure of the company as on March 31, 2025 is as follows :

Particulars	₹ (Crore)
Authorised Share Capital 2,00,00,000 Equity Shares of ₹ 10 each	20.00
Issued, Subscribed and Paid-up Share Capital 100,00,000 Equity Shares of ₹ 10 each	10.00
Securities Premium	2.00
General Reserve	7.04
Profit & Loss Account	3.16

In the Board Meeting, an agenda for formulation of policy for Sweat Equity Shares has been discussed. As an Independent director of the company, Mr. Puru objected on a clause, which made him ineligible for availing Sweat Equity Shares. He also suggested that either the company should go for Employee Stock Option Scheme or sweat equity shares can be issued in the form of preferential Issue.

The company decided to issue 30% sweat equity shares to eligible employee to keep them motivated and partner in growth. Lock-in period for sweat equity will be five years. For this purpose, a special resolution was passed in the General meeting of the company. The Resolution specifies that 30 lakh sweat equity shares, Current Market price ₹ 50 per share with a consideration of ₹ 10 per share to be issued to eligible employee.

: 2 :

As a Company Secretary, advice on the issuance of sweat equity shares in accordance with the provisions of the Companies Act, 2013, and the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

- (i) Is the issuance of sweat equity shares at a discount appropriate ?
- (ii) Is the size of the sweat equity share issue appropriate, and is the lock-in period justifiable ?
- (iii) Is Puru eligible to receive sweat equity shares ?
- (iv) Is Puru eligible for the Employee Stock Option Scheme ?
- (v) Can sweat equity shares be issued through a preferential issue, as suggested by Puru ?

(5 marks)

- (b) Factor Limited is a trading company. Its annual turnover is ₹ 6,000 lakh out of which ₹ 4,200 lakh is on credit. Its average collection period is 90 days and presently its receivable collection cost is ₹ 60 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 15% p.a. Recently, one of the factoring companies visited the Chief Executive of Factor 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 85% of the value of factored receivable, maintaining factor reserve of 15%. 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.

As the Company Secretary of Factor Limited, you have been requested to prepare a report that calculates the net annual cost of funding through the factoring of receivables, assuming 360 days in a year.

(5 marks)

: 3 :

- (c) XYZ Ltd., a mid-sized corporation, frequently raises funds through corporate bond issuances. While these bonds provide a stable investment avenue, investors often face liquidity concerns, especially in times of market volatility. To enhance investor participation and ensure greater transparency in the corporate bond market, SEBI has introduced a Liquidity Window facility through the Stock Exchange mechanism.

What are the key features and conditions governing the Liquidity Window facility introduced by SEBI to enhance liquidity in the corporate bond market ?

(5 marks)

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

2. (a) UrbanInfra InvIT, a listed Infrastructure Investment Trust (InvIT), had issued subordinate units to its sponsor during the initial offer to ensure alignment of interests. After five years of successful operations and achieving stable cash flows, the sponsor proposes to re-classify these subordinate units into ordinary units.

As a Company Secretary, outline the process that UrbanInfra InvIT must follow for the re-classification of subordinate units in accordance with the SEBI (Infrastructure Investment Trusts) (Amendment) Regulations, 2024.

(5 marks)

- (b) ABC Realty, a real estate investment firm, is preparing to launch an initial offer of units under a newly established Real Estate Investment Trust (REIT) in India. To ensure regulatory compliance, the firm's legal team is examining the latest Securities and Exchange Board of India (Real Estate Investment Trusts) (Amendment) Regulations, 2024, particularly Chapter VIB, which outlines the framework for Small and Medium Real Estate Investment Trusts (SM REITs).

: 4 :

During their review, it was discovered that SM REITs are not permitted to make an initial offer of units under a scheme.

As a Company Secretary, advise on the eligibility conditions for making an initial offer of units by SM REITs in accordance with Chapter VIB of the Securities and Exchange Board of India (Real Estate Investment Trusts) (Amendment) Regulations, 2024.

(5 marks)

- (c) Explain the applicability and compliance requirements for investments from countries sharing land borders with India through Alternative Investment Funds (AIFs) as per the SEBI Circular dated October 08, 2024 ?

(5 marks)

OR (Alternate question to Q. No. 2)

- 2A.** (i) From the following information, calculate working capital cycle of Navin Motors. Also, work out number of operating cycles in a year for the company :

Raw materials consumed during the year = ₹ 48,00,000

Average stock of raw material = ₹ 4,00,000

Average cost of production = ₹ 40,00,000

Average work in progress inventory = ₹ 2,40,000

Cost of goods sold during the year = ₹ 64,00,000

Average finished goods stock held = ₹ 3,20,000

Average collection period from debtors = 45 days

Average credit period allowed = 30 days

One year may be taken as 360 days.

(5 marks)

: 5 :

(ii) Sunrise Ltd. issued bonds with following terms :

- Issue price per bond ₹ 1,000
- Coupon rate 2% and maturity period 2 years
- The investor will have option to convert the bonds into equity shares at ₹ 100 per share on maturity date, or alternatively claim full redemption.
- The market price per share on maturity date is ₹ 250.

Mr. Sharma who subscribed 10 bonds desires to convert into equity :

- (a) How many shares will he get on maturity date ?
- (b) What will be the position, if he opts for redemption ?
- (c) Which option will be more beneficial to him ? Why ?

(5 marks)

(iii) Neel Ltd. proposes to make a public issue of 800 crore equity shares of ₹ 10 each through book building mechanism, where 50% of the issue size is required to be allotted to Qualified Institutional Buyers.

Determine :

- (a) The number of shares available for allocation to anchor investors;
- (b) Quantum of shares reserved for domestic mutual funds in the anchor investor portion;
- (c) The amount, if any, to be brought in by anchor investors, if the price at which allocation is made to anchor investors is ₹ 435 per share and the price in the book building process is ₹ 440 per share.

(5 marks)

3. (a) What is Social Stock Exchange ? How does it differ from other Stock Exchanges ?
Who is a Social Impact Assessor and Social Impact Assessment Firm ? State the recent amendments made by SEBI in this regard.

(5 marks)

- (b) As of 31st March 2025, the balance sheet of Supreme Limited shows the following :

Particulars	Amount (₹ in crore)
Paid up capital	30
Reserves & Surplus	40
Debenture Redemption Reserve	20
Capital Reserve	10

The company made loans/stood guarantor for loans to the other companies as below :

Loan to DEF Ltd.	₹ 15 crore
Guarantee given on behalf of GHK Ltd.	₹ 15 crore

LKP Limited approached Supreme Limited for a loan of an amount of ₹ 20 crore. Assuming that the above companies are not inter-related, advise the management of Supreme Limited as to whether the company can give a loan of ₹ 20 crore to LKP Limited.

(5 marks)

: 7 :

(c) On the basis of the following information, calculate the limit for Letter of Credit (LC) for the financial year 2025-26 for Kansara (India) Ltd., Kochi.

- Estimated raw materials (procured from Faridabad) to be purchased in 2025-26 = ₹ 180 crore
- Estimated purchase of raw materials under LC during the year = ₹ 60 crore
- Lead time = 10 days
- Transit period = 20 days
- Credit (usance) period available = 2 months.

(5 marks)

4. (a) As per SEBI's Master Circular on the application process for public issues of securities, individual investors can use UPI as a payment mechanism when applying through intermediaries. What is the role of UPI in the public issue application process ?

(3 marks)

(b) Explain the provisions governing the External Commercial Borrowing (ECB) facility available to Public Sector Oil Marketing Companies (OMCs).

(3 marks)

(c) Enumerate the conditions under which banks can grant non-funded facilities, including partial credit enhancement to customers who are not availing fund-based facility from any bank in India.

(3 marks)

- (d) What are the conditions related to differential pricing in the public issue of specified securities under Regulations 30 and 128 of the SEBI (ICDR) Regulations, 2018 ?

(3 marks)

- (e) Securitisation is used by financial entities to raise funds through channels which are other than traditional. Give examples of assets that can be securitised.

(3 marks)

PART-B

5. (a) Surya Pharma Ltd. is a listed company having 10 directors, 3 Executive Directors and promoters of the Company.

One of the executive directors, Mr. P is also the Chairman of the Company.

The company has 2 Non-Executive Women Directors who are related to Executive Directors and 5 Independent Directors.

Mr. A an Independent Director wants to resign from the Company due to personal reasons.

In the above context :

- (i) Is it mandatory for the Company to appoint another Independent Director ?
- (ii) Since Mr. A was also a member of Nomination and Remuneration Committee, can the Company appoint Mr. P in place of Mr. A in the Committee.

(5 marks)

: 9 :

- (b) What is Professional Securities Market (PSM) ? Highlight its key features, including the types of securities it supports, the advantages it provides to issuers, and how it differs from traditional retail or equity markets regarding listing and reporting requirements.

(5 marks)

- (c) SGX's Main Board listing requirements are benchmarked against international standards and are in line with best practices from developed jurisdictions. Explain.

(5 marks)

- (d) SEBI vide notification dated 25th January, 2024 extended timeline for verification of market rumours by listed entities.

How does this notification apply to listed entities ? What is SEBI's control on market rumours ?

(5 marks)

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

6. (a) You are the Company Secretary of M/s Horizons Limited, a public unlisted company undergoing high growth phase and seeking funds for expansion. The company is considering a public issue of shares to raise capital. The Managing Director of M/s Horizons Ltd. has asked you to list the material contracts required for the public issue. In view of the above, mention the key contracts necessary for proceeding with the public issue.

(5 marks)

- (b) List out the documents to be submitted to stock exchanges before T + 5 days of closure of a public issue.

(5 marks)

: 10 :

- (c) Road show is an important phase during the preparation for an IPO. What are road shows ? How is it relevant during an IPO ?

(5 marks)

- (d) Bright Future Infra Ltd. has secured credit facilities from banks, financial institutions, and issued bonds. One of the conditions of the bond issuance required obtaining a credit rating from any two credit rating agencies. However, the company has refused to cooperate with the credit rating agencies and has not provided the necessary information for rating the credit facilities. Explain this situation in light of SEBI's guidelines on "Norms for rating agencies regarding non-cooperative firms".

(5 marks)

OR (Alternate question to Q. No. 6)

- 6A. (i) Explain the reasons for wide range of businesses joining Alternative Investment Market (AIM) of London Stock Exchange.

(5 marks)

- (ii) Rajesh, the promoter of the company had acquired 10000 equity shares of the company on 5th April, 2025, for a market price of ₹ 555/- and disposed off 5000 equity shares on 25th April, 2025 at a price of ₹ 605/-. He further acquired 15000 shares on 10th May, 2025 at a price of ₹ 585/-.

Explain in brief the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015 with respect to continual disclosure and the timelines. Further, advise with regard to disclosure by Rajesh to the company and the company to the stock exchange such that they are in compliance with the relevant provisions.

(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) What is the difference between the BdL market, which is an EU-regulated market, and the Euro MTF market, which is an exchange-regulated market ?

(5 marks)

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