

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) A mutual fund has a NAV of ₹ 11.50 at the beginning of the year. At the end of the year NAV increases to ₹ 12.10. Meanwhile the fund distributes ₹ 0.80 as dividend and ₹ 0.70 as capital gains.
- (i) What is the fund's return during the year ?
- (ii) Had these distributions been re-invested at an average NAV of ₹ 11.80, what is the return for 200 units ?
- (5 marks)
- (b) "Expense Ratio for a mutual fund should be as low as possible." Explain how increase or decrease in Total Expense Ratio (TER) shall be disclosed by Asset Management Company under SEBI (Mutual Funds) Regulations, 1996?
- (5 marks)
- (c) Explain the Stock Appreciation Rights Scheme (SARS).
- (5 marks)
- (d) Answer the following with reference to the Companies (Share Capital and Debentures) Rules, 2014, as to whether these are the eligible employees under Employee Stock Option ? (Yes/No with reasons)
- (i) Ankit is a permanent employee deputed in USA for a specific project.

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- (ii) Smart Ltd. is an independent company.
  - (iii) Anil is a promoter and employee.
  - (iv) Aneesh is a director holding 11% of outstanding equity shares of the company.
  - (v) If it is a startup company, will the situation be the same in (iii) & (iv) above?
- (5 marks)

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

2. (a) What are the provisions for continuous listing requirement under Securities Contracts (Regulation) Rules, 1957 ? List any *six* methods for achieving minimum public shareholding by a listed company.
- (4 marks)
- (b) Girdhar (Retail Individual Investor) had applied for Initial Public Offer of Six Sigma Ltd. through Applications Supported By Block Amount (ASBA) process. The Self Certified Syndicate Banks (SCSBs) failed to make bids in the Stock Exchange system even after the amount has been blocked. The issue was oversubscribed. Based on the SEBI guidelines/circulars, answer the following :
- (i) What are the factors that have been taken into account by SEBI for finalization of uniform policy for calculation of the minimum fair compensation ?
  - (ii) Calculate the minimum fair compensation payable to Girdhar based on the following information : Listing Price : ₹ 350, Issue Price : ₹ 300, Minimum Bid lot-20 shares, probability of allotment of shares on the basis of allotment (ratio 7 : 8).
- (4 marks)

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(c) For ensuring independence in the spirit of Independent Directors and their active participation in functioning of the company, SEBI has accepted many recommendations of Committee setup under the Chairmanship of Shri Uday Kotak and made amendments in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Explain any four amended provisions related to Independent Directors.

(4 marks)

(d) Bombay Stock Exchange Ltd. had suspended trading in shares of XYZ Ltd. for violating conditions of listing agreement. The company has now complied with the listing regulations requirements. By referring to SEBI circular/regulations, discuss the criteria for suspension of the trading in the shares of the listed entities.

(4 marks)

(e) Explain the following :

(i) Dematerialization

(ii) Fungibility.

(4 marks)

**OR (Alternative question to Q. No. 2)**

**2A.** (i) Hon'ble Justice A, a retired Chief Justice of a High Court, attained the age 62 years on December 31, 2017. The Central Government had appointed him as the Presiding Officer of the Securities Appellate Tribunal (SAT) with effect from January 1, 2018. 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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(ii) The equity share of Ashina Buildcon Ltd., was listed on National Stock Exchange Ltd. (NSE). NSE delisted its shares by complying SEBI guidelines on delisting. The order of delisting was passed on March 05, 2017. Kunj, one of the shareholder has not participated in the bidding process due to ill health, He wanted to tender shares on January 01, 2018. Analyze the problem in the light of the SEBI (Delisting of Equity Shares) Regulations, 2009.

(4 marks)

(iii) Define “Dissenting shareholders”. What are the conditions for applicability of Exit offers by dissenting shareholders according to SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 ?

(4 marks)

(iv) You are the Company Secretary of Sunglow Ltd., which being listed on the Stock Exchange after an IPO is made by the company. The Managing Director desires to know about quarterly compliance requirements under listing agreement. Prepare a list of quarterly compliances as per the listing regulations.

(4 marks)

(v) What is Trading Plan under SEBI (Prohibition of Insider Trading) Regulations, 2015 ? State the requirements to be complied with in this regard.

(4 marks)

3. (a) Technopoly Ltd., an unlisted public company, having a paid up equity share capital of ₹ 3.00 crore consisting of 30,00,000 equity shares of ₹ 10 each fully paid up,

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proposes to reduce the denomination of equity shares to less than ₹ 10 per share and make the initial public offer of equity shares at a premium. Whether it is possible for the company to issue shares at a denomination of less than ₹ 10 ? Based on the above facts, you are required to state the minimum issue price, with reference to the provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

(5 marks)

- (b) MCS Ltd. is a listed company with Bombay Stock Exchange Ltd. The Company enters into related party transactions frequently with MAP Ltd. in which one of director of MCS Ltd. holds 3% paid up capital of MAP Ltd. MCS Ltd. feels that getting the approval of Audit Committee for each transaction is time-consuming and delaying the operational plan. You, being a Company Secretary of MCS Ltd., advise the management with reference to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for approval of the related party transactions from the Audit Committee for next one year. Will your answer be different if MAP Ltd. is wholly owned subsidiary of MCS Ltd. ?

(5 marks)

- (c) Startups companies have now come up with an Initial Public offer with relaxation of many conditions applicable for Initial Public Offer. In this context, briefly, explain about the “Institutional Trading Platform (ITP)” and eligibility for listing.

(5 marks)

4. (a) Prateek applied in the IPO of Maxgrow Ltd. for 100 Equity Shares. He was not eligible to get any shares according to the allotment schedule and also has not received the refund amount within the time stipulated under the Companies Act, 2013. Prateek approached the Company through written representation on January 10, 2018. The company neither replied nor processed the refund claim. In the light of the SEBI Regulations, answer the following :

- (i) How much time should elapse before approaching Ombudsman from the date of written representation ?
- (ii) State the grounds and the procedure for filing a complaint before Ombudsman.
- (iii) Whether Prateek can hire services of a legal practitioner to plead his case before Ombudsman ?

(8 marks)

(b) You are working as the Company Secretary of a listed company viz. Mindspare Ltd. The company is in advance stage of negotiation with a buyer, who will drastically improve the profitability and financial position of the company. You have got some information that one of the employees of the company, who is involved in the negotiation may indulge in trading of shares of the company. Being a compliance officer, you are required to formulate a code of conduct to regulate, monitor and report trading by employees and other connected persons towards achieving compliance with the SEBI (Prohibition of Insider Trading) Regulations, 2015.

(7 marks)

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**PART-II**

5. (a) Naman had executed following trades on Gama Ltd. stock :
- (i) Purchased one 3-month call option with a premium of ₹ 25 at an exercise price of ₹ 530.
  - (ii) Purchased one 3-month put option with a premium of ₹ 5 at an exercise price of ₹ 430.

The lot size is 100 share per lot and the current price of Gama Ltd. stock is ₹ 500. Determine Naman's profit or loss, if the price of Gama Ltd. stock after 3 months is :

- (a) ₹ 500
  - (b) ₹ 350.
- (b) What is meant by Anchor Investor ? What are the limitations of allocation to anchor investors in the Book building process ?
- (c) A listed company, Nishan Hitech Ltd. issued 10 lakh equity shares at a price of ₹ 150 per share. The company provided Green shoe option for stabilizing the post listing price of the shares. On the day of listing of shares, the news of trade war between the two developed countries flashes and the price of shares of company fall to ₹ 110. Decide how many shares can be purchased by the stabilizing agent to control the price ? State the provisions for balance money lying in the special account for green shoe option.

(5 marks each)

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

6. Write short notes on the following :

- (a) Private Equity
- (b) Book Closure and Record Date
- (c) Bankers to an issue
- (d) Venture capital
- (e) Pension Fund.

*(3 marks each)*

*OR (Alternative question to Q. No. 6)*

- 6A. (i) What is meant by Block deal ? How is it being executed in the Stock Exchange ?
- (ii) Credit Rating Agencies may not be taking cognizance of information for delays in servicing debt obligations while reviewing of its ratings. What are the material events requiring a review by the Credit Rating Agencies as per SEBI's circular ?
- (iii) Explain the provisions for compulsory internal audit of Registrars to an Issue/Share Transfer Agents (RTAs).

*(5 marks each)*

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