

Roll No.

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 6

Total number of printed pages : 12

NOTE : Answer **ALL** Questions.

PART-I

1. (a) The information relating to one Equity Oriented Mutual Fund is given below :

	As on 2 nd January, 2019	As on 3 rd January, 2019
	(₹ in thousand)	
Market Value of Fund's Portfolio (₹)	19,300	19,800
Receivables (₹)	200	200
Other Accrued Income (₹)	150	150
Accrued Expenses (₹)	50	50
Other Payables (₹)	100	100
Units of Mutual Fund	5,00,000	5,00,000

Face value per unit is ₹ 10.

You are required to calculate :

- (i) NAV of the fund on 2nd January, 2019 and 3rd January, 2019.
- (ii) Ramesh invested ₹ 1,95,000 in this Fund on 2nd January, 2019 at 02:00 PM, through Internet Banking Payment System. Calculate the number of mutual fund units allotted to him. Assume that there is no transaction cost.

(5 marks)

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- (b) Hope Ltd. makes an issue worth ₹ 125 crore to the public, out of which ₹ 20 crore was for sale to existing shareholders. Explain the provisions regarding the utilisation of proceeds and state whether any exception is available.

(5 marks)

- (c) The following is an extract of Balance Sheet of Alpha Ltd. :

Equity Shares Capital — 50,000 Equity Share of ₹ 10 each.

10% Debenture Capital — 20,000 Debenture of ₹ 10 each.

On 21st April, 2018, the Board of directors decided to buy-back 5,000 equity shares for which they would call Extra-ordinary General Meeting. In the year 2016, the company has defaulted in payment of interest on secured loan to Bank amounted to ₹ 25 crore, which was remedied in the year 2017. Comment on the above situation.

(5 marks)

- (d) Romeo International Limited, an Indian public limited company, is listed on BSE. On Friday i.e. 14th December, 2018 one of the shareholders of the Company, Ganesh, who was already holding 30% stake in the company, made a public announcement for an open offer for the acquisition of 13 crore equity shares (Face value ₹ 10 each), constituting 26% of the equity share capital of the Romeo International Limited. The offer price per share according to Takeover Regulations is arrived at ₹ 500 per share.

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Explain the following with reference to SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 :

- (a) What is the time limit for depositing amount in escrow account and explain with the relevant provisions, what amount should be deposited in escrow account in this case ?
- (b) Explain the forms of maintaining the escrow account.

(5 marks)

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

2. (a) Tango Trading Ltd. is a public company which has its equity shares listed on NSE. The Company wants to implement Employee Stock Option Plan (ESOP) for its employees. ESOP Plan will be operated through a trust in accordance with the SEBI (Share Based Employee Benefits) Regulations, 2014. The company is willing to issue shares under ESOP scheme to one of its whole time director, Irfan. Irfan holds 12% of the outstanding equity shares of the company. In view of the above facts, answer the following questions :
- (i) Can the company issue shares to its director, Irfan under ESOP scheme ?
- (ii) Prepare a brief note on the process of implementation of ESOP scheme through Trust route.

(4 marks)

- (b) “SEBI may take any of the measures either pending investigation or inquiry or on completion of such investigation.”

Enumerate such measures in the light of the provisions of the SEBI Act.

(4 marks)

- (c) “Co-ordination of Trustee and Collective Investment Management Company is absolutely necessary for success of a Collective Investment Scheme.” Explain in this context, the rights available to the trustee.

(4 marks)

- (d) Young Ltd. is a company incorporated under the provisions of the Companies Act, 2013. The Company is listed on National Stock Exchange since 1st January, 2017. The promoters of the Company are now exploring the possibility to voluntarily delist the Company on or before 1st October, 2019 under the SEBI (Delisting of Equity Shares) Regulations, 2009 by providing an exit opportunity to all the public shareholders. Assume that you are a legal advisor of the Company and accordingly, answer the following questions :

- (i) Is the Company eligible for voluntary delisting in terms of the Delisting Regulations ?
- (ii) What are the circumstances/conditions under which equity shares of a company cannot be delisted as per the Delisting Regulations ?

(4 marks)

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- (e) Diamond Company Ltd. entered into listing agreement on 21st May, 2018 as per SEBI (LODR) Regulations, 2015 with Bombay Stock Exchange (BSE). The Company is planning to conduct a Board Meeting of its Directors on 28th June, 2018 for consideration of its Annual Financial Results. Whether the company needs to give prior intimation to the BSE ? Explain the matters for which prior intimation of the Board Meeting shall be given to the BSE under SEBI Regulations.

(4 marks)

OR (Alternate question to Q. No. 2)

- 2A. (i) As a Company Secretary in employment of Delux Ltd., a listed company, what will be your role in monitoring trading window under SEBI (Prohibition of Insider Trading) Regulations, 2015.

(4 marks)

- (ii) Govind Ltd. proposes to issue 20 lakh share warrants to its promoters. The share warrant gives an option to buy shares at a predetermined price. The price trend of the Company's share in the stock market is given below :

- Closing price on the relevant date : ₹ 250.
- The average weekly high and low of the closing price during the 26 weeks preceding to the relevant date : ₹ 275.

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- The average weekly high and low of the closing price during the 2 weeks preceding to the relevant date : ₹ 280.

You are required to :

- (a) Identify the minimum price at which share warrants should be issued; and
- (b) Calculate the amount payable by the promoters at the time of allotment of the warrants.

(4 marks)

- (iii) “Increase in voting rights in a target company by any shareholder pursuant to buy-back is exempted from the obligation to make an open offer subject to certain conditions”. In the light of the statement, you are required to enumerate these conditions.

(4 marks)

- (iv) “The holding of securities in dematerialise form is not mandatory”. Explain the relevant provisions with reference to the Depositories Act.

(4 marks)

- (v) SEBI has imposed a penalty of ₹ 25 crore on Sunset Company Ltd. However, due to problem of liquidity, the company is unable to pay the amount of penalty. Explain, how the amount can be recovered under the provisions of SEBI Act, 1992.

(4 marks)

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3. (a) GK Ltd. is a listed company having paid up equity share of ₹ 8 crore, preference share capital of ₹ 5 crore and net worth of ₹ 15 crore as on 31st March, 2019. The management intends to implement a “Code of Conduct” for Board of directors and senior management under SEBI (LODR) Regulations, 2015. You are required to prepare a draft agenda for the Board meeting on the applicability of above provisions. Also advise on the situation, if equity share capital increase to ₹ 15 crore, preference share capital to ₹ 8 crore and net worth to ₹ 35 crore.

(5 marks)

- (b) RP Ltd. is planning to issue an IPO in 2019 for which a draft offer document is proposed to be filed in September, 2019. The following data is available regarding the company :

	(₹ in crore)		
	2015-16	2016-17	2017-18
Net Tangible Assets	5.00	8.00	7.00
Monetary Assets	1.00	3.00	3.00
Net Worth	3.00	4.00	5.00

- (i) Advice the company whether they can proceed with the IPO.

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- (ii) Will your answer be different if value of monetary assets is ₹ 4 crore in 2016-17 ?
- (iii) How will you deal with the situation, if company has monetary assets of ₹ 5 crore in the year 2017-18 ?

(5 marks)

- (c) Nova Industries Ltd. ('Nova') is an Indian company engaged in the business of manufacturing of Automotive Equipments. The equity shares of the 'Nova' are listed on NSE. Star Investment Ventures Ltd. ('Star') owns 16% stake in the Nova. Moon Investment Company Pvt. Ltd. ('Moon') owns 14% stake in the Nova. Star and Moon have also been classified as promoters of the Nova in its shareholding pattern for over 5 years. As decided by the management of Star and Moon, it is proposed that Moon will be absorbed by Star through a scheme of arrangement, pursuant to which Star's shareholding in the Nova will increase from 16% to 30% as the shares held by Moon will be transferred to Star and vested in Star and their shareholders will become shareholders of Star. The entire consideration for the amalgamation would be discharged by Star by the issue of its shares. The scheme

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is likely to be completed and approved by the National Company Law Tribunal sometime during the financial year 2019-2020.

- (i) Explain the provisions and conditions given under regulation 10(1)(d)(iii) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 for availing the exemption.
- (ii) Would the transfer and vesting of shares of the Nova in Star, be exempt from open offer obligations ?

(5 marks)

4. (a) An Ombudsman has issued an award in a complaint proceeding to your Company. Aggrieved by the award of Ombudsman, directors of your company have decided to file petition before the SEBI. As a company secretary, advise the Board of directors of your company regarding provisions and procedures to be adopted for filing such petition under the SEBI (Ombudsman) Regulations, 2003.

(8 marks)

- (b) Mr. X, Mr. Y and Mr. Z are the promoters of KP Ltd. They submitted the documents for delisting of shares from BSE. The company received the delisting order on 31st July, 2019. The management hired a practising company secretary for the successful completion of the delisting process. You are required to prepare a board note as to what information should be given in public announcement.

(7 marks)

PART-II

5. (a) The Nifty Index was trading at 11025 on 1st February, 2019 on NSE. The put option of 10800 with expiry date of 28th February, 2019 was available at ₹ 50 per lot and the call option of 11300 with same expiry date was available at ₹ 30 per lot. The size of one lot of Nifty is 75.

Ganesh who is regular trader in stock market purchased 2 lots of put options of 10800 and one lot of call option of 11300. On 22nd February, 2019, the Nifty Index was trading at 10850. Ganesh decided to square off all these transactions. At the time of squaring off, the call option of 10800 could be sold at ₹ 80 and put option could be sold at ₹ 5.

Calculate the Net gain/loss from this transaction considering the transaction charges including brokerage is fixed at ₹ 100 per lot (buy or sale).

(5 marks)

- (b) “Debenture Trustee should exercise due diligence to ensure compliances with the provisions of the Companies Act, listing agreement of stock exchange and the trust deed.” In the light of the above statement, enumerate the various responsibilities of Debenture trustee as per SEBI (Debenture Trustees) Regulations, 1993.

(5 marks)

- (c) Raman Ltd. issued 50 Lakh equity shares at a price of ₹ 200 per share. The company provided Green Shoe Option for stabilizing the post listing price of the shares. The

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issue was oversubscribed and it was decided that stabilizing agent would borrow maximum number of shares permitted by SEBI (ICDR) regulations. Due to rise in price during Green Shoe Option period, only 5 Lakh shares could be bought back at the price of ₹ 180. You are required to :

- (i) Calculate the number of shares that the stabilizing agent needs to borrow in this case at the time of allotment and explain the same with relevant provisions.
- (ii) Explain the responsibility of Issuer Company in the above case with respect to shortfall while exercising Green Shoe Option.
- (iii) Calculate the amount if any, to be transferred to Investor Protection and Education Fund.

(5 marks)

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

6. Write short notes on the following :

- (a) Bankers to an issue
- (b) Custodians of Securities
- (c) Foreign Currency Convertible Bonds
- (d) Indian Depository Receipts
- (e) Self-Certified Syndicate Bank.

(3 marks each)

OR (Alternate question to Q. No. 6)

- 6A.** (i) What do you know about Market Surveillance ? Enumerate different ways of Preventive Surveillance.
- (ii) The Registrar to an Issue and Share Transfer Agents constitute an important category of intermediaries in the securities market. List out the 'pre-issue' and 'post-issue' work undertaken by them.
- (iii) The Companies Act, 2013 has authorised equity share capital with differential rights as to dividend, voting or otherwise read with rules under Companies (Share Capital and Debentures) Rules, 2014. Briefly explain the conditions for issue of shares with differential voting rights under the Act.

(5 marks each)

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