

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 having 300 units has shown Net Asset Value (NAV) of ₹ 8.75 and ₹ 9.45 at the beginning and at the end of the year respectively. The Mutual Fund has given two options :
- (i) Pay ₹ 0.75 per unit as dividend and ₹ 0.60 per unit as capital appreciation; or
- (ii) These distributions are to be reinvested at an average NAV of ₹ 8.65 per unit.
- What difference it would make in terms of return available and which option is preferable ?
- (b) 'A stock exchange on its own can delist any security thereon'. Explain how Recognized Stock Exchange delists any securities listed thereon under Securities Contracts (Regulations) Rules, 1957.
- (c) Your Board of directors is contemplating to take-up the agenda to issue ESOS in next meeting. Being a Company Secretary, advise your Board of directors about brief procedure for issuing of securities under SEBI Employees Stock Option Scheme (ESOS) by a listed Company.
- (d) Can a Company buy-back its own shares or any specified securities through negotiated deals or through any private arrangements ? Comment with methods allowed for buy-back.

(5 marks each)

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

2. (a) A listed company can apply to stock exchange for re-classification of the Promoter's holdings as public shareholders under SEBI regulations. Whether following promoters can apply for re-classification with reference to SEBI regulations ?
- (a) Promoter is declared as willful defaulter as per RBI guidelines.
 - (b) Promoter is holding 12% of total voting rights in the listed entity.
 - (c) Promoter is acting as CEO of the listed entity.
 - (d) The promoter company has outstanding listing fees only for one year.
- (b) Explain the Modes of Payment to the shareholders of the Target Company on acquisition of shares by the acquirer under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
- (c) An acquirer, holding 25% or more but less than maximum permissible non-public shareholding of the Target Company can acquire such additional shares as would entitle him to exercise more than 5% of the voting rights in any financial year. Explain the statement indicating the creeping acquisition limit for making an open offer by an acquirer.
- (d) SEBI has been given necessary autonomy and authority to regulate and develop an orderly market. Elucidate the statement in the light of statutory powers vested with SEBI.
- (e) Life-Changing Assets Management Ltd., a mutual funds company desires to engage a bollywood celebrity to popularize its schemes. Explain the SEBI provisions with regard to celebrity endorsements of Mutual Funds at industry level.

(4 marks each)

: 3 :

OR (Alternate question to Q. No. 2)

- 2A. (i) M/s Highspeed Ltd. manufacturing a car components for leading car manufacturer. Its public issue of ₹ 500 crore was fully subscribed. The public issue money ought to be utilized for setup an assembly-line for the existing business. Out of ₹ 500 crore, the company spent ₹ 400 crore for assembly-line. The management consultant, hired for Business Process re-engineering has suggested to invest balance amount to setup bike components manufacturing unit. You, being company secretary of the company, advise on the opinion of management consultant by referring provisions of SEBI Guidelines.

(4 marks)

- (ii) From the following information, calculate the Enterprise Value of E Ltd. :

Balance Sheet of E Ltd. as on 31st March, 2018

Liabilities	Amount (₹ Lakh)	Assets	Amount (₹ Lakh)
Share Capital (Face Value ₹ 2)	952	Non-Current Assets	2,550
Reserves & Surplus	48	Current Assets :	
Minority Interest	115	Cash & Cash Equivalent	102
Short-term Borrowings	2,860	Other Current Assets	1,323
	3,975		3,975

Current Market Price Per Share is ₹ 96.

(4 marks)

: 4 :

(iii) The Board of directors of a listed company desires to delist its equity shares from all the recognised stock exchanges. The voting details through postal ballot are as under :

— Total nos. of voters : 7,000 (Public : 5,000 & Promoters : 2,000)

— Voting at shareholders meeting :

(a) Public shareholders :

In favour : 3,300 votes

In against : 1,700 votes

(b) All promoters shareholders have voted in favour of resolution.

By referring SEBI delisting regulation, decide upon the resolution passed by the shareholders.

(4 marks)

(iv) The financial data of a listed company as on 31st March, 2018 are as follows :

Authorized equity share capital ₹ 10 crore

(1 crore shares of ₹ 10 each)

Paid-up equity share capital ₹ 5 crore

General reserve ₹ 3 crore

Debenture redemption reserve ₹ 2 crore

The Board of directors of your company passed resolution by circulation for buy-back of shares to the extent of 9% of the company's paid-up share capital and free reserves. You are required to examine the validity of the proposal with reference to the provisions of the SEBI Regulations.

(4 marks)

(v) Z Ltd. has issued Sweat Equity Shares for a non-cash consideration. What are the possible accounting treatments in the books of Z Ltd. ?

(4 marks)

: 5 :

3. (a) A listed NBFC has been granted licence to run as small finance bank by the Reserve Bank of India under recently announced policy to improve the financial inclusion of the country. During the last three years, the attrition rate for top level management employees was not too high As, RBI has granted licences to many small banks, therefore, the promoters of the Bank feels that attrition rate will be high in coming period. The Board of directors wishes to allot Sweat Equity shares to employees. You, being compliance officer of the Bank, advise the Board about pricing of the Sweat Equity shares.
- (b) An unlisted public company (“Acquirer”) doing business of exporting steel and it is a part of the Promoter Group of Maurya Hotels (India) Ltd. (MHIL), a company listed on stock exchange. In view of improving its efficiency, MHIL is planning to restructure its group. The Acquirer has agreed to enter into a scheme of arrangement where the shares held by the promoter group companies (eight companies) will be transferred to it. Post-merger, the shareholding of the Acquirer in the Company will increase from 2% to 24%. However, the overall promoter shareholding will remain unchanged. You, being practicing company secretary, appointed as consultant by the Acquirer, answer the following :
- (i) Will the transfer of shares trigger an obligation to make an open offer under the SEBI (SAST) Regulations on the Acquirer ?
- (ii) What are the disclosure requirements under the SAST Regulations, if any, that the parties to the scheme will have to comply with ?
- (c) Explain what is Informal Guidance under SEBI (Informal Guidance) Scheme, 2013 and who can seek guidance from SEBI ?

(5 marks each)

4. (a) The price of equity share of a listed company viz. NextDial Ltd. (NDL) increased from ₹ 10 to high of ₹ 50 i.e. a rise of 500% during the period 1st April, 2018 to 30th Sept., 2018. NDL had entered into a Share Purchase Agreement (SPA) with the proposed acquirer(s) to acquire 40% of the subscribed equity share capital as of 31st Aug., 2018 which would result in change of management. This initial discussion on the deal was made on 1st April, 2018 but SPA was signed on 25th April, 2018. During 1st April, 2018 to 30th Sept., 2018, the promoter and his wife dealt in the script of NextDial Ltd. Referring to the provisions of SEBI (PIT) Regulations, answer the following :

- (i) Define Unpublished Price Sensitive Information.
- (ii) Whether there was any Unpublished Price Sensitive Information (UPSI) ?
- (iii) What will be the date of UPSI ?
- (iv) What are the factors to be taken into account by the adjudicating officer while imposing penalty for the act ?

(8 marks)

- (b) The financial data of Natural Energy Limited as on 31st March, 2018 are as under :

- (i) Authorised Share Capital : ₹ 700 crore
- (ii) Paid-up Capital : ₹ 300 crore
- (iii) Free Reserves : ₹ 800 crore

The company has pending convertible debenture of ₹ 150 crore, due for conversion in financial year 2018-19. The company proposes to issue bonus shares in the ratio of 1 : 1 after conversion of debenture. You being a company secretary, advise on the procedure to be followed by referring SEBI regulations.

(7 marks)

: 7 :

PART-II

5. (a) What are the Option contracts ? You are required to compute the profit/loss for each investors in below option contracts :
- (i) Mr. X writes a call option to purchase share at an exercise price of ₹ 60 for a premium of ₹ 12 per share. The share price rises to ₹ 62 by the time the option expires.
 - (ii) Mr. Y buys a put option at an exercise price of ₹ 80 for a premium of ₹ 8.50 per share. The share price falls to ₹ 60 by the time the option expires.
 - (iii) Mr. Z writes a put option at an exercise price of ₹ 80 for a premium of ₹ 11 per share. The price of the share rises to ₹ 96 by the time the option expires.
 - (iv) Mr. XY writes a put option with an exercise price of ₹ 70 for a premium of ₹ 8 per share. The price falls to ₹ 48 by the time the option expires.
- (b) What do you mean by 'Research Analysts' ? Elucidate the net worth requirements, and role and responsibilities of Research Analyst as per SEBI (Research Analyst) Regulations, 2014.
- (c) "Prior information of open position of any share during market hours can easily fluctuate the price of the share". How Preventive Surveillance helps to reduce the fraudulent price variation in the shares in a day ?

(5 marks each)

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

6. Write short notes on the following :
- (a) Custodian of Securities
 - (b) Key difference between WPI & CPI
 - (c) Basis of SENSEX
 - (d) High Net Worth Individuals
 - (e) Bulk Deal.

(3 marks each)

OR (Alternate question to Q. No. 6)

- 6A. (i) “An Alternative Investment Fund which has been granted registration under a particular category cannot change its category subsequent to registration, except with the approval of the SEBI”. Enumerate the conditions for approval of SEBI.
- (ii) Dhruv has purchased 1000 shares @ ₹ 80 per share of a company. He wanted to pay ₹ 5,000 in cash and balance through bank transfer to stock broker. As a Company Secretary advise Dhruv by referring SEBI regulation/circular.
- (iii) “SEBI has amended the provisions related to registration of Sub-Broker to act as a market intermediary”. Elucidate the statement and discuss the migration path for existing registered Sub-Brokers.

(5 marks each)

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