

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) Grow More Fund has a size of ₹ 600 crore with face value of each unit being ₹ 10. The following information has been provided to you in respect of the fund :

Market value of investments	₹ 720 crore
Receivables	₹ 9 crore
Accrued income	₹ 8 crore
Liabilities	₹ 5 crore
Accrued expenses	₹ 3 crore

- (i) Calculate the Net Asset Value (NAV) of the fund.
- (ii) If the front-end load is 2%, calculate the Public Offer Price of the unit.
- (3+2=5 marks)

- (b) SJR company is a listed company, wants to follow the minimum standard of code of conduct, as prescribed under SEBI (Prohibition of Insider Trading) Regulations, 2015. You being the company secretary, state the correctness of the below facts, with respect to the regulation.

- (i) The compliance officer has reported to CEO after one year.
- (ii) The norms and procedures followed by S, a director of the Company, was self-made.

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- (iii) The trading window is opened after forty-eight hours, when the information becomes generally available.
  - (iv) Designated person is governed by the internal code of conduct governing securities dealing.
  - (v) Designated person traded in securities, when trading window was closed.
- (5 marks)
- (c) PTS Ltd. is forming part of top 1000 listed entities. Being the company secretary of the company, advise on the following issues :
- (i) What is the maximum age of non-executive directors ?
  - (ii) Can the minimum directors of the company be five ?
  - (iii) How many times board shall meet and the gap of 14 days between the two board meetings is sufficient ?
  - (iv) How many directors constitute the quorum for a board meeting ?
  - (v) Composition of Nomination and Remuneration Committee.
- (5 marks)
- (d) Kunal is thinking of acquiring shares in Dream Real Estate Ltd. (listed company). Under the provisions of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011, whether the provisions of event-based disclosure would apply to Kunal in the following situations (give reasons) :
- (i) Kunal already has 6% shares and he intends to acquire additional 1.50% shares.
  - (ii) Kunal already has 6% shares and he intends to acquire additional 3% shares.
  - (iii) Kunal already has 3% shares and he intends to acquire additional 1.50% shares.
- State the time limit within which the disclosure should be made.

(3+2 marks)

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

2. (a) The Board of Directors of the company, before considering the proposal of delisting, shall appoint a Peer Reviewing Company Secretary. What information are to be provided to Company Secretary for carrying out due diligence ?  
(4 marks)
- (b) Divine Dwellings Ltd. is a listed company and it wants to buy-back its equity shares. Under the provisions of SEBI (Buy-Back of Securities) Regulations, 2018, answer (with reasons) whether the company can proceed to buy-back its equity shares under the following circumstances ?
- (i) The ratio of aggregate of its secured and unsecured debts to the paid-up capital and free reserves is currently 1.8 : 1 and is expected to be 2.05 : 1 after buy-back.
- (ii) The company intends to raise funds for buy-back by issuing debentures.  
(4 marks)
- (c) One of the leading IT services listed company is planning to consider the buyback of its shares in the ensuing Board meeting. The management does not want to disclose the event to the stock exchange prior to the Board meeting. Being a Company Secretary of the company, advise the management for legal provisions under SEBI regulations for the prior intimation to Stock exchanges about certain events.  
(4 marks)
- (d) XYZ Ltd. is manufacturing Namkeen in Bikaner, Rajasthan. To expand its footprint on PAN India basis and to meet out its future capex plan, XYZ Ltd. floated an Initial Public Offer. It provided 4 days' time to make bids for the IPO. However, due to flood situation in the country, the response to the IPO is not good even after two days. XYZ Ltd. intends to extend the time of bid for 2 more days. Is it allowable under SEBI regulation ? What would be your answer, if XYZ is an SME company ?  
(4 marks)

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- (e) Nidhi, one of the promoters, invested in a start-up company, at an early stage. Now, the company is planning to enter into the primary market, by way of issue of shares to public. The holding of Nidhi, after post issue will be 7%. Nidhi is willing to sell shares on the day of listing. With reference to SEBI regulations, advise Nidhi for her intention to sell the shares.

(4 marks)

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

- 2A.** (i) With reference to the SEBI regulations, answer (with reasons), whether a company can delist its equity shares from a recognised stock exchange, having nationwide trading terminals, in the following cases :

- (a) It has completed buy-back of its equity shares three months ago.
- (b) It has issued preferential shares to its promoters five months ago.
- (c) It has been listed for five years.
- (d) It is having Fully Convertible Debentures (FCDs) still outstanding.

(4 marks)

- (ii) With reference to SEBI regulations, is it permissible for a company to buy-back of its equity shares in the below situations.

- (a) It had defaulted in repayment of its term loan four years ago, but the default was remedied two years ago.
- (b) It intends to buy-back 5% of its total paid-up equity capital and free reserves by way of board resolution passed in a meeting of the board.

(4 marks)

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- (iii) The depository functions like a bank but there are some differences between the working of a bank and the working of a depository. Explain four of them.

(4 marks)

- (iv) The management of a listed entity is desirous to implement employee stock option scheme. You being company law expert, advise the management about the eligible employees under SEBI (Share Based Employee Benefits and Sweat Equity), Regulations, 2021.

(4 marks)

- (v) What are the provisions for submitting the utilization report to the Social Stock Exchange by a listed Not for Profit Organization ?

(4 marks)

3. (a) In a view of Government of India vision towards simplification of laws, SEBI has eased the norms for issuance of duplicate share certificates by the listed company. Briefly explain the provisions.
- (b) An intermediary registered with SEBI wants to approach SEBI for some guidance under SEBI (Informal Guidance) Scheme, 2003. Explain the procedure which should be followed by an intermediary for such guidance. Also explain various types of guidance provided by SEBI in this regard.
- (c) “One of the objectives of the buy-back is to use additional cash flow available with the company”. Explain the Statement and elucidate the other objectives and factors which influence the buy-back decision of the company.

(5 marks each)

4. (a) The investment directly made in a particular share may be riskier for general public. To mitigate this risk, to some extent, the investor chooses mutual funds due to its professionalism and management diversification”. Comment on the statement and explain the structure and agencies involved in mutual fund. Briefly differentiate the term open-ended and close-ended ?
- (8 marks)
- (b) Namish, CFO of the ZenEX Ltd. (a listed company) has submitted a Trading Plan to the Compliance Officer of the company for approval under the provisions of SEBI regulations. What are the conditions to be taken care of by the compliance officer, while giving approval to the Trading Plan ?

(7 marks)

#### PART-II

5. (a) The result of assembly election of major State will be announced in next week. Naresh an investor, wants to take the opportunity only with limited risk as outcome of election result might be negative.
- Kamal, one of his friends, is regularly deals in option contracts, Kamal advised him to take position in following option contracts in PQR Ltd. (Assume the option lot size is 100) :
- Purchase one lot with 1-month call option, with a premium of ₹ 30 with an exercise price of ₹ 550.
  - Purchase one lot with 1-month put option, with a premium of ₹ 5 with an exercise price of ₹ 450.
- PQR Ltd. share is currently traded at ₹ 500. Calculate the net pay off position of Naresh at the expiry of option, if the price of PQR Ltd. share happens to be :
- (i) No change in price
  - (ii) Falls at ₹ 350.

(5 marks)

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- (b) Who can be an accredited investor under the amended SEBI (AIF), Regulations, 2012 ?

(5 marks)

- (c) “Green Shoe Option is an option of allocating shares, in excess of the shares offered in the public issue and operating a post-listing price stabilizing mechanism.” Explain the Green Shoe Option process.

(5 marks)

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

- 6.** Write short notes on the following :

- (a) Application Supported by Block Amount (ASBA)
- (b) Stock Market Index
- (c) Regulatory functions of the SEBI
- (d) Key risk in investing in Securities Market
- (e) Redressal of Investor grievances by an Intermediary.

(3 marks each)

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

- 6A.** (i) On 31/08/2023, Ganesh has taken a long position of two lots of Nifty future contract at 24,000 (one lot is 25 units). Initial margin required is 10% of contract value and Maintenance margin required is 80% of initial margin. The closing price of Nifty future during next 5 days is given below :

Date	Closing Price of Nifty Future
01/09/2023	24200
02/09/2023	23900
03/09/2023	23300
06/09/2023	23700
07/09/2023	23600

You are required to prepare a statement showing the daily balances in the margin account and payment on margin calls, if any.

(5 marks)

- (ii) SEBI has imposed additional enhanced obligations and responsibility on the “Qualified Stock Broker”. State the criterion to be considered as a designate qualified stock broker and summarize enhanced obligations.

(5 marks)

- (iii) Credit Rating Agencies rate the financial instruments, not the company. In this context, briefly explain the term credit rating agency. Explain the roles and responsibilities of credit rating agencies.

(5 marks)

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