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Enrolment No:		
UNIVERSITY OF PETROLEUM AND ENERGY STUDIES End Semester Examination, December 2021		
Course: Securities Regulations Program: B.B.A.,LL.B. (Hons) Corporate Laws 2017 Course Code: CLCP5003		Semester: IX Time 03 hrs. Max. Marks: 100
SECTION A		
1. Each Question will carry 2 Marks		
S. No.		CO
Q 1.	What do you understand by 'green debt securities'?	CO2
Q 2.	What is the role of a monitoring agency in an IPO?	CO1
Q 3.	Who is an insider as per the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015?	CO1
Q 4.	What are G-secs?	CO2
Q 5.	What is the eligibility requirement of an issuer to access the institutional trading platform?	CO3
SECTION B		
1. Each question will carry 5 marks		
Q 7.	What is the difference between rights issue and preferential issue?	CO2
Q 8.	How can the 'fit and proper person' criterion be determined with respect to an intermediary?	CO4
Q 9.	Can a company buyback its shares in order to delist itself?	CO2
Q 10	Can a depository list its securities on a recognized stock exchange?	CO3
SECTION C		
1. Each Question carries 10 Marks.		
Q 11.	<p><i>With the Indian economy's ever business orientation, a formal evaluation of two kinds of risks are valued by the investors, first is the "business risk" emerging from the open economy and connections between markets for money, capital and foreign exchange and second is the "risk of payments". It is the small investors who are made to suffer the loss by the unlisted corporate debt in the form of fixed deposits by the companies. Thus, credit rating has been made mandatory. In layman's language credit rating is the opinion of a credit rating agency about the ability and willingness or the inclination of a corporate debt issuer to meet his obligations as and when they arise. The rating agencies provide ratings in the form of alphabetic or aptameric symbols which can easily be understood by the investors and thus a rational decision can be made by them taking into consideration the percentage of interest offered and security of payment of the principal amount in future.</i></p> <p>- In view of the above statement, discuss the role and objective of Credit Rating Agencies in India under the SEBI (Credit Rating Agencies) Regulation, 1999</p>	CO3
Q 12.	<i>With the advent of COVID-19, the unpredictability of the stock market also continued to prevail in India with many small and big companies like Hexaware Technologies, Adani Power, Modern India Limited,</i>	CO3

	<p><i>Vedanta, etc. getting voluntarily delisted from the Stock Exchange. The reason for triggering voluntary delisting can be numerous other than the non-profitability of the company and therefore, the Securities and Exchange Board of India (SEBI) governs the delisting of companies under the SEBI (Delisting of Equity Shares) Regulation, 2009 which has now become the SEBI (Delisting of Equity Shares) Regulations, 2021 for providing a smooth and substantive governed process to the companies. The Reverse Book Building process is an extremely relevant part of the delisting process as upon its proper execution can only the shares be purchased by the acquirer and the promoter.</i></p> <p>- Discuss the Reverse Book Building Process highlighting how it benefits the shareholders who tender their shares and the concerns that are still unaddressed in the 2021 Regulations.</p>	
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SECTION D

1. Each Question carries 25 Marks.

<p>Q 13.</p>	<p>Tijaria Polypipes Ltd. (TPL) came out with its IPO raised 60 crore to fund its proposed expansion and diversification plans through a public issue of 1,00,00,000 equity shares of face value of 10 each, issued at a premium of 50 per share, i.e. 60 per equity share. The fixed price public issue which opened on September 27, 2011 and closed on September 29, 2011 was reportedly subscribed for 1.2 times. The company allotted 71,64,406 shares in retail investors category, which constituted 71.64 % of the total public issue. The shares of the company were listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) on October 14, 2011. Hem Securities Ltd. was the lead manager to the issue. The issue was graded by ICRA Ltd. and was assigned “IPO Grade 2”. The investigation was initiated in the IPOs including TPL and the prima facie findings revealed that a predominant portion of the proceeds of the IPO of TPL was diverted by TPL for operations in the equity market leading to the suspicion that the issue was for siphoning off and/or diversion of funds. Further, the findings revealed that TPL had made several mis-statements relating placement of purchase orders documents, etc.. Further, it was observed that one M/s Todi Securities P Ltd.(TSPL), a stock broker registered with SEBI, traded on the day of listing and provided an exit to the retail allottees and /or QIBs who were allotted shares in the IPO at a premium to the issue price and by doing so the retail allottees/ QIBs had incurred huge losses. The said activities of TSPL were partly funded by TPL through its layered transactions. In the wake of aforesaid transactions, SEBI issued a Show Cause Notice to TSPL, to which TSPL’s reply is as under:</p> <ul style="list-style-type: none"> A. The shares of TPL were bought and sold in the ordinary course of business and the same was not actuated or motivated by malafide intent or in order to provide exit to the QIBs. B. The alleged matching with the counter parties happened on the system of the exchange in the normal course without any knowledge and awareness of the counterparties. C. TSPL regularly keep borrowing from their sister concern, KBR Township P Ltd which is an NBFC and is in the business of borrowing and lending. D. While borrowing, KBR Township P Ltd was not aware of the source of funds of its lenders including Ballasaria Holdings Ltd. E. TSPL denied giving exit to the QIBs/ retail investors. <p>During the course of investigation it was revealed that in NSE (The National Stock Exchange of India Ltd), out of the total of 5,26,000 shares bought by TSPL, 3,56,057 shares were bought from two QIBs, viz. CREDO and SPARROW, who were allotted shares in the IPO and 1,37,850 shares from one Shikha Somani Marriage Trust. Further, TPL had transferred approximately 89 lakhs from the IPO funds to Ballasaria Holdings Pvt. Ltd. Ballasaria Holdings Pvt. Ltd. layered the funds by routing it through Essar Holdings Pvt. Ltd and KBR Township Pvt. Ltd. bank accounts, instead of directly remitting the funds to TPL.</p> <p>Analysing the facts provided above, replies filed by TSPL and applying appropriate provisions of law, write a reasoned judgement justifying actions (if any) that can be taken against TPL and TSPL.</p>	<p align="center">CO4</p>
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Q 14.	<p>X is a private limited company. X's MoA identifies two promoters – Mr. A and B Limited. They each have 5% equity in X. A's wife and daughter hold 1% equity each in X. C & D are holding and subsidiary companies of B. B further holds 24% in company E and company F holds 10% in B and 10% in E. A's daughter G is a partner of a firm Zeus Consultants, where she along with her mother hold 23% share in the partnership. C is another partner in Zeus Consultants who holds 20% in the same. X wants to issue fresh equity shares in the market and launch its first IPO.</p> <p>a) From the above facts, identify the promoter and promoter group, citing reasons based on the SEBI ICDR 2018, why every entity should or should not be part of the 'promoter group'.</p> <p>b) What should be the minimum promoter's contribution of Mr. A and B Limited in X to launch the IPO successfully?</p> <p>c) Is there is restriction on transfer of their holdings post IPO?</p> <p>d) Can Mr. A pledge some of his shares with a bank to raise a loan? Is it subject to any conditions?</p> <p>e) If X wants to make reservations on a competitive basis out of the issue size, can it do so in favour of B, C and D?</p> <p>f) Do promoters' holdings need to be disclosed in the offer document?</p> <p>g) Can X offer securities in the IPO at different prices to its promoters? When can differential pricing be allowed?</p> <p>h) If the IPO is a book built issue, what are the different categories towards whom allocation can be made in the net offer? Is 'promoter' and 'promoter group' one such category?</p>	CO4
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