Name: **Enrolment No:**	

UNIVERSITY OF PETROLEUM AND ENERGY STUDIES
End Semester Examination, December 2021

Course: Securities and Investment Law **Semester: IX**
Program: B.B.A.,LL.B. (Hons) International Trade & Investment Laws 2017 **Time 03 hrs.**
Course Code: CLIN5002 **Max. Marks: 100**

SECTION A

1. **Each Question will carry 2 Marks**

S. No.		**CO**
Q 1.	What do you understand by 'marketable securities'?	**CO2**
Q 2.	What is IPO grading?	**CO1**
Q 3.	Define the term 'person acting in concert'. Why is it important to identify it as a separate category?	**CO1**
Q 4.	What is a competing offer under the Takeover Code, 2011?	**CO2**
Q 5.	What is the difference between rights issue and preferential issue?	**CO3**

SECTION B

1. **Each question will carry 5 marks**

Q 7.	What is 'minimum promoters' contribution' in a public listed company? Why are there lock-in restrictions of their holding post IPO?	**CO2**
Q 8.	State how additional percentage of acquisition is computed under Regulation 3(2) of the Takeover Code, 2011	**CO4**
Q 9.	Can a company buyback its shares in order to delist itself? When can a delisting offer fail?	**CO2**
Q 10	How is a takeover of an unlisted company governed?	**CO3**

SECTION C

1. **Each Question carries 10 Marks.**

Q 11.	*The Securities and Exchange Board of India (Intermediaries) Regulations 2008 places wide discretionary powers in the hands of SEBI to determine the fitness and propriety of the intermediary based on any factor as it deems fit, including but not limited to integrity, reputation, character, absence of convictions and competence.* – Do you agree?	**CO3**
Q 12.	*Companies incorporated in India could list their debt securities on international exchanges in the form of Masala Bonds but their equity share capital could be listed abroad only through the American Depository Receipt / Global Depository Receipt route. Similarly, companies incorporated outside India could access the Indian capital markets only through the Indian Depository Receipt route. Direct listing of the equity share capital of companies incorporated in India was not permitted on foreign exchanges and vice versa. The Companies (Amendment) Act, 2020 however has brought a significant change to the scenario.* Discuss the amendment and write an analysis of the benefits or concerns arising from the same.	**CO4**

SECTION D 1. **Each Question carries 25 Marks.**		
Q 13.	AIA Engineering Limited (the Target Company) is a Listed Public company incorporated under the Companies Act, 1956. The issued, subscribed and paid-up share capital of the Target Company is 9,43,20,370 shares of Rs.2/- each. The equity shares of the Target Company are listed on the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE).M/s. Grey Cast Foundry Works (the Acquirer) a partnership firm through its partner Mr. Bhadresh K. Shah (BKS), filed an application dated January 30, 2012 with SEBI, seeking exemption from making of 'Public Announcement' and 'Open Offer' in respect of its proposed acquisition of 2,35,80,093 shares (25% shares/voting rights) in the Target Company through purchase from Bhadresh K. Shah (HUF), a promoter entity of the Target Company. It is stated in the application for the aforesaid purpose that: A. The Acquirer is a partnership firm consisting of the following partners – Mr. BKS (Managing Partner), Bhadresh K Shah (HUF comprising of Mr. BKS, his wife and his two daughters) [the proposed seller] and Vrindavan Alloys Private Limited (VAPL); B. At present the Acquirer does not directly hold any shares in the Target Company. However, its partners, Mr. BKS, in his individual capacity holds 42% shares and BKS (HUF) holds 29.62% shares in the Target Company C. The control of the Target Company is with its promoter Mr. BKS; D. The pre-acquisition shareholding / voting rights structure of the Target Company is - Mr. BKS holds 42% shares; his wife and 2 daughters hold 0.02% shares and his HUF holds 29.62% shares. Mr. BKS along with the persons acting in concert holds 71.64% shares in the Target Company which would remain unchanged post acquisition; E. In VAPL (a partner of the Acquirer) Mr. BKS and his wife are the promoters and hold 99% shares and voting rights F. All the members of BKS (HUF) have given their consent to the proposed deal, as the same would enable Mr. BKS to restructure the shareholding patterns in the Target Company as well as in the Acquirer firm. G. The non-public shareholding and paid-up share capital of the Target Company would remain unchanged after the proposed acquisition. Analysing the contents of the application and applying the provisions of the Takeover Code, 2011, make a reasoned decision as to whether or not this application should be 'allowed'?	**CO4**
Q 14.	X acquires 25% in Y and brought a mandatory open offer under Regulation 3(1) of the SEBI Takeover Code 2011. In response to X's public announcement, A, came up with another public announcement and offer to proposing to acquire 30% of Y and declared its intention to delist the shares of Y. A was already an existing shareholder that held 5% in Y, prior to such public announcement. X has been identified as a promoter company of Y in the latter's MoA. After both these public announcements, Y decided to make a preferential allotment of equity shares to all its promoters, as a result of which, X's holding in Y dropped to 22%, although it was allotted 2% equity shares. In the same financial year X transferred 5% of its shares to its holding company B, 5% to its subsidiary company C. X then went on to acquire another 8% from the open market. B and C also acquired 2% each in Y. J who holds 51% in X along with majority control of X, acquired 1% in Y. a) Identify the promoter and promoter group of Y. b) Can A's offer be called a competing offer in this scenario? c) Will X's additional acquisition attract mandatory open offer obligation? d) Can J be said to have indirect control over Y through X? e) Were X, B and C PACs from the start? f) Does SEBI have the power to exempt all these acquirer from compliances to be followed under the Takeover Code? X, Y, Z, A, B, C, and J are all public listed companies. Answer the above provisions by citing	**CO4**

	appropriate laws and regulations.	