

Detailed Performance Report (DPR)



Name of Student :

Level :

CS Executive

Detailed Analysis & Findings

Subject

Total Marks

Marks Obtained

30/50

Key Observation

- ☒ Content writing towards the question being explained in proper manner
- ☐ All the points towards the answer being covered in accurate manner
- ☐ Try to Quote the section
- ☐ Provisional aspects towards the answer should be explained in more detailed manner
- ☒ Conclusion towards the answer should be mentioned in complete manner
- ☒ Other more of the missing points to be explained in proper manner
- ☒ Headpoints to be written in proper manner.
- ☐ Elaboration of all the points towards the answer needs to be explained in detailed manner
- ☒ Technical terms towards the answer should be elaborated in proper manner
- ☐ Conclusion towards the answer being explained in inappropriate manner
- ☐ Provisions towards the answer explained is not much relevant with the question being asked
- ☒ Underline the important terms
- ☐ Wrong Section Mention
- ☒ Need to Avoid Short forms

Overall Observation

- | | | | | |
|---------------------------------|--|--|---|---|
| Conceptual Clarity :- | <input checked="" type="checkbox"/> Excellent | <input type="checkbox"/> Average | <input type="checkbox"/> Bad | <input type="checkbox"/> Not Satisfactory |
| Section / Para / SA No. :- | <input checked="" type="checkbox"/> Written & Correct. | <input type="checkbox"/> Written But Incorrect | <input type="checkbox"/> Not Written at all | |
| Provision/Conclusion Aspects :- | <input type="checkbox"/> Excellent | <input checked="" type="checkbox"/> Average | <input type="checkbox"/> Bad | <input type="checkbox"/> Not Satisfactory |
| Presentation :- | <input checked="" type="checkbox"/> Excellent | <input type="checkbox"/> Average | <input type="checkbox"/> Bad | <input type="checkbox"/> Not Satisfactory |
| No of Q. Attempted :- | <input type="checkbox"/> Many | <input checked="" type="checkbox"/> Moderate | <input type="checkbox"/> Less | |

"The difference between ordinary & Extra-ordinary is Practice"

Name: Aditi Jainwal

30

Subject: CML

Chapters: Part - B

Date: 13/10/24

Ans. to Ques. 1C1)

1. PROVISION OF LAW :

- As per Section 68 of the Companies Act, 2013, a company can buy back its own shares, however, the maximum permissible limit is 25% of the paid-up share capital and free reserves of the company.
- Further, Section 3 of the SFBI (Buy Back of Securities) Regulations, 2018, the amount of shares brought-back shall not exceed 25% of the paid-up share capital and free reserves of the company.

2. ANALYSIS :

- In the given case, the company proposed to buy-back 9% of company's paid-up share capital and free reserves (i.e., 9% of 8 crores = 72 lakhs).
- This is well within the permissible

limit of 25% provided in the Act and Regulations.

3. CONCLUSION :

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→ Thus, the proposal for buy-back of 9% of paid-up share capital and free reserves of the company, is valid as per the provisions of the SEBI (Buy-Back of Securities) Regulations, 2018 since the buy-back proposed of 9% does not exceed the 25% limit of the A Regulation.

provided the resolution authorizing the buy-back is passed at the Board meeting and not by circular resolution.

Ans. to Ques. 1(2)

→ As per the SEBI (Buy-Back of Securities) Regulations, 2018, a company cannot buy-back more than 25% of the average daily trading volumes if it is purchasing shares from open market through stock exchange.

→ The procedure for the same is as follows:

(1) Board Resolution : The board of directors must pass a resolution approving the buy-back, specifying the amount, method and

Timeline

2. Shareholder Approval: For listed companies, the shareholder approval is required through a special resolution.
3. Public Announcement: The company must make a public announcement specifying terms and conditions of buy-back.
4. Stock Exchange Intimation: The company must intimate the stock exchange of its intention to buy-back shares.
5. Compliance Report: Once the buy-back is complete, the company must submit a compliance report with SEBI within 30 days of completing the buy-back.

Opening of the offer on stock exchange [Regulation 17]: The identity of the company as a purchaser shall appear on the electronic screen when the order is placed. The buy-back offer shall open not later than 7 working days from the date of public announcement and shall close within 6 months from the date of opening of the offer.

Subsequent compliances for open market buy-back through stock exchange [Regulation 18]: The company shall submit the information regarding the shares or other specified securities bought back, to the stock exchange on a daily basis in such form as may be specified by the SEBI and the stock exchange shall upload the same on its official website immediately.

The company shall upload the information regarding the shares or other specified securities bought-back on its website on a daily basis.

Ans. to ques. 2 (i) (i)

- Dissenting shareholders are those shareholders who oppose the proposed change in object clause and vote against the proposal in the extraordinary general meeting (EGM).
- They disagree with the proposed alteration of the object clause of the memorandum of association and believe it may negatively impact their investment.

Ans. to ques. 2 (i) (ii)

- The eligibility criteria for availing the exit offer likely depends on the specific provisions of the articles of association of Karuna Ltd.
- However, generally, shareholders who:
 - (a) Held a certain percentage of the company's shares (say, the minimum number of shares or a specific percentage of total shares)
 - (b) Voted against the resolution of

changing the object clause

would be eligible to exercise their exit right.

Ans. to Ques. 2C13 Cui's

To give effect to the exit offer, the promoters of Kavuna Ltd. would need to comply with following regulations:

- (1) Compliance with Applicable laws: The exit offer must adhere to all relevant laws and regulations, including SEBI regulations.
- (2) Fair Valuation: The exit offer price should be fair and reasonable, reflecting the value of the company's shares before and after the proposed change in object clause.
- (3) Communication to Shareholders: The promoters must provide clearly and timely communication to all eligible shareholders about the exit offer, including its terms, conditions, valuation methodology and deadline for acceptance.

(4) Acceptance Period : A reasonable time period must be provided to all shareholders to decide whether to accept or reject the exit offer.

(5) Payment of Consideration : If a shareholder accepts the exit offer, promoters must pay the agreed-upon consideration within the specified time.

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(1)
Ans. to ques. 2(Civ)

→ The exit offer price could be determined through various methods which include :

* Independent Valuation : An independent valuer can be appointed to assess ~~their~~ the fair value of company's shares before and after the proposed change.

* Negotiation : The promoters and dissenting shareholders can negotiate the exit offer price directly.

* Formula-based approach : A predetermined formula can be used to calculate the exit offer price.

based on specific financial metrics of the company.

[Ans. to ques. 2(2)]

→ The SEBI (Share Based Employee Benefits & Sweat-Equity) Regulations, 2021 provide specific guidelines for pricing of sweat equity shares.

→ The key pricing principles are:

(1) Fair Market-Value (FMV): Sweat-equity shares must be issued at a price not less than FMV of the company's shares on the date of allotment. FMV is typically determined by a qualified valuer or a committee of independent-directors.

(2) Consideration of Factors: The valuer or committee must consider various factors when determining FMV, including:

- 2
- company's financial performance;
 - future prospects
 - recent transactions in shares of similar companies
 - market conditions.

other of the explanation of the points with respect to the questions requirement should be elaborated in specific manner.

- (13) Discounts : while discounts may be allowed in certain cases, they are limited to :
- 10% for listed companies; and
 - 25% for unlisted companies.

Ans. to Ques. 3C1)

→ SEBI (Issue & Listing of Non-Convertible Securities) Regulations outlines specific provisions for listing application and documents required for the same.

→ Listing Application requires :

(i) A duly filled application form in format prescribed by NSE submitted with NSE.

(ii) An undertaking from the issuer that all applicable provisions have been complied with.

(iii) A detail of the private placement such as number of shares issued, issue price, allotment date, name of allottees.

f) An undertaking from the issuer stating that the necessary documents for creation of the charge, wherever applicable, including the Trust Deed has been executed within the time frame prescribed in the relevant regulations/Act/rules etc. and the same would be uploaded on the website of the designated stock exchange, where such securities have been proposed to be listed.

(iv) Compliance Certificate issued by a Chartered Accountant or Company Secretary that all regulations have been complied with in favour of the debenture trustee to the proposed issue has been obtained.

(v) Details of Investors (PAN, Name, address) ~~are~~ along with prescribed fees.

→ Documents to be Attached are :

- (i) a copy of the ~~certificate~~ of incorporation of the company;
- (ii) a copy of Memorandum and Articles;
- (iii) a copy of board resolution of the private placement;
- (iv) a copy of share certificate issued to the allottees.

RJS Ltd. already have one woman director but she is executive director and hence company shall have one more woman director in category of independent director

Ans. to Ques. 3(2)(i)

- The SEBI (LODR) Requirements require listed companies to have at least one woman director on their board.
- As 'A' is a woman director, the company has complied with the current requirements of the regulations.
- Hence, RJS Ltd. is not required to appoint another woman director on board.

Ans. to Ques. 3(2)(ii)

- The SEBI (LODR) Requirement require listed companies to have at least ~~1~~ one-third of their board members as independent directors.
- On the board of RJS Ltd., there are P, Q, R, T, A as current directors. Among them P and T are relatives.
- Since out of 5 ~~4~~ directors, 3 are not

should explain the answer terms towards respective part if question being asked and conclusion should be more specific. Date: / /

relatives, the current requirements are complied with.

→ Hence, RJS Ltd. need not appoint an independent director.

Ans. to Ques. 3(2) (iii)

→ The audit committee of a listed company is required to approve related party transactions in the General Meeting, along with Shareholders.

→ Hence, Audit committee of RJS Ltd. along with the shareholders of the company shall approve related party transactions in the General Meeting.

Ans. to Ques. 3(2) (iv)

→ The SEBI (LODR) Reg Regulations require prescribe no age limit for a person to be appointed as a director. However, other requirements regarding the qualifications and a clean legal background have been provided, which must be complied with.

3.5

→ Since, there are no specific restrictions on the age limit, 'C' can be appointed as a director.

[Ans. to Ques. 4(C)(a)]

→ As per the applicable SEBI Regulations, the acquirer is required to deposit the entire consideration for acquisition in an escrow account within 5 working days from date of public announcement of open offer.

not later than 2 working days

₹6,500

→ Hence, Ganesh shall deposit ₹6,500 in the escrow account from within 5 working days from date of making public announcement (i.e., 14th December, 2018).

2.5

A/Ans. to Ques. 4(C)(b)]

→ The Escrow Account can be maintained in any of the following:

(i) Scheduled Bank: The acquirer can deposit the funds in a designated schedule bank in India.

(ii) Depository Participant: The funds can be deposited with a depository participant in the form of securities.

) Bank guarantee issued in favour of the manager to the open offer by any scheduled commercial bank; or

(ii) Trustee: The acquirer can appoint a trustee to hold funds in an escrow account.

(3) Deposit of frequently traded and freely transferable equity shares or other freely transferable securities.

Ans. to Ques. 4C2)(1) → PROVISION OF LAW :

- As per SEBI (Prohibition of Insider Trading) Regulations, 1992, SEBI has the power to initiate proceedings against any person regardless of their employment status at the time of investigation and impose fine or punishment if found guilty.

(2) ANALYSIS :

- David, a general manager was an insider of Suren Enterprises Ltd.
- As a result of discovery of David being involved in such activity, he was terminated by the company.
- SEBI took cognizance of the matter and initiated proceeds against David, however, David pleaded that since his services have been terminated at the company, SEBI could not initiate proceedings.

13) CONCLUSION :

- Applying the provision of law it is clear that the contention of David is incorrect.
- Thus, SEBI can :
 - (a) Institute proceedings against David;
 - (b) Punish him with
 - fine ; or
 - imprisonment.

Ans. to Ques. 5(C1)

→ If a company is found guilty, SEBI can :

- 1) Impose Penalties : SEBI can impose monetary penalties on the company its directors, and other responsible persons.
- 2) Prohibition on Dealing in Securities : SEBI can prohibit the company and directors from dealing in securities for a specified period.
- 3) Suspension or Cancellation : SEBI can suspend or cancel the listing of the company on stock exchanges.

- (4) Windup : ~~if~~ If SEBI finds it just and equitable, it can wind up the company.

Ans. to ques. 5C2)

→ The delisting requirements under SEBI (Delisting of Equity Shares) Regulations are :

- (a) Public Announcement : The company must make a public announcement of its intention to delist, specifying the reasons for delisting, the proposed method of delisting and timeline for delisting process.
- (b) Shareholder Approval : The delisting proposal must be approved by majority shareholders at a general meeting.
- (c) Fair value calculation : The company must appoint a valuer to estimate the fair value of its shares.
- (d) Purchase offer : The company must make a purchase offer to all shareholders at a price not less than the fair value of shares.

(e) ~~D~~ Acceptance Period: The ~~shareholders~~ must be provided sufficient time period to accept or reject the purchase offer.

An application for delisting shall be disposed of by the recognised stock exchange within a period not exceeding 30 working days from the date of receipt of such application that is complete in all respects.