
9TH GNLU MOOT COURT ON SECURITIES AND INVESTMENT LAW

12TH – 15TH FEBRUARY, 2026



MOOT PROPOSITION



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1. Capital Markets Regulatory Authority (“CMRA”), a statutory authority constituted under the Securities & Capital Markets Act, 1992 is the capital market regulator for the State of Avantika. CMRA is bestowed with the duty of protection of investors and for orderly development of the capital markets. Retail Investors Protection Council (“RIPC”), a registered association of retail investors, is a body which primarily looks after the common causes and matters which affect retail investors in the securities market. RIPC comprises of retail shareholders who apply and subscribe for share allotments through initial public offering and frequently participate in dealings of shares in the primary and secondary market of listed securities.
2. Flexi-Hub India Private Limited (“FlexiHub India”), a company incorporated under the Companies Act, 2013 is part of a global flexible-workspace business under the brand “FlexiSpace”, licensed from its foreign affiliate (FlexiSpace Global Inc.) under a 99-year Operations & Management Agreement (OMA) which grants the brand and know-how rights, on condition that the promoters maintain at least 51% control of the Indian entity and comply with ongoing “fit & proper” criteria under the OMA.
3. The promoters and majority stake holders of FlexiHub India are Ambassdor Group of Companies and its Promoters Viran Malvani and Mahaan Malvaani. FlexiHub India has its principal business of providing rented co-working spaces to companies and professional on a fixed consideration for a fixed period. FlexiHub India has establishments across various cities in India and has its registered office in the city of Mumbai, India.
4. On 31 January 2025, FlexiHub India filed its Draft Red Herring Prospectus (DRHP) with the CMRA for an Initial Public Offering (IPO). The offering is structured wholly as an Offer For Sale (OFS) i.e., existing shareholders will sell their shares, no fresh capital is being raised by the company.
5. The DRHP discloses that FlexiHub India has been operating at a loss for the last four years, has negative net worth of Rs 85 crore, and depends entirely on the OMA/licence with the foreign affiliate.
6. Following the DRHP filing, CMRA issued formal regulatory letters on 28 April 2025 to FlexiHub India directing it to give clear, **prominent** disclosures of **(i)** the risk of losing the brand licence if promoter control falls or if the “fit & proper” status lapses; **(ii)** ongoing criminal proceedings against certain promoters (including a chargesheet filed on 15 September 2024 alleging misappropriation of funds in a different group company); and **(iii)** the fact that the OFS structure means



that public investors will have no direct benefit (no fresh capital infusion) and the entire proceeds go to selling shareholders.

7. In response, FlexiHub India filed its Red Herring Prospectus (RHP) on 28 June 2025, which included an enhanced risk-factors section, and later submitted two addenda (dated 10 July 2025 and 5 August 2025) clarifying factual positions about the promoter proceedings, the brand licence and the OMA, and the absence of fresh capital.
8. On 1 August 2025, RIPC made a formal complaint to CMRA requesting that the IPO be stayed pending its substantive review and that a speaking order be issued on its complaint. The main allegations in the complaint are:
 - a. The RHP and addenda still do not adequately disclose the full scope of promoter criminal proceedings (for example, no disclosure about the likely timeline of resolution, potential licence termination clauses, or the financial impact if brand licence is lost);
 - b. They do not sufficiently emphasise that FlexiHub India's entire business viability hinges on the OMA/licence and promoter control, and that losing control or licence would lead to collapse of business model;
 - c. That approving an OFS-only IPO with a loss-making issuer and negative net worth violates the investor-protection mandate, since no fresh capital is raised to develop tangible assets or operations for the benefit of the company and public investors.
9. CMRA has neither issued a reasoned speaking order nor formally stayed the IPO; instead, it has allowed the approval process to continue and has suggested that market disclosures suffice.
10. FlexiHub India intends to open the IPO for subscription on 15 August 2025, with listing scheduled for early September 2025. The investor roadshows have already begun and the RHP is live on the CMRA website. However, 3 days before the issue, on 12 August 2025, RIPC files a Writ Petition before the Bombay High Court seeking various reliefs, *inter alia* further disclosure of relevant facts and stay on IPO till adjudication of the Writ Petition.



ISSUES FOR ADJUDICATION

1. Whether CMRA, by failing to issue a reasoned, **speaking order** on RIPC's complaint, has violated statutory duty under Section 11A of the Securities & Capital Markets Act, 1992 and constitutional obligations (equality before law under Article 14 of the Constitution of Avantika) by not providing transparent adjudication of investor concerns.
2. Whether FlexiHub India's RHP (including the addenda) constitutes **adequate and truthful disclosure** of all **material risks**, in compliance with the Framework for Rejection of Offer Documents, 2012 ("General Order") and the relevant Disclosure Regulations.
3. Whether the structure of the IPO — an OFS-only offering of a loss-making issuer with negative net worth, no fresh capital for the company and full benefit to selling shareholders is consistent with investor-protection obligations and whether regulatory intervention (e.g., rejection of offer document) is warranted.
4. Whether the ongoing criminal proceedings against key promoters, and the contingent risk of licence termination of the brand under the OMA, represent risks of such magnitude that they should have triggered either further regulatory scrutiny or additional disclosure obligations (such as continuous update obligations) beyond what has been provided.
5. Whether interim relief, including stay of the IPO pending final resolution of the issues, should be granted in favour of RIPC, considering the balance of convenience, investor interest and possible damage to public confidence in capital markets.



CITATIONS & RELEVANT LEGAL FRAMEWORK

- Securities & Capital Markets Act, 1992 – Sections 11A, 11B, 12 (regulatory powers).
- Framework for Rejection of Offer Documents, 2012 (“General Order”) – Paragraphs 1.2, 1.3, 1.5, 1.6 (grounds for rejection).
- Securities Issue & Disclosure Regulations (SIDR) 2009 (or applicable local equivalent) – Disclosure duties of issuer.
- Schedule II, Intermediaries Regulations 2008 – Fit & Proper criteria for intermediaries/promoters.
- Constitution of India – Article 14 (Equality before law), Article 19(1)(g) (Right to practise trade/business), Article 226 (Writ jurisdiction).

ADDITIONAL NOTES FOR TEAMS

- Teams may assume that the securities and constitutional laws of the State of Avantika are *pari materia* with Indian law, unless otherwise specified.
- Avoid assuming facts not present; any inference must be logically grounded in the proposition.
- Oralists should be prepared to argue using comparative jurisprudence, regulatory practices, and policy reasoning (e.g., retail investor protection, market integrity).
- The proposition allows for creative expansion (e.g., class-action risk, continuous disclosure obligations, cross-border brand licensing risk, promoter change of control).
- Use of case-law is encouraged; however, teams must ensure they do not introduce fictional precedents. Accuracy and citation matter.