

Q. 1(A)	Write the term, word or phrase.																				
1.	A speculator who expects the price of shares rise in the future – Bull																				
2.	A market which provide long term funds – Capital Market																				
3.	The shareholders who get dividend at a fixed rate – Preference Share holder																				
4.	Dividend decided and declared by the Board – Interim Dividend																				
5.	Maximum period of deposits – 36 months																				
Q. 1(B)	Complete the sentences.																				
1.	The oldest stock exchange in India is the Bombay Stock Exchange.																				
2.	When Trade bill is accepted by commercial banks, it is known as commercial bills.																				
3.	Dividend must be paid in cash.																				
4.	Deposit is a short term source of finance of the company.																				
5.	Interest does not depends upon profits of the company.																				
Q. 1(C)	Match the pairs.																				
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Q. 1(D)	State weather statement True or False.																				
1.	A Stock Exchange is a reliable barometer to measure the economic condition of a country. - True																				
2.	Treasury bills are issued by commercial banks - False																				
3.	Equity shareholders enjoy fixed rate of dividend - False																				
4.	Depositors are given voting rights - False																				
5.	All types of debentures are eligible for conversion into equity shares - False																				
Q. 2	Explain the following terms / concepts (Any 4)																				
1.	<p>A. Financing decision The business firm has access to capital market to fulfill it's financial needs. The firm has multiple choices of sources of financing. The firm can choose whether it wants to raise equity capital or debt capital. Firm can even opt for bank loan, public deposits, debentures etc. to raise funds. The finance manager ensures that the firm is well capitalised i.e. they have right amount of capital and that the firm has right combination of debt and equity.</p> <p>B. Broker. He is a member of a stock exchange who is licensed by stock exchange to buy or sell shares on his client's behalf. He is an agent between the investors and Jobber. His income is in the form of commission or brokerage.</p> <p>C. Money market. Money market is a market for lending and borrowing of funds for short term. It is a market wherein lending and borrowing of funds take place for a short period of time which varies from one day to a year. Also the financial instruments traded in this market can be converted into cash easily without any loss of time and value. It is an important part of the financial system that helps in fulfilling the short term and very short term requirements of the companies, banks, financial institutions, government agencies etc.</p> <p>D. Bonus Shares.</p>																				

	<p>Bonus shares are fully paid shares issued free of cost to the existing equity shareholders in proportion to their shareholdings. Usually financially sound companies issue Bonus Shares out of its accumulated distributable profits or reserves. Hence as the profits or reserves are capitalised, it is also called as 'Capitalisation of Profits or Reserves'.</p> <p>E. Unpaid Dividend. The dividend declared by company but has not been paid by it or claimed by a shareholder within 30 days of its declaration is termed as Unpaid and Unclaimed Dividend. Total amount of dividend which remains unpaid/unclaimed should be transferred to 'Unpaid Dividend Account' opened in a scheduled Bank by the company.</p> <p>F. Depository system. Under Depository System, securities are held in electronic form. The transfer and settlement of securities are done electronically. The Depository System maintains accounts of the shareholder, enables transfer, collects dividends, bonus shares, etc. on behalf of the shareholder. This system is also called as scripless trading system.</p>	
2.	Study the following case / situation and express your opinion. (Any 2)	6
3.	<p>Mr. Z holds 100 shares of Peculiar Co.Ltd. in physical mode and wishes to convert the same in electronic mode:</p> <p>a. Mr. Z holds a Saving Bank Account with CFDH Bank Ltd. Can he deposit his shares in this account for De-mat?</p> <p>b. What type of account is needed for the same?</p> <p>c. Is it the RBI which will be the custodian of shares of Mr. Z after de-mating?</p>	
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4.	<p>Eva Ltd. Company's capital structure is made up of 1,00,000 Equity shares having face value of Rs 10 each. The company has offered to the public 40,000 Equity shares and out of this, the public has subscribed for 30,000 Equity shares. State the following in Rs.</p> <p>a) Authorised capital</p> <p>b) Subscribed capital</p> <p>c) Issued capital</p>	
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5.	<p>DIAMOND Co. Ltd. Is considering to declare Interim Dividend.</p> <p>a. In how many days of declaration it should transfer the funds to Dividend Account?</p> <p>b. In how many days it must pay it to shareholders?</p> <p>c. In how many days of declaration it must transfer the funds to the Unpaid Dividend A/c?</p>	
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Q. 4	Distinguish between the following. (Any 3)	12															
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		the prospectus and investors have to buy shares at that price only.	process. The investors are given a price band and are asked to bid at a price within the band. This way company arrives at a price at which it will sell its shares.	
	2. Price of Shares	The exact price of shares is known in advance and it is mentioned in the prospectus.	The price of shares is not known in advance. Only the minimum price and maximum price at which the company is willing to sell the shares is known in advance.	
	3. Prospectus	Company has to issue a prospectus and it contains the details of price at which shares are offered and the total number of shares offered by the company.	Company issues a Red Herring Prospectus. It contains only the price band and the total size of issue	
	6. When Used	It can be used for any issue i.e. Public Issue, Rights Issues, ESOS, etc.	It is usually used in Public issues i.e. IPO and FPO.	
Q. 5	Answer in Brief. (Any Two)			8
(A)	<p>1. State the provision for Rights Issue.</p> <p>Company making Rights Issue has to fulfill the following provisions.</p> <ol style="list-style-type: none"> Rights shares are sold to the existing shareholders at a price which is lesser than its market price. A company has to send 'Letter of offer' to the existing shareholders at the time of issuing Rights shares. The letter of offer shall mention : <ol style="list-style-type: none"> the number of shares offered the period of offer i.e. offer is valid for a period not less than fifteen days and not exceeding thirty days from the date of offer. the right to renounce i.e. the shareholders have a right to give up their shares in favour of any other person. The letter of offer can be sent by registered post, speed post, courier or through electronic mode. If a shareholder does not respond to the Rights Issue offer within the stipulated time, it is implied that he is not interested in the offer and the company can offer the unsold shares to new investors. 			
	<p>2. What is public deposit?</p> <ol style="list-style-type: none"> Public Deposit are an important source of financing short term requirements of a company. Under this method, the general public is invited to deposit their savings with the company for a varied period. Interest is paid by the companies on such deposits. The rate of interest is higher than those allowed by commercial banks. The company issues 'Deposit Receipts' to the Depositor. The term deposit is mentioned in the Deposit Receipt. Deposits are unsecured loans offered to the company. It is considered risky investment but investors can earn a high return on public deposits. Deposits are either secured or unsecured loans offered by the company. 			
Q. 5 (B)	<p>State the function of SEBI.</p> <p>The various functions of SEBI are -</p> <ol style="list-style-type: none"> To protect the interest of investors in securities market. To promote the development of securities markets. To regulate the business in stock exchanges and any other securities market. To register and regulate the working of stock brokers, sub-brokers, share transfer gents, bankers to an issue, trustee of trust deeds, registrars to an issue, merchants bankers, underwriters, and such other intermediaries who may be associated with securities market. 			

5. To register and regulate the working of the Depositories, Depository Participants, Custodians of securities, foreign institutional investors, credit rating agencies.
6. To register and regulate the working of venture capital funds and collective investment schemes including mutual funds.
7. To promote and regulate self-regulatory organizations.
8. To prohibit fraudulent and unfair trade practice relating to securities markets.
9. To promote investors' education and training of intermediaries of securities market.
10. To prohibit insider trading in securities.

Q. 6	Justify the following statements. (Any Two)	8
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|-----------|--|--|
| 1. | Financial markets acts as link between investors and borrower. <ol style="list-style-type: none"> 1. It is the market for borrowing and lending long term capital required by business enterprises. The financial assets dealt with in the capital market have long or indefinite maturity period. 2. The capital market is a core of a country's financial system as it helps in mobilisation of resources. 3. The capital market links investors with the borrowers of funds. 4. It routes money from savers to entrepreneurial borrowers. | |
| 2. | Dividend is paid out of profits of the company. <ol style="list-style-type: none"> 1. Shareholders invest in the company's share with the aim of earning returns out of the profits of the company. 2. The shareholders get dividends as a return on their investment. 3. The shareholder being the owner of the company is entitled to a share in the company's profit. 4. A dividend is a share of the distributable profits of the company. 5. Hence, Dividend is paid out of profits of the company. | |
| 3. | Interest is a liability / obligation of the company. <ol style="list-style-type: none"> 1. Interest is the price paid for the productive services rendered by Capital. 2. It is directly related to risk. The higher the risk, the higher the interest. 3. The rate of interest is determined by various factors like money supply, fiscal policy, the volume of borrowings, the rate of inflation, etc. 4. Even if the company makes no profit, interest should be paid. 5. It is payable at a fixed and generally pre-determined rate. | |
| 4. | Electronic holding of securities is safer than physical holding. <ol style="list-style-type: none"> 1. Under the depository system, securities are held in electronic form. 2. Physical certificate can be lost, damaged, torn, stolen, misplaced during transit, etc. 3. Delivering certificates that are torn, fake, etc. creates problems in buying and selling of securities. 4. Under depository system, securities are held in electronic form. 5. The transfer and settlement of securities are done electronically. It leads to the elimination of storage and handling of certificates. 6. So, all risks associated with physical holding are eliminated by electronic holding of securities. | |

Q. 7	Letter writing. (Any Two)	10
1.	Payment of Dissvidend through Dividend Warrant.	

ANMOL STEEL INDUSTRIES LIMITED

Registered Office : 30, Anmol Niwas, J. M. Road, Nariman Point,
Mumbai - 400 020.

CTN : L30408 MH 2003 PLC110845

Phone : 022-97675877

Website : www.anmolindustrieslimited.com

Fax : 022-30010331

E-mail : anmol5@gmail.com

Ref. No. A/MR-D/7/19-20

Date : 7th May, 2019

Mrs. Jyoti Surti
12, Laxmi Niwas,
Anrapali Marg, Bandra,
Mumbai - 400 050.

Sub. : Payment of Dividend on Equity Shares (Equity Shares of ₹ 10 each at par)

Dear Madam,

I am instructed by the Board of Directors to convey to you that in the 31st Annual General Meeting held on 20th April, 2019, Final Dividend @ ₹ 2.5 per equity share of ₹ 10/- each has been approved by the members for the year ending 31st March, 2019.

Your company has complied with all the statutory provisions (Sec. 123 of the Companies Act, 2013) relating to declaration of dividend.

Details of dividend payable to you are as follows :

1	2	3		4	5	6	7
Register Folio No.	No. of Shares held	Distinctive Nos.		Dividend Warrant No.	Gross Dividend	Income Tax Deducted (TDS)	Net Dividend
		From	To				
A-30	100	301	400	B-9931	₹ 250/-	NIL	₹ 250/-

The 'Dividend Warrant' is attached herewith. Please detach the 'Dividend Warrant' along the perforated line.

Thanking you,

Yours faithfully,
For Anmol Steel Industries Limited.

Sign
Secretary

Encl. : Dividend Warrant

2. Letter for issue of Share Certificate.**COMFORT MOTORS LTD.**

Registered Office : A/30, Aurora Towers, M. G. Road, Camp,
Pune 411 012.

CIN : U12111 MH 2000 PCL300477

Phone : 020-80032844

Fax : 020-50063015

Ref. No. C/MR-SC/30/19-20

Website : www.comfortmotorsltd.com

E-mail : comfort31@gmail.com

Date : 12th November, 2019

Mr. Jayant Modi
Abhiman Apartment
30, L. B. Road,
Pune - 411 001.

Sub. : Issue of Share Certificate

Dear Sir,

This is to inform you that as per your Request Application No. 50, I am hereby authorised to issue you a Share Certificate. The said Share Certificate will be delivered to you within 15 days from the date of this letter by registered post to your registered address as mentioned in the Register of Members.

Details of issue of Share Certificate are as follows :

1	2	3		4
Folio No.	Share Certificate Numbers	Distinctive Numbers		Total Number of Shares
		From	To	
1006	9630	301	400	100

It shall always be our endeavour to provide best of our services to you at all time.

Thanking you,

Yours faithfully,
For Comfort Motors Ltd.

Sign
Mr. Anand Swami
Company Secretary

3.	Payment of Interest through Interest warrant.
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ROLTA INDIA LIMITED

Registered Office : Rolta Tower, 'B' wing, Rolta Technology park,
MIDC, Andheri (W), Mumbai - 400 053.

CIN : L74999 MH 1989 PLC052384

Phone : 022-26205555

Fax : 022-10206431

Ref. R/DH/07/19-20

Mrs. Diya Saluja

Aditi Appartment, M.G. Road,

Mira Road (E), Mumbai - 401 107.

Website : www.roltalimited.com

E-mail : rolta31@gmail.com

Date : 10th June, 2019

Sub. : Payment of interest on debentures.

Dear Madam,

I am directed to inform you that, the Board of Directors has passed a resolution in the Board meeting held on 05th June, 2019 regarding payment of interest on your 100, 10% Non-convertible debentures of ₹ 100/- each.

The details of payment of interest payable to you are as follows :

1	2	3		4	5	6	7
Folio No.	No. of Debentures	Distinctive Numbers		Gross Amt. of Interest	T. D. S. (10% On Interest)	Net Amt. of Interest (₹)	Interest Warrant No.
		From	To				
C - 240	100	601	700	₹ 1,000	NIL	₹ 1,000	IW 9646

The Interest warrant is enclosed herewith. Please detach the Interest Warrant along the perforated line.

Thanking you,

Yours faithfully,
For Rolta India Limited.

Sign.

(Mrs. Simran Unecha)

Company Secretary

Encl :- Interest Warrant

Q. 8	Answer the following questions (Any One)
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1.	Discuss the factors determining working capital requirement.
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1. Nature of business:

Firms engaged in manufacturing essential products of daily consumption would need relatively less working capital as there would be constant and sufficient cash inflow in the firm to take care of liabilities. Likewise public utility concerns have to maintain small working capital because of continuous flow of cash from their customers. On the contrary, if the business is dealing in luxurious products, it requires huge amount of working capital, as sale of luxurious items are not frequent.

Trading/merchandising firms which are concerned with distribution of goods have to carry big inventories of goods to meet customer's demand and have to extend credit facilities to attract customers. Hence they need large amount of working capital.

2. Size of business :

	<p>The size of business also affects the requirement of working capital. A firm with large scale operations will require more working capital.</p> <p>3. Volume of sales : This is the most important factor affecting size of working capital. The volume of sales and size of working capital are directly related with each other. If volume of sales increases, there is an increase in the amount of working capital and vice a versa.</p> <p>4. Production cycle : The process of converting raw material into finished goods is called production cycle. If the period of production cycle is longer, then firm needs more amount of working capital. If manufacturing cycle is short, it requires less working capital.</p> <p>5. Business cycle : When there is a boom in the economy, sales will increase. This will lead to increase in investment in stocks. This requires additional working capital. During recession, sales will decline and hence the need of working capital will also decline.</p> <p>6. Terms of purchases and sales : If the firm does not get credit facility for purchases but adopts liberal credit policy for its sales, then it requires more working capital. On the other hand if credit terms of purchases are favourable and terms of credits sales are less liberal, then requirement of cash will be less. Thus working capital requirement will be reduced.</p> <p>7. Credit control : Credit control includes the factors such as volume of credit sales, the terms of credit sales, the collection policy, etc. If credit control policy is sound, it is possible for the company to improve it's cash flow. If credit policy is liberal, it creates a problem of collection of funds. It can increase possibility of bad debts. Therefore a firm requires more working capital. The firm making cash sales requires less working capital.</p> <p>8. Growth and Expansion : The working capital requirement of a firm will increase with growth of a firm. A growing company needs funds continuously to support large scale operations.</p> <p>9. Management ability : The requirement of working capital is reduced if there is proper co-ordination between production and distribution of goods. A firm stocking on heavy inventory calls for higher level for working capital.</p> <p>10. External factors : If financial institutions and banks provide funds to the firm as and when required, the need for working capital is reduced.</p>	
<p>2.</p>	<p>What are preference shares? State it's features.</p> <p>The shares which carry following preferential rights are termed as preference shares :</p> <ol style="list-style-type: none"> A preferential right as to payment of dividend during the life time of company. A preferential right as to the return of capital in the event of winding up of company. <p>The holder of preference share have a prior right to receive fixed rate of dividend before any dividend is paid to equity shares. The rate of dividend is prescribed at the time of issue. The preference shareholders are co-owners of the company but not controllers. These shares are purchased by cautious investors who are interested in safety of investment and who want steady returns on investments.</p> <p>Features of Preference Shares :</p> <ol style="list-style-type: none"> Preference for dividend : Preference shares have the first charge on the distributable amount of annual net profit. The dividend is payable to preference shareholders before it is paid to equity shareholders. Preference for repayment of capital : Preference shareholders have a preference over equity shareholders in respect of return of capital when the company is liquidated. It saves preference shareholders from capital losses. Fixed Return : These shares carry dividend at fixed rate. The rate of dividend is pre-determined at the time of issue. It may be in the form of fixed sum or may be calculated at fixed rate. The preference shareholders are entitled to dividend which can be paid only out of profits. If the 	

directors, in financial crisis, decide not to pay dividend, the reference shareholders have no claim for dividend.

4. **Nature of Capital :** Preference shares do not provide permanent share capital. They are redeemed after certain period of time. A company can not issue irredeemable preference shares. Preference capital is generally raised at a later stage, when the company gets established. These shares are issued to satisfy the need for additional capital of the company. Preference share capital is safe capital as the rate of dividend and market value does not fluctuate.
5. **Market Value :** The market value of preference share does not change as the rate of dividend payable to them is fixed. The capital appreciation is considered to be low as compared with equity shares.
6. **Voting rights :** The preference shares do not have normal voting rights. They do not enjoy right of control on the affairs of the company. They have voting rights on any resolution of the company directly affecting their rights e.g. : Change in terms of repayment of capital, dividend payable to them are in arrears for last two consecutive years, etc.
7. **Risk :** The investors who are cautious, generally purchase preference shares. Safety of capital and steady return on investment are advantages attached with preference shares. These shares are boon for shareholders during depression period when interest rate is continuously falling.
8. **Face Value :** Face value of preference shares is relatively higher than equity shares. They are normally issued at a face value of Rs. 100/-.
9. **Rights or Bonus Issue :** Preference shareholders are not entitled for Rights or Bonus issues.
10. **Nature of Investor :** Preference shares attract moderate type of investors. Investors who are conservative, cautious, interested in safety of capital and who want steady return on investment generally purchase preference shares.

3.