

Roll No.....

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 6

Total number of printed pages : 3

NOTE : Answer **ALL** Questions.

1. Fifteen weeks ago, Quick Ltd. listed 200 lakh equity shares of ₹10 each on Bombay Stock Exchange which is regulated by SEBI. The stock prices are stable in the range of ₹66 to ₹85 per share. Soon after listing, it was in need of additional funds for a new project which was not envisaged at the time of IPO and it was advised that the quickest way to raise funds at a short notice is the preferential issue route. Accordingly, the shareholders passed a resolution on 30th January, 2014 to allot 30 lakh equity shares at a price of ₹66 each to the following investors :

	<i>No. of Shares</i>
Michael Jackson	5 lakh
New York Investment LLP (<i>FII</i>)	10 lakh
India Asset Management Co. Ltd. (<i>Indian MF</i>)	10 lakh
Rohan-Sohan Works Ltd.	2 lakh
In & Out Share Trading Ltd.	3 lakh

All the above preferential allottees were also investors (non-promoter category) in the IPO when the shares were issued at a price of ₹90. Two of them, *i.e.* In & Out Share Trading Ltd. and Michael Jackson partly sold their holdings while the India Asset Management Co. Ltd. has sold off its entire holding. The average of the weekly high and low prices for the fifteen weeks prior to the relevant date is ₹76 while that of two weeks preceding the relevant date is ₹70. The company has filed its listing application with the stock exchange and it was rejected for non-compliance of the SEBI guidelines. The company filed an appeal and won the case with some additional conditionalities.

On hearing the verdict, the stock price further went-up and the average of weekly high and low for twenty-six weeks from the date of listing touched a high of ₹110.

In light of the above, answer the following questions :

- (a) What are the breaches observed in the preferential offer for which the stock exchange has rejected the listing application ?
(20 marks)
- (b) What is meant by 'relevant date' ? What is the relevant date for Quick Ltd.'s preferential issue resolution ?
(5 marks)
- (c) What is the appellate body for appeal against the decision of a stock exchange ? Whether a professional Company Secretary can represent the case before such body ? Cite with relevant provisions of Acts/Regulations/Guidelines.
(8 marks)
- (d) What are the provisions/conditionalities governing the shareholding of the allottees pre and post allotment of preferential issue which are relevant for Quick Ltd. ?
(10 marks)
- (e) Out of three allottees who have sold their pre-preferential allotment, who are eligible and who are not eligible to receive the preferential offer as per the preferential issue guidelines ? What is the final price to be paid by all the preferential allottees ?
(7 marks)
2. (a) Discuss the effect of changes in market interest rates on swap values with appropriate examples.
(10 marks)
- (b) Evaluate the role of commodity exchanges for hedging and speculation with the help of appropriate examples.
(10 marks)
- (c) "Bills discounting may be identified as an important instrument for business development." Comment on this statement and also elaborate its procedure.
(10 marks)

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3. What are alternate investment funds ? What are the investment conditions imposed by regulations ?
(5 marks)
4. Each player in the commodity market fulfills an economic activity. Justify.
(5 marks)
5. What is the role of a Company Secretary in capital market ? Specify the areas for his/her services.
(5 marks)
6. During the post-liberalisation process of the economy, significant reform measures have resulted the investors' grievances in many fold. How would you help them in the redressal of their grievances ?
(5 marks)

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