

Roll No.....

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 6

Total number of printed pages : 6

**NOTE :** Answer **ALL** Questions.

1. (a) Fenner Belts Ltd. is a listed company. In spite of having excellent financial performance the stock performance in Stock Market was lackluster. It was also noted that retail participation in stock market is quite low.

Shareholding pattern of the Company as on 31st December, 2018 is given below :

Sr. No.	Particulars	No. of Holders	No. of Shares
1	Promoters and Promoters Group	10	75,00,000
2	Foreign Institutional Investors	4	12,00,000
3	Public Financial Institutions	6	8,00,000
4	Bodies Corporates	10	3,00,000
5	Resident Individuals	1,240	2,00,000
	Total	1,270	1,00,00,000

The Company earlier allotted warrants to the Promoters. These warrants were converted into 10,00,000 equity shares of ₹ 10 each at a premium of ₹ 90 each. The prevailing price of equity share in the Stock Market is ₹ 65.

In the light of above answer the following :

- (i) What is the percentage of holding of each kind of shareholders before and after allotment of shares against warrants ?

(3 marks)

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- (ii) What percentage of holding is required to be maintained by promoters to comply with the continuous listing requirement ? How much of the promoters holding is required to be diluted to adhere to the legal provisions ?

(3 marks)

- (iii) Name *four* options available to the Company/promoters for increasing the public holding so as to meet the provisions of continuous listing.

Also explain in detail with Quantity, Percentage, Ratio and Methodology to be adopted for this purpose.

(6 marks for each option = 24 marks)

- (b) Supreme Fans Limited came out with an IPO of 100 lakh equity shares at ₹ 100 each including a premium of ₹ 90 per share. The allotment was made on 30-11-2018. These stocks were listed in NSE and BSE on 02-12-2018.

After sometime it was noted that additional funds are required for a new project to supplement the existing project which was not envisaged earlier. It was advised that Preferential Issue route is the quickest way to raise funds.

After Listing the share price hovered between ₹ 85 and ₹ 95. Accordingly a resolution was passed by the shareholders on 28-02-2019 to offer and allot 75 lakh shares at a price of ₹ 90 each subject to various provisions of the law to the following persons/entities :

Persons/Entities	Lakh Shares
1. Ram Kumar Lohia	12.50
2. Liberty Private Ltd.	25.00
3. LDF Asset Management Company (Mutual Fund Registered with SEBI)	25.00
4. Dolly Khanna	5.00
5. Prem Jhunjunwala	7.50
Total	75.00

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All the above investors also made investment in the Non-promoter category in the IPO when the shares were allotted at ₹ 100.

Out of the above Ram Kumar Lohia, and Prem Jhunjhunwala partly sold their shares while LDF Asset Management Company sold its entire shareholding during the month of January 2019.

The company made an application with Stock Exchanges which was rejected for Non-Compliance of SEBI Guidelines.

On hearing the verdict the stock price went up and average of weekly high and low for 26 weeks from the date of listing went up to ₹ 140.

In the light of above answer the following :

(i) What are the breaches observed in the preferential offer for which the Stock Exchange rejected the listing application ?

(10 marks)

(ii) What is the meaning of relevant date pertaining to Preferential Issue ? What is the relevant date in present case for preferential issue resolution ?

(5 marks)

(iii) What shall be final price for allottees of preferential issue of shares ? Explain with reasons.

(5 marks)

2. (a) (i) What do you understand by term Book Building and what are the additional disclosures to be made in case of Book Building ?

(5 marks)

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- (ii) A company came out with an issue of 1000 shares at Price Band of ₹ 300-360. The minimum lot size is 50. The company received the following bids :

Bid	Number of Shares	Bid Price Per Share (₹)
1	250	360
2	250	355
3	100	350
4	450	360
5	150	330
6	250	320
7	150	300

From the above :

- (A) Decide how the allotment shall be made to each applicant under Book Building Process if the final issue price is ₹ 300.
- (B) What is amount to be charged from the applicant of Bid 1 and 3 ?  
(5 marks)
- (b) (i) What do you mean by Bill Discounting and how it is different from Repurchase Agreement ?  
(3 marks)
- (ii) When an Investor and a Company agree for a particular discounting transaction then what documents are exchanged among them ?  
(2 marks)

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(iii) Determine the Quarterly Return in absolute terms of an investor who has agreed to discount a Bill of ₹ 2 crore at a discount rate of 21% per annum for 3 months.

(3 marks)

(iv) Suppose in above case if company defaults after 3 months then what options are available with investor.

(2 marks)

(c) XYZ Mutual Fund launched a Close-Ended Scheme 'Dhan Surakasha' by issuing 10 crore unit of ₹ 10 each with a maturity period of 3 years.

The fund initially invested 75% of its corpus in Debt Securities and balance in Equities. However depending upon the market conditions shifting between Debt Securities and Equities were allowed.

During the duration of Fund, While Debt portion (75% of initial corpus) yielded a return of 30%, the Equity portion realised a yield of 40% during the same period. During the tenure of Fund, a sum of ₹ 2 crore has been spent on various related expenses such as commission, administration fees etc. and a sum of ₹ 50 lakh was still outstanding at the time of redemption of the Scheme.

In light of above information answer the following questions :

(i) What is the Net Asset Value (NAV) per unit of the Scheme ?

(5 marks)

(ii) What will be Annual Yield of an Investor who has subscribed 1000 units at the time of launching of Scheme ?

(3 marks)

(iii) In which Category of Scheme of Mutual Fund you will classify 'Dhan Suraksha Scheme' and why ?

(2 marks)

3. ZCRA, a Credit Rating Agency which were granted certificate from SEBI is interested in carrying out Bill Discounting business.

(a) Can it do so, state the relevant provisions in this regard.

(b) Further can it give rating to Securitised Instruments. Explain.

(5 marks)

4. What do you mean by 'Whistle Blower Mechanism' ? Is it mandatory or voluntary for a listed company to establish ?

(5 marks)

5. Explain the term 'Hostile Takeover' and how it operates.

(5 marks)

6. "If the underlying Assets and Future Contracts are held till maturity, the hedger bears no risk". Discuss.

(5 marks)

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