

Q1

- 1) The process of converting raw material into finished goods is called
- 2) Share issued free of cost to existing equity share holders is called Bonus shares
- 3) Premature repayment of deposits can be done by a company but not before.
- 4) Payment of dividend must be completed within 30 days
- 5) Fund borrowed and lent in money market are for short term.

B

- 1) Preference shareholders → Cautious Investors
- 2) Debentures → Interest.
- 3) Depository → Custodian of securities in electronic form.
- 4) Interim Dividend → Decided and Declared by the Board of Director
- 5) SEBI → Protect interest of investors

c)

1)

→ Odd word — Debenture capital

2)

→ Odd word — Demand letter credit rating

3)

→ odd word — Demand

4)

→ Odd word — Statutory meeting

5)

→ Odd word — Insurance companies

d)

1) Equity shareholders get dividend at fixed rate

→ False

2) floor price is the highest bid price under Book Building method

→ False

3) Deposit Receipt is issued within 21 days of receipt of Deposits

→ True

4) The Debenture holders of the company are paid interest every year

→

- 5) Financial Market contributes towards the nation's economic growth and development

→ ~~False~~ True

Q3

6) Financial Market

The market where financial assets i.e. financial instruments are sold and purchase is called as financial market. Financial market helps in mobilisation of market.

eg. shares, bonus, Debentures etc are the financial Instruments

3) Debenture holders

Debenture holders are creditors of the company. They received Interest as return on Investment. They have less risk as they get back their capital prior to shareholders in case of winding up of the company.

Q3

3)

a) Can it be paid out of free reserve

→ No, it can not paid it out of free reserve

b) Is the Board right in declaring the same at the Board meeting

→ Yes the Board right in declaring the same at the Board meeting

c) Can the company distribute the same within 30 days of its declaration

→ Yes, the company distributes the same within 30 days of its declaration.

2)

a) Can the company accept deposits in joint names?

→ Yes company can accept deposits in joint names.

b) Can company accept deposits from its members?

→ Yes company can accept deposits from its members.

c) Can company issue secured Deposits?

→ Yes company can issue secured Deposits.

04

1) Dematerialisation and Rematerialization

Dematerialization

Rematerialization

Meaning

1) Process of converting physical certificate of securities into electronic form.

It is process of converting electronic securities into physical form.

Conversion

2) The paper form of security is converted into electronically securities.

The electronically records are converted into physical securities.

Sequence

- | | |
|---|--|
| 3) This is initial process. It is primary function of Depository. | This is reverse process. It is secondary function of Depository. |
|---|--|

Difficulty

- | | |
|--|--|
| 4) Demat is an easy process also it is not a time consuming process. | Remat is not only a time consuming but also a complex process. |
|--|--|

2) Money market capital market

Money market

capital market

meaning

- | | |
|--|--|
| 1) Money market is the market of lending & Borrowing of short term loan. | (capital) market is market of lending & Borrowing of long term loan. |
|--|--|

maturity period

- | | |
|---|--|
| 2) In money market there is short maturity period i.e. one or less than one year. | In capital market there is long maturity period i.e. more than a year. |
|---|--|

Risk bearing.

3) In money market there is low risk because of short maturity period.

In capital market there is more risk because of long maturity period.

Return on Investment

4) Return on Investment in money market is less as they are highly liquid and safe.

Return on Investment in capital market is high as compare to money market it is more risky.

Q5

1)

→

Accepting deposits from the public or from its own members is one of the sources of raising fund from a company. Deposits are short term loan taken by a company. We can accept Deposits from members as well as from public. In case of member accept by Private, public and eligible company and In case of public we can accept Deposits by eligible public company and the government company. There are some terms and condition to accept Deposits.

2) E

→

Employee stock exchange scheme is ESOS. Under this scheme, permanent employees, Directors or officers of the company or its Holding company

or subsidiary company are offered the benefit or right to purchase the equity shares of the company at a future date at a pre determined price.

This scheme is under the Act 200, sect 2(15-A) ESOS encourage employees as they feel proud to be owners of the company.

Q6.

1)

→ 1) equity share bears maximum risk in the company. They are Discribe as 'shock absorbers' when company has financial crisis.

2) If the Income of company falls, the rate of dividend also comes down due to this, market value of equity shares come down resulting into capital ~~loss~~ loss.

3) Thus equity shareholders are main risk taker.

4) This is because of fluctuating rate of Dividend and No guarantee of refund of capital.

2)

→ 1) Capital market is a market of lending and Borrowing of the long term loan.

2) There is very high risk as compare to the money market because of long term maturity period.

3) The maturity period of capital market is more than one year.

4) As per SEBI, capital market is a market for long term debt and equity share.

5) Thus the capital market is useful for corporate sector.

c)

Q7

1)

Yash Industries limited.

Reg off: 102 New MIDC, Vashi town.

Mumbai - 400 031.

CIN: L40407 MH2050 PLC71004.

Phone : 020 14325678

web : www.yashindlimt.com

Fax : 020 2254307

E-mail : yash30@gmail.com

Ref No: Y/AS-F/5/19.

Date : 16th Oct 19.

Sub: Issue of Bonus shares.

Dear Madam,

I am directed by the Board of Directors to inform you that in accordance with the resolution passed in the extra-ordinary general meeting of the company held on 14th Oct 2019, shareholders have unanimously approved the recommendation of the Board of Directors to the issue of Bonus shares. The Detail of issue of Bonus shares are as follow.

1	2	3	4	5
No. of share held on record	No. of Bonus Share allotted	DPID No. credited to	Clint No. D-Account	Date of credit Alc.
25	25	IN300100	1011601	31-10-19.

The company has complied with the provision for the issue of Bonus shares.

Thanking you,

Yours faithfully,
For Yash Industry Int

Sign
(Mr. S.R. Naik)
Com. secretary.

3)

ROLTA INDIA LIMITED

Reg off: Rolta tower 'B' wing,
MIDC, Andheri (W), Mumbai-400053
CIN: L74999 MH1989 PLC052384

Phone: 022-26455542	web: www.rollimited.com
Fax: 022-1024532	E-mail: rolta31@gmail.com
Ref: R/DH/07/14-20	Date: 10 th June, 2019.

Mr. Divyer Singh
Aditi Apartment
Mira Road Mumbai-401107.

Sub: Payment of Interest on Debenture.

Dear Madam,

I am Directed to inform you that, the Board of Director has passed a resolution in the Board meeting held on 5th June 19 regarding payment of interest on your 100, 10% Non-convertible Debentures of Rs 100/- each.

The Details of the payments

1	2	3	4	5	6	7
Folio NO.	No. of Debent	Distinctive NO. from	Gross T.D. Amt	Net Amt	Interest	Waterfall
C-240	100	601 700	1000	NIL	1000	TW9646

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The interest warrant is enclosed herewith.

Thanking You,

Yr

Yours faithfully
For Raltee India Limited.

Sign.

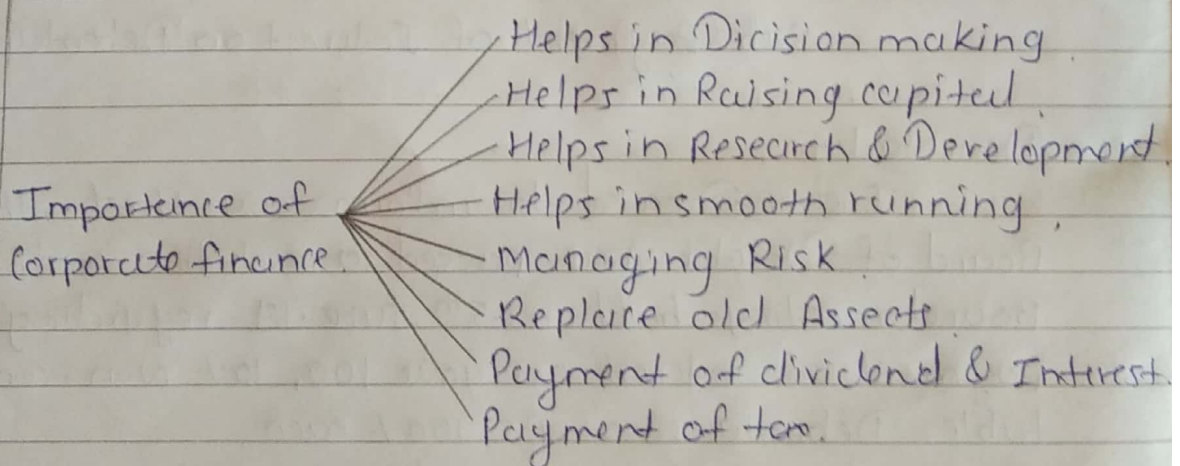
(Mrs Simran Vnecha)
comp. secretary.

Encl: Interest warrant.

Q8.

1)

→ Importance of corporate finance are following.



1) Helps in Decision making.

Most of the important Decision of the business enterprise are determined on the basis of availability of funds. It is difficult to perform any function of business enterprise

Independently without finance.

2) Helps in Raising capital

Whenever a business firm wants to start a new venture, it needs to raise capital. Business firm can raise fund by issuing shares, Debenture, Bonds or even by taking loan.

3) Help to smooth running

A smooth flow of corporate finance is needed so that the salaries of employees are paid on time, loans are cleared on time, raw material is purchased whenever required, sales promotion of existing products is carried out smoothly.

4) Managing Risk

Company has to manage several risks, such as sudden fall in sales, loss due to natural calamity, loss due to strikes etc.

5) Replace old asset

Asset such as plant & machinery become old and outdated over the years. They have to be replaced by new assets.

6) Payment of Dividend and Interest

Finance is needed to pay dividend to shareholders interest to creditors, banks etc.

7) Payment of taxes

Company has to pay taxes to the

Government such as Income Tax, goods and services tax (GST) and fees to register of companies on various occasions finance is needed for paying these taxes & fees.