



# INDIAN SCHOOL AL WADI AL KABIR

|                     |                                      |
|---------------------|--------------------------------------|
| <b>Class: XII</b>   | <b>Department: Commerce</b>          |
| <b>Subject: BST</b> | <b>Chapter: 10 Financial Markets</b> |
| <b>Worksheet: 1</b> | <b>Case-based Questions</b>          |

| Q. No. |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|--------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1      | <p>Abraham Ltd. a reputed automobile manufacturer needs Rupees ten crores as additional capital to expand its business. Atul Jalan, the CEO of the company wanted to raise funds through equity. On the other hand, the Finance Manager, Nimi Sahdev said that the public issue may be expensive on account of various mandatory and non-mandatory expenses. Therefore, it was decided to allot the securities to institutional investors. Name the method through which the company decided to raise additional capital.</p>                                                                                                                                                                                                                                                                                                                                                       |
| 2.     | <p>These days, the development of a country is also judged by its system of transferring finance from the sector where it is in surplus to the sector where it is needed the most. To give strength to the economy, SEBI is undertaking measures to develop the capital market. In addition to this, there is another market in which unsecured and short-term debt instruments are actively traded every day. These markets together help the savers and investors in directing the available funds into their most productive investment opportunity.</p> <ol style="list-style-type: none"><li>1. Name the function being performed by the market in the above case.</li><li>2. Name the market segment other than the capital market segment in which unsecured and short-term debt instrument are traded. Also, give any three points of difference between the two.</li></ol> |
| 3.     | <p>ABC Ltd. issued prospectus for the subscription of its shares for Rs. 500 crores in 2008. The issue was oversubscribed by 20 times. The company issued shares to all the applicants on pro-rata basis. Later SEBI inspected the prospectus and found some misleading statement about the management of the company in it. SEBI imposed a penalty of Rs. 5 crores and banned its three executive directors for dealing in securities market for three years. Identify the function and its type performed by SEBI in the above case.</p>                                                                                                                                                                                                                                                                                                                                          |
| 4.     | <p>“Unicon Securities Pvt. Ltd” was established to deal in securities. It was registered as a stock broker with National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) to trade in securities listed at these exchanges. It is also a depository participant with CDSL and NSDL. In the</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

|    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|    | <p>first three years, it developed its business successfully. After that the composition of Board of Directors changed. Some customers complained to the customer care centre of the company that shares purchased by them and for which the payment has been duly made, were not transferred to their D'mat Accounts by "Unicon securities Pvt. Ltd". The executive of customer care centre promised the aggrieved customers that their shares will be transferred to their respective D'mat Accounts very soon. But the company delayed the matter and didn't transfer the shares of the customers to their D'mat Accounts. This eroded investors' confidence and multiplied, their grievances.</p> <ol style="list-style-type: none"> <li>1. Identify the step of trading procedure in a stock exchange which has not been followed by "Unicon Securities Pvt. Ltd".</li> <li>2. Name the Apex statutory body of capital market to whom customer can complain to redress their grievances.</li> <li>3. Write two values not followed by Unicon Security Pvt. Ltd</li> </ol> |
| 5. | <p>Reshu's father has gifted her the shares of a large cement company with which he had been working. The securities were in physical form. She already has a bank account and does not possess any other forms of securities.</p> <p>She wished to sell the shares and approached a registered broker for the purpose. Mention one mandatory detail which she will have to provide with the broker</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| 6. | <p>Supriya's grandmother who, was unwell, called her and gave her a gift packet. Supriya opened the packet and saw many crumpled share certificates inside. Her grandmother told her that they had been left behind by her late grandfather.</p> <p>As no trading is now done in physical form, Supriya wants to know the process by adopting which she is in a position to deal with these certificates.</p> <ol style="list-style-type: none"> <li>1. Identify and state the process.</li> <li>2. Also, give two reasons to Supriya why dealing with shares in physical form has been stopped</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 7. | <p>Sika Ltd., a reputed industrial machines manufacturer, needs Rupees twenty crores as additional capital to expand the business. Mr. Amit Joshi, the Chief Executive Officer (CEO) of the company wants to raise funds through equity. The Finance Manager, Mr. Narinder Singh, suggested that the shares may be sold to investing public through intermediaries, as the</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |

|    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|    | <p>same will be less expensive.</p> <p>Name the method through which the company decided to raise additional capital.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 8. | <p>Ashish selects a person who is authenticated to buy or sell securities on his behalf. He is registered by SEBI. Then through this person Ashish opens an account with a bank. Then he takes the next step. He gives this person an order in which he specifies the number and types of securities to be bought or sold. The process moves forward. After getting the instructions from Ashish the selected person buys and issues d' paper. The paper contains the name and price of securities, brokerage charges and the name of the parties involved. Then comes the concluding stage of the process. Here, the trading of securities is done by the selected persons on behalf of Ashish.</p> <ol style="list-style-type: none"> <li>1. Identify the process highlighted in the above case.</li> <li>2. Which type of account is being indicated here?</li> <li>3. What is the role of bank here?</li> <li>4. What is the role of the person he has chosen?</li> <li>5. What one condition should be met when giving orders for the purchase of securities?</li> <li>6. What is the name of the paper highlighted above?</li> <li>7. What is the last stage of the process called? Does it have any specific feature?</li> </ol> |
| 9. | <p>Identify the type of function of SEBI in the following cases:</p> <ol style="list-style-type: none"> <li>A. Rajeev was unwilling to buy shares in the stock market as he was told by someone that stock market is a place where various malpractices take place. He decides to discuss the matter with his friend who explains to him how SEBI takes care of the interests of the investors.</li> <li>B. Pankaj wants to become a stock broker. When he approaches people and asks them to get started as investor through him they ask for a certificate which the SEBI must have given him. He becomes aware of the fact that in order to function as a stock broker he will have to get registered with SEBI.</li> <li>C. Kirti Steels already has issued shares in the stock market and is a well-known name among the people. Recently it issued shares but had to go through the proper audition process and thorough inspection about the various requirements to be fulfilled as an issuer.</li> <li>D. Recently some people were caught in some of the malpractices like insider trading. The SEBI has decided to take strict action and cancel</li> </ol>                                                                  |

|  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|--|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | <p>their candidature. Further penalties are also to be imposed on them.</p> <p>E. A magazine has published a report on how SEBI is serious about training of the intermediaries and deciding their code of conduct. A lot of research has been going on in various related areas and the information of use is being published so that various participants can get useful results from it.</p> <p>F. Some workshops are being organized to create awareness among the investors. The programme will not stop here. There is going to be a proper education of the investors. After the workshop is over a test will be conducted to check the knowledge and applicative ability of the investors</p> |
|--|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|