

Name:
Enrolment No:



UNIVERSITY OF PETROLEUM & ENERGY STUDIES
End Semester Examination (Online) – May, 2021

Program: BBA/LLB
Subject/Course: Law on Corporate Finance (Hons)
Course Code: CLBN 4002

Semester: VIst
Max. Marks: 100
Duration: 3 Hours

Section A

- 1. Each Question will carry 5 Marks**
2. Instruction: Complete the statement / Select the correct answer(s)

S.No	Questions	COs
1	Rights issues are for a. managers b. directors c. existing shareholders d. new shareholders	CO3
2	Shareholders wealth increases with the increase in ____ a. EPS b. Market value of the firm c. Dividend & market value of the firm d. Market price of the equity share	CO2
3	The term _____ can be used in a broad sense to describe all the policies, procedures, relationships, and systems in place to oversee the successful and legal operation of the enterprise. a. corporate governance b. corporate policy c. corporate oversight d. corporate strategy	CO1
4	Allotment of shares or debentures must be made after gettingsubscription against entire public issue as per SEBI guidelines. a. 80% b. 90% c. 100% d. None of the above	CO6
5	Which documents contains the constitution of a company? a. Memorandum of Association b. Articles of Association	CO3

	<ul style="list-style-type: none"> c. Both a & b d. None of the above 	
6	<p>Property of the company belongs to.....</p> <ul style="list-style-type: none"> a. Company b. Shareholders c. Members d. Promoters 	CO2
	<p>SECTION B</p> <p>1. Each question will carry 10 marks</p> <p>2. Instruction: Write short / brief notes</p>	
Q1.	Explain the Rights available to Individual shareholder.	CO1
Q2.	Discuss the different modes of raising finance from a foreign lender.	CO2
Q3.	Discuss derivative instruments? How are OTC products different from online exchange products?	CO5
Q4.	Outline the organization of finance function and the emerging role of the corporate finance manager in India	CO1
Q5.	<p>What is prospectus? Explain contents and requirements of prospectus.</p> <p>OR</p> <p>Write a note on</p> <ul style="list-style-type: none"> (i) Buy back of shares (ii) Time value of money 	CO3
	<p>Section C</p> <p>1. Each Question carries 20 Marks.</p> <p>2. Instruction: Write long answer.</p>	
Q1.	<p>In December 2001, the Food and Drug Administration (FDA) announced that it would not approve a new cancer drug called Erbitux from the pharmaceutical company ImClone. Because it was expected that this drug would be approved, it represented a major portion of ImClone's future plan for growth. As a result, the company's stock dropped rapidly. While many investors experienced losses as a result of the drop, family and friends of the CEO of Erbitux, Samuel Waksal, were unharmed. The SEC later discovered that prior to the announcement of the FDA's decision; numerous executives had sold their stock based on the instructions of Waksal, who had also attempted to sell his own stock.</p> <p>In fact, just days before the announcement were made, the American retail businesswoman Martha Stewart had sold 4,000 shares of the company. At this time, the stock was still trading at a high level and Stewart made nearly \$250,000 on the sale. The stock ended up plummeting from approximately \$50 to just over \$10 in the following months.</p>	CO6

	<p>Stewart claimed to have a pre-existing sell order with her broker, but it was later revealed that her broker, Peter Bacanovic, tipped her off that ImClone's stock was likely going to drop. Stewart eventually resigned as the CEO of her own company, Martha Stewart Living Omnimedia.</p>	
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Q1. What issues relate to insider trading in the above case?

Q2. What are the regulations regarding insider trading in India?

ANSWERS