

N.B. : (1) Attempt all the questions.

(2) Figures to the right indicate full marks.

Q.1) a) Match the Following (Any 8)

(8 Marks)

A	B
1) NSE	a) Global Crisis
2) BSE	b) -BBB
3) Asset - Liability	c) Established in 1995
4) Subprime Lending	d) Sell Stock ^m
5) Stock Exchange	e) Established in 1875
6) Rights Issue	f) Issued by GOI
7) Cash Management Bills	g) Net Worth
8) Intrinsic value > Current Price	h) Existing Investors
9) Intrinsic value < Current Price	i) Facilitates Regional Development
10) India's current sovereign debt rating	j) Buy stock

Q.1) b) State whether the following statements are true or false(Any 7)(7 Marks)

- 1) Companies issuing the shares in IPO cannot decide the price and only SEBI can finalise the price.
- 2) Issuance of bonus shares will lead to an increase in market capitalization.
- 3) Real estate companies are generally cash rich and hence the balance sheets are debt free.
- 4) Offer for sale comes under secondary market transaction.
- 5) IPO is the way to unlock the value for existing investors.
- 6) In book building the final issue price is decided depending upon the overall bidding and bid price.
- 7) PSU bonds generally carry government backing.
- 8) SLR is mandatory investment in government bonds by commercial banks.
- 9) If the discounted cash flow of the investment is more than the initial investment, the investment option is rejected.
- 10) High PE Ratio signifies that the company has high growth potential in the long term.

Q.2) a) What are Preference Shares and its types. (8 marks)

b) Explain the Money Market Reforms in India since 1991 in detail. (7 marks)

OR

Q.2) p) State the key highlights of the Debt market in the post 1991-reform period? (8 marks)

q) What do you mean by Equity Shares? Explain its features in detail. (7 marks)

Q.3) a) What is Merchant Banking? What are the services offered by merchant bankers? (8 marks)

b) Explain the concept of Sweat Equity shares in detail. (7 marks)

OR

Q.3) p) Explain the various methods of Raising funds in primary market. (8 marks)

q) What is a stock exchange? State its features. (7 marks)

Q.4) a) Explain the major players in the Government Securities Market (8 marks)

b) What do you mean by Bonds? State the meaning of bonds with call options & put options. (7 marks)

OR

Q.4) p) Balaji International currently pays a dividend of Rs.4 per share and this dividend is expected to grow at 25% annual rate for 3 years, then at a 15% rate for the next three years, after that it is expected to grow at 5% forever. What is the value of the share if 9% is the required rate of return. If the currently market price is Rs. 235 what would be your advise? (8 marks)

q) Vir is considering investment in one of the following bonds:

Bond	Coupon Rate	Maturity	Price/ Rs.100 par value
X	11%	10 years	Rs.75
Y	12%	7 years	Rs.68

Calculate Yield to Maturity and recommend which bond should be purchased. Will your answer change if the required rate of return is 18%. (7 marks)

Q.P. Code: 23360

Q.5)

- 1) What are the advantages to an investor when you compare investing in debt with investing in equity? **(5 Marks)**
- 2) What do you mean by credit rating? How does the rating given by Credit Rating Agency benefit the Investor? **(5 Marks)**
- 3) Infosys issues a 5-year 14% bond having Rs.100 face value is redeemable after 5 years at a premium of 5%. On the other hand Wipro Issues a 5-year bond with face value Rs. 100 which carries an interest rate of 7% redeemable after 5 years at a premium of 20%. What is the present value of Infosys bond and the Wipro bond as per the information given in this case if the required rate of return for the industry is 15%? **(5 Marks)**

OR

Q.5) Short Notes (Any 3)

(15 Marks)

- 1) Primary Market v/s Secondary Market
- 2) BSE
- 3) Unorganised Money Market Sector
- 4) ESOP
- 5) MMMFs