

Equity mkts

SyBfm - IV

01

18-20

22/3/17

Maximum Marks: 75

Duration: 2 ½ hours

All questions are compulsory carrying 15 marks each

Q1. A) Multiple Choice Questions. (Any 8)

(08)

1) FII stands for _____

- a) Foreign Investment Institution
- b) Foreign Institution Investment
- c) Foreign Investment Integration

2) The Law governing companies in India is _____

- a) Indian Companies Act 2013
- b) Indian Companies Act 1932
- c) Indian Companies Act 1860

3) The roots of modern day technical analysis stem from the _____ theory which was developed around 1900.

- a) Down's
- b) Dow's
- c) Dawn's

4) Whenever a company issues new shares or debentures, it is known as _____

- a) IPO
- b) FPO
- c) TPO

5) The BSE was established in the year _____

- a) 1875
- b) 1857
- c) 1877

6) EMH stands for _____

1) Effective Market Hypothesis

2) Efficient Markets Hypothesis

3) Efficient Monetary Hypothesis

7) _____ which takes care of something like Central and state government securities like debt Instruments.

a) Category G

b) Category A

c) Category Z

8) OTCEI was incorporated in _____

a) October 1991

b) October 1990

c) October 1993

9) VSAT stands for _____

a) Very Small Aperture Terminals

b) Very Smart Accenture Terminals

c) Virtual Small Aperture Terminals

10) SEBI stands for _____

a) Securities Exchange Band of India

b) Securities Exchange Base of India

c) securities Exchange Board of India

B) State whether the following statements are true or false (Any 7) (07)

1) The settlement cycle is no T+1

2) The Securities Contracts (Regulation) Act, 1956 was enacted by the Government of India

3) RBI became the public sector bank from 1st January, 1949

4) SEBI does not help in prohibiting insider trading in securities.

5) Production, sales & profits are higher and consequently share prices would decrease.

- 6) The stock market performance is not a reflection of country's economic performance.
- 7) During depression share prices would be at their highest point.
- 8) Run test of randomness is a statistical test that is not used to know the randomness in data.
- 9) The NSCCL, a wholly owned subsidiary of BSE, was incorporated in August 1995.
- 10) In NSCCL, custodian is only a clearing member and not a trading member.

Q2. State the developments in Equity Market in India. (15)

OR

Q2. State the reforms in Equity Markets India (15)

Q3. Explain in detail: SEBI (15)

OR

Q3. Explain the procedure for recognition of stock exchange in India. (15)

OR

Q4. Explain in detail the concept of Fundamental Analysis. (15)

OR

Q4. Explain in detail the concept Technical Analysis. (15)

Q5. SHORT NOTES (ANY 3) (15)

1) BOLT

2) NEAT

3) IPO

4) DEMAT

5) Role of brokers

27/3/17
31-33

* SUBFM-IV

7-30 To 10.00

FOREIGN EXCHANGE MARKETS

- ALL QUESTIONS ARE COMPULSORY CARRYING 15 MARKS EACH
- TOTAL NO OF QUESTIONS IS 5

1. COMPULSORY QUESTION

a) FILL IN THE BLANKS:-

[8 MARKS]

- The _____ market is a form of exchange for the global decentralized trading of international currencies.
- The _____ standard was the first universally implemented system for valuing currencies.
- _____ are said to substitute a disciplined monetary policy rule for undisciplined discretionary monetary policy, thereby eliminating the inflation bias of the later.
- A floating exchange rate can be classified as _____ if intervention occurs only exceptionally.
- In a _____ contract both parties enter into a contract on a given day and lock in fixed rate on specific rate at specified future date.
- The theory of _____ is the oldest and most extensively accepted theory of all exchange rate determination theories.
- _____ arbitrage implies capitalizing on the differences in exchange rates between locations.
- _____ price is the fixed price, at which, the buyer of option contract can exercise his option to buy / sell the currency.

b) ANSWER IN ONE SENTENCE:-

[7 MARKS]

- State and explain any 1 characteristic of FOREX market.
- Which countries are using managed floating type of currency system?
- Define futures market in short.
- Explain fully optional contract.

- v. Define law of one price.
- vi. Define triangular arbitrage.
- vii. What is a European Option?

2. a. i. What are the characteristics of foreign exchange market? [8 MARKS]
ii. State and explain the functions of foreign exchange market. [7 MARKS]

OR

b. Explain the Bretton Woods System Era along with its advantages and disadvantages. [15 MARKS]

3. a. What are the various exchange rate arrangements explain in detail? [15 MARKS]

OR

b. State and explain the various participants of FOREX Market. [15 MARKS]

4. a. Explain Forward Contract. What are its types, advantages and disadvantage? [15 MARKS]

OR

b. Explain Futures Contract. What are its features, advantages and disadvantage? [15 MARKS]

5. a. write short notes on any 3 of the following:- [15 MARKS]

- i. Structure of FOREX Market
- ii. Types of FOREX Market
- iii. The "Nixon Shock"
- iv. Smithsonian Agreement
- v. Fixed exchange rate with advantages

OR

- b. Solve the following questions:- [15 MARKS]

i. USD INR 44.7250-44.7300

Calculate Mid Rate, Spread and %Spread

ii. EUR USD 1.2650-1.2680

Calculate Mid Rate, Spread and %Spread

iii. GBP USD Mean Rate 1.9697; GBP USD Spread 0.0012

Calculate % Spread

25/3/17 25/03/17 Bus? law

SY Bfm - II

7.30 To 10.00

49-50

Time: 2.5 Hours

Marks: 75

All Questions are compulsory

Q.I. A. Fill in the Blanks (any 8)

(8)

1. DIN means _____
2. Nominated director are nominated from _____ institutions.
3. Minimum period for which an alternate director may be appointed is _____ month.
4. Minimum _____ meetings of BOD must be held in a year.
5. CA is a _____ Mark.
6. _____ is the right phrase for sub-partner.
7. Din is granted by the _____
8. The Maximum number of Directors for any Company is _____.
9. A patent is granted for _____.
10. _____ can set up Circuit benches.

Q.I. B True or False (Any7)

(7)

1. In case of dissolution of partnership the firm may not continue.
2. There are Four modes of dissolution of a firm
3. During dissolution, the partners have implied authority.
4. A LLP must be registered.
5. LLP on registration becomes a separate entity.
6. The liability of partners of LLP is unlimited.
7. Complaint must be in writing.
8. For being a consumer consideration is not necessary.
9. In case of Unfair means the consumer has no right of redressal.
10. The Chairman of the District Council is the Collector.

Q. II a. Distinguish Between MOA and AOA (8)

b. Explain effects of MOA and AOA (7)

OR

a. Who can become a member? (8)

b. Explain Prospectus. (7)

Q. III. a. Explain Disqualifications of Director. (8)

b. Distinguish between LLP and Partnership Firm (7)

OR

a. Explain Patent (8)

b. Explain Trademark. (7)

Q. IV. a. Explain State, National Consumer Disputes Redressal Commission. (8)

b. Explain Salient Features of Competition Act.. (7)

OR

a. Explain Unfair Trade Practices (8)

b. Explain Objects of Central, State and District Council (7)

Q. V Short Notes (Any three) (15)

1. Annual General Meeting.

2. Extra Ordinary General Meeting.

3. Consequences of Dissolution of Partnership Firm

4. Test Of Partnership

5. Consumer.

6-7
Commodity Derivatives

SYBfm Sem IV

23/3/17

Time: 2 ½ Hours

Marks: 75

1. (A) Select the correct option: (Any 8) (8M)
- (i) The person receives premium. (a) Writer (b) Holder (c) Hedger
 - (ii) The action "Sell on Option, buy on spot" by- (a) Call writer (b) speculator (c) Put Holder
 - (iii) Strike Price = Market Price (a) In the Money (b) At the Money (c) Out the money
 - (iv) Forward Contracts has _____ risk. (a) low (b) moderate (c) high
 - (v) Hedging is done to _____ risk. (a) moderate (b) minimize (c) maximize
 - (vi) Futures are _____ contracts. (a) OTC (b) mutual (c) standardized
 - (vii) Shares are traded in - (a) Primary Market (b) Commodity Market (c) Secondary Market
 - (viii) Arbitrage means simultaneous- (a) buying & selling (b) selling & borrowing (c) buying
 - (ix) Pay off status "Limited profit, unlimited loss" (a) Call Holder (b) Put Holder (c) Call Writer
 - (x) Margin is required to pay in _____ contract. (a) forward (b) spot (c) future

1. (B) Explain the concept in two sentences: (Any 7) (7M)
- (i) In the money (ii) Strike price (iii) MCX (iv) Hedging (v) Forward (vi) Investment Asset
 - (vii) Clearing Member (viii) Mark to market (ix) Cash settlement (x) Circuit filters
2. (a) Explain the participants of Derivative Markets. (8M)
- (b) Distinguish between OTC Derivatives and Exchange Traded Derivatives. (7M)

OR

2. (p) Rohan sold call option contract at Rs. 1050 for Fast Track Ltd. for one month to Rasel. .
He received premium from Rasel Rs. 4. If market price- 1,030; 1037; 1054; 1058; 1062
Prepare Payoff table and Payoff diagram for Rasel. (8M)
- (q) Calculate Arbitrage Gain for 1 Kg of Gold. 1 gram Gold in Mumbai Rs.3120-Rs.3160
1 gram Gold in Delhi Rs.3220-Rs.3260 (7M)
3. (a) "We should not import Ganesha from China" says Uday Kotak. Explain. (8M)
- (b) Explain the functions of FMC. (7M)

OR

3. (p) Identify Bid, Ask, Spread, Spread % and Average Rate. (8M)

1 kg. Chana Dal = Rs.95.50-Rs.96.80

- (q) Complete the Table. (7M)

| Option | Strike price | Market price | Favorable/ Unfavorable | Exercise/ Lapse | Concepts |
|--------|--------------|--------------|------------------------|-----------------|----------|
| Call | 105 | 100 | | | |
| Put | 110 | 110 | | | |
| Call | 95 | 101 | | | |
| Put | 8 | 3 | | | |
| Put | 12 | 15 | | | |
| Call | 95 | 98 | | | |
| Put | 80 | 72 | | | |

4. (a) Explain trading systems of commodity markets. (8M)

- (b) If Tata Motors sales increases, Tata Steel is very happy.

Explain with reference to commodity markets. (7M)

OR

- (p) Calculate forward rate of Basmati. (8M)

Spot in February 1 kg. Basmati = Rs.160-Rs.168

1 month forward = Rs. 10 / 12

2 month forward = Rs.14 / 16

3 month forward = Rs. 20 / 30

- (q) Bhola had sold 100 shares of Viacom Ltd. at a price of Rs. 230 per share.

To hedge risk he decided to long 100 futures at Rs. 210.

On expiry the strike price of Rs. 225. Calculate loss or gain to Bhola. (7M)

5. Write short notes on any three: (15M)

- (i) Unfair Trade Practices (ii) Kabra Committee Report (iii) Bullion Market
(iv) Chocolate and Ebola Virus (v) Tomato

24/3/17

9-10

SYBFM

7.30 To 10:00

L.S. Raheja College of Arts & Commerce

Class: SYBFM

Sem: IV

Subject: Corporate Finance

Marks - 75

Duration - 2½ hours

Note:

All questions compulsory and carry 15 marks each.

Internal choices / sub questions may be given.

Sub question marked "A" carries 8 marks and sub question marked "B" carries 7 marks.

Q1. A. Objective Questions (Multiple Choice based questions)

- a. Which of the following is in the scope of financial management
 - i. Investment decisions
 - ii. Dividend decision
 - iii. Financial decisions
 - iv. All of the above
- b. What is the main goal of business finance
 - i. Maximization of profit
 - ii. Maximizing net present worth
 - iii. Minimizing Risks
 - iv. All of the above
- c. P/V ratio = Contribution _____ Sales
 - i. " plus "
 - ii. " minus "
 - iii. " into "
 - iv. " divided by "
- d. In break even chart the following is indicated
 - i. Profit area
 - ii. Margin of safety
 - iii. Break even point
 - iv. All of the above
- e. Retained earnings is _____ source of finance
 - i. Internal
 - ii. External
 - iii. 50 Internal/50 external
 - iv. None of the above
- f. Growth rate _____ the cost of capital
 - i. increases
 - ii. decreases
 - iii. doesn't affect
 - iv. eliminates
- g. "A" in WACC stands for _____
 - i. Aggregate
 - ii. Average
 - iii. Alternative
 - iv. Associated
- h. Present value of money is _____
 - i. equal to its future value
 - ii. greater than its future value
 - iii. less than its future value
 - iv. Not related to its future value

Q1. B. Objective Questions (State whether True or False)

- a. A finance manager is responsible for all the finance decisions
- b. Financial management should aim at profit maximization
- c. Cost of Equity is always zero
- d. Equity investments involves high risks
- e. Variable cost per unit remains constant with increase in volume of output
- f. The break even chart is also called as Cost volume profit graph
- g. Sources of finance can be classified into Short, Medium & Long term

Q2. G. G. Ltd. Has the following capital structure as on 31st March 2000

| Particulars | Rs. |
|-----------------------------------|-----------|
| Ordinary Shares (4,00,000 Shares) | 80,00,000 |
| 10% Preference shares | 20,00,000 |
| 14% Debentures | 60,00,000 |

The shares of the company are presently selling at Rs. 20 per share. It is expected that the company will pay next year dividend of Rs. 2 per share which will grow @ 7%. Assume a tax rate of 40%. You are required to

- i. Compute the Weighted average cost of capital on existing structure
- ii. If the company raises an additional Rs. 40lakhs debt by issuing 15% debentures, the expected dividend at the year end will be Rs.3, the market price per share will fall to Rs.15 per share, the growth rate remaining unchanged. Calculate the new Weighted average cost of capital

OR

- Q2. A.** Debt is preferable over equity as a source of finance. Comment
Q2. B. Discuss a few Short term sources of finance

Q3. Excel trading Co. Ltd. is considering the purchase of a new machine for the immediate expansion programme. There are three types of machines for this purpose. Their details are as follows:

| Particulars | Machine A | Machine B | Machine C |
|---|-----------|-----------|-----------|
| | (Rs.) | (Rs.) | (Rs.) |
| Cost of Machine | 17,5000 | 12,500 | 9,000 |
| Estimated savings in scrap per year | 400 | 750 | 250 |
| Estimated savings in direct wages per year | 2,750 | 6,000 | 2,250 |
| Additional cost of indirect materials per year | - | 400 | - |
| Expected savings in indirect materials per year | 100 | - | 250 |
| Additional cost of maintenance per year | 750 | 550 | 500 |
| Additional cost of supervision | - | 800 | - |
| Estimated life of machine (yrs) | 10 | 6 | 5 |

Taxation at 40% of profit. You are required to advise the management which type of machine should be purchased on the basis of payback period?

OR

- Q3. A.** Discuss the role of credit rating agencies in Project evaluation
Q3. B. Discuss the need & importance of Corporate Governance in present days

Q4. You are furnished with the following information:

| | |
|-------------------------|------------|
| Fixed cost for a period | 15,000 |
| Variable cost per unit | Rs. 30 |
| Selling Price per unit | Rs. 60 |
| Actual units sold | 750 units. |

Determine

- (i) P/V ratio
- (ii) Break even point
- (iii) Margin of safety
- (iv) Profit, if sales are 1000 units
- (v) Sales, if profits is Rs.15000

OR

- Q4. A.** Draw a Break even chart model indicating the various important terms
Q4. B. Briefly discuss the concept of Working Capital as a source of finance

Q5. Short Notes (Attempt Any 3)

- a. Functions of a finance manager
- b. Variable Costs
- c. Equity share capital
- d. Pay back Period