

(L)

SYBMS (Fin.)

Equity
Debt

OP3ADN

March-2016

Marks: 75

Duration: 2.5hrs

Note: All questions are compulsory carrying 15 marks each.

Q1. Attempt ANY TWO Questions: (15)

- a) Explain the instruments which are traded in the unorganised money market
- b) Define Equity Market and state the features of equity shares
- c) Write a note on Stock Market in India

Q2. Attempt ANY TWO Questions: (15)

- a) Explain the features of Fixed Price Issue
- b) Explain the general features of ESOP
- c) Write a note on Bombay Stock Exchange

Q3. Attempt ANY TWO Questions: (15)

- a) Explain the features of Government Securities
- b) Explain the different modes through which Government securities can be issued
- c) Write a note of State Trading Corporation of India Limited

Q4. Attempt ANY TWO Questions: (15)

- a) Explain the process of conducting equity valuation
- b) Write a short note on Corporate Bonds
- c) Mr. Raj purchased a bond with a face value of Rs.100 and 10% coupon rate with 6 years maturity period. Its market price is Rs.70. Calculate bond's Yield to Maturity

Q5. Case Study: (15)

Mr. Sumit purchases some Equity shares and Bonds of Jupiter Co. Ltd.

a) Following is the Balance Sheet of Jupiter Co. Ltd. as on 31st March 2015:

Jupiter Co. Ltd.
Balance Sheet as on 31st March 2015

Liabilities	Rs.	Assets	Rs.
40,000 shares of Rs.10each	4,00,000	Land & Building	2,20,000
General Reserve	1,00,000	Plant & Machinery	1,71,000
P/L A/C	20,000	Patents	30,000
Creditors	87,000	Stock	72,000
		Debtors	93,000
		Cash at Bank	21,000
Total	6,07,000	Total	6,07,000

Plant & Machinery is worth Rs.2,10,000 and Land & Building have been valued at Rs.3,00,000. Rs.17,000 debtors are considered as bad debts. Goodwill is valued at Rs.2,00,000.

b) Following is the information of a Bond of Jupiter Co. Ltd.

Bond of Rs.100 face value carries an coupon rate of 12% is redeemable after 5 years at a premium of 5% and the required rate of return is 10%.

You are required to calculate:

- i) Value of the shares of Jupiter Co. Ltd. On Intrinsic Value basis
- ii) Present Value of the Bond of Jupiter Co. Ltd.
- iii) Advise Mr. Sumit whether to invest in Equity Shares or Bonds of Jupiter Co. Ltd.