

(L)

Regular. P03ADX

SYBMS- Finance  
Equity & Debt mkt  
20/3/17

Marks: 75

Duration: 2.5hrs

Note: All questions are compulsory carrying 15 marks each.

Q1. Attempt ANY TWO Questions:

(15)

- Explain the features of equity shares
- What are the reasons behind equity market gaining popularity in India
- Define Money Market in India and state its functions

Q2. Attempt ANY TWO Questions:

(15)

- Explain the features of Book Building Issue
- Define Sweat Equity and explain the conditions that should be fulfilled by any company which is issuing Sweat Equity to its employees
- Write a note on Bombay Stock Exchange

Q3. Attempt ANY TWO Questions:

(15)

- Explain the various modes through which government securities are issued
- Explain the different types of Government Securities
- Write a note on Open Market Operations

Q4. Attempt ANY TWO Questions:

(15)

- Explain the process of conducting equity valuation
- Explain the different types of bonds
- Mr. Yash purchased a bond with a face value of Rs.100 and 16% coupon rate with 10 years maturity period. Its market price is Rs.80. Calculate bond's Yield to Maturity

Q5. Case Study:

(15)

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

a) Following is the Balance Sheet of Mapro Co. Ltd. as on 31<sup>st</sup> March 2015:

| <b>Mapro Co. Ltd.</b>                                 |                 |                   |                 |
|---|-----------------|-------------------|-----------------|
| <b>Balance Sheet as on 31<sup>st</sup> March 2015</b> |                 |                   |                 |
| Liabilities   | Rs.             | Assets            | Rs.             |
| 30,000 shares of Rs.10each                            | 3,00,000        | Land & Building   | 1,30,000        |
| General Reserve                                       | 20,000          | Plant & Machinery | 1,00,000        |
| P/L A/C   | 13,500          | Patents           | 15,000          |
| Creditors   | 43,500          | Stock             | 66,000          |
|   |                 | Debtors           | 55,500          |
|   |                 | Cash at Bank      | 10,500          |
| <b>Total</b>  | <b>3,77,000</b> | <b>Total</b>      | <b>3,77,000</b> |

Plant & Machinery is worth Rs.1,05,000 and Land & Building have been valued at Rs.1,50,000. Rs.8500 debtors are considered as bad debts. Goodwill is valued at Rs.1,00,000.

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

Bond of Rs.100 face value carries an coupon rate of 12% is redeemable after 6 years at a premium of 4% and the required rate of return is 10%.

You are required to calculate:

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