

Roll No. ....

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 6

Total number of printed pages : 4

NOTE : Answer ALL Questions.

**PART-A**

1. Attempt the following questions :

(a) Earnings per share of Alxa Piston Ltd. expected at the end of the year 2015-2016 is ₹ 18. The earnings per share in the year 2014-2015 is ₹ 16. The required rate of return is 25% p.a. and the dividend pay-out ratio is 30% which is expected to remain constant. If the earnings are expected to grow at the historical growth rate, compute the value of the share of the company at the beginning of 2015-2016.

(4 marks)

(b) Narender purchased a bond with face value of ₹ 1,000 for ₹ 950. The coupon rate on the bond is 12%. If he sells the bond one year later for ₹ 960. Compute the holding period return for Narender.

(3 marks)

(c) The following is the information pertaining to the portfolio of Dolex Mutual Fund :

Stock	No. of Shares	Current Market Price (₹)
L&T	1,10,000	2,685.45
Cipla	3,12,000	259.95
Wipro	4,50,000	523.10
HDFC	3,90,000	883.30
Tata Steel	2,99,000	502.75

The fund has not borrowed any money, but its accrued management fee with the portfolio manager currently total ₹ 30,00,000. The number of units outstanding is 10,75,73,000. Compute the value of the portfolio and NAV.

(4 marks)

: 2 :

- (d) Blue Line Shoe Company is contemplating a debenture issue on the following terms :

Face Value	₹ 1,000
Term to Maturity	7 years
<b>Coupon Rate of Interest :</b>	
Years 1-2	10% p.a.
3-4	12% p.a.
5-7	15% p.a.

The current market rate of interest on similar debentures is 15% p.a. The company proposes to price the issue so as to yield a (compounded) return of 16% p.a. to the investors. The debentures would be redeemed at a premium of 12% at the end of seven years. Compute the maturity price of the debentures.

(4 marks)

*Attempt all parts of either Q. No. 2 or Q. No. 2A*

2. Explain the following :

- (a) Tracking Stocks
- (b) Option Contract
- (c) Futures
- (d) Hedge Funds
- (e) Global Depository Receipts.

(3 marks each)

*OR (Alternate question to Q. No. 2)*

- 2A. (i) What do you understand by “Application Supported by Blocked Amount (ASBA)” ? How does it work in Initial Public Offer (IPO) ? Describe.

(5 marks)

- (ii) Securities Exchange Board of India (SEBI) permitted all classes of investors to short sell subject to the broad framework specified. Enumerate the broad framework for short selling.

(5 marks)

: 3 :

- (iii) An issuer may list its debt securities issued on private placement basis on a recognised stock exchange subject to specified conditions as per SEBI (Issue and Listing of Debt Securities) Regulations, 2008. Explain those conditions. (5 marks)
3. (a) Money market instruments mainly include government securities, securities issued by banking sector and securities issued by private sector. Briefly explain various instruments. (5 marks)
- (b) SEBI has classified Alternative Investment Fund (AIF) into three broad categories i.e. Category I, Category II and Category III. Discuss key features of AIF categories. (5 marks)
- (c) Indian companies are allowed to raise equity capital in the international market through the issue of ADR/GDR/FCCB/FCEB. Briefly discuss the regulatory framework of ADR & GDR in India. (5 marks)
4. (a) Discuss the procedure for making an issue of Indian Depository Receipts under Rule 13 of the Companies (Registration of Foreign Companies) Rules, 2014. (8 marks)
- (b) “The judgement is qualitative in nature and the role of the quantitative analysis is to help make the best possible overall qualitative judgement or opinion. The reliability of the rating depends on the validity of the criteria and the quality of analysis.” Discuss the statement in context of SEBI (Credit Rating Agencies) Regulations, 1999. (7 marks)

**PART-B**

5. Answer the following :
- (a) “SEBI has been established with objective of protecting the interest of investors and to promote the development of and to regulate the securities market (SEBI Act, 1992)”. Discuss its composition and initiatives taken by SEBI for development and regulation of securities market. (8 marks)
- (b) “A company can raise funds from the primary market through different methods, different types of issues and by means of offer document and red herring prospectus”. Enumerate. (6 marks)

: 4 :

- (c) “The book building process is very transparent. All investors including small investors can see on an hourly basis where the book is being built before applying”. Explain the offer to public through Book Building Process.

(6 marks)

*Attempt all parts of either Q. No. 6 or Q. No. 6A*

6. (a) “Right issue as identified in the SEBI Regulations is an issue of capital under Section 62 of the Companies Act, 2013 to be offered to the existing shareholders of the company through a letter of offer”. Enumerate the steps involved in issue and listing of rights shares.  
(8 marks)
- (b) “SEBI Complaints Redress System (SCORES) is efficient system of investor grievance redressal mechanism of SEBI”. Discuss the statement and salient features of SCORES.  
(6 marks)
- (c) Each registered intermediary should adopt written procedures to implement the anti-money laundering provisions as envisaged under the Anti Money Laundering Act, 2002. Explain the obligations of intermediaries under prevention of Money Laundering Act, 2002.  
(6 marks)

*OR (Alternate question to Q. No. 6)*

6A. Write notes on the following :

- (i) Concurrent Audit  
(ii) Models of Depository  
(iii) Fast Track Issue  
(iv) Portfolio Managers and Custodian  
(v) Registrar and Share Transfer Agents.

(4 marks each)

————— o —————