

**UNIVERSITY PAPER**

**S.Y.BFM**

**SEM-IV**

**APRIL - 2019**



18-04-19

Q. P. Code: 33026

Time: 2:30 Hours

Marks: 75

Note: All Questions are Compulsory

Q.1)

(a) Fill in the blanks (Any 8) (8)

1. Full form of DIN is \_\_\_\_\_
2. The \_\_\_\_\_ of company must be lifted if the company assumes as enemy character.
3. Sharing of profit is important in partnership although sharing of \_\_\_\_\_ is not requisite.
4. A minor is given \_\_\_\_\_ months to decide whether or not he wants to become a partner.
5. Publication in the \_\_\_\_\_ is necessary for dissolution of firms irrespective of whether the firm is registered or not.
6. Copy right is granted for \_\_\_\_\_ years.
7. Patent is granted for \_\_\_\_\_ years.
8. \_\_\_\_\_ is a person who agrees to subscribe the prescribed amount of shares if the shares issued not fully subscribed.
9. The penalty for failure to furnish any documents, return or report to the Board is \_\_\_\_\_ in SEBI.
10. The \_\_\_\_\_ is an invitation to an offer to public.

(b) True or False : (Any 7) (7)

1. In case of conflict between Memorandum of Association and Article of Association, Memorandum of Association prevails.
2. Doctrine for the benefit of Company is called as Doctrine of Indoor Management.
3. Adaption of Novel amounts to Violation of Copyright.
4. Trademark is transferable.
5. LLP cannot be would up.
6. Contribution under LLP shall be entered for determining the profit sharing.
7. Notice to an active partner is notice only to that Partner and not to the Firm.
8. Sharing of Profit is Prima facie evidence of Partnership.
9. An appeal against the order of SAT under SEBI Act may file in Supreme Court.
10. Listing of Securities means grant of approval for dealing in certain securities at a stock exchange.

Q.2)

(a) Explain Characteristics of Company. (8)

(b) Explain Doctrine of Ultra Vires and Doctrine of Indoor Management (7)

OR

(c) Explain Prospectus and What are the different types of Prospectus ? (8)

(d) What is Private Placement. Explain rules of Private Placement. (7)

Q.3)

(a) What is Copyright and what do you mean by original work in Copyright ? (8)

(b) What is Patent and What is Patentable and non Patentable. (7)

OR

Q. P. Code: 34062

- Q.3 A) Write a note on Central Bank as a participant of Forex Market. (8)  
B) Difference between FERA and FEMA. (7)  
OR

- Q.3 C) Identify the locations and convert the following in to indirect quotes. (8)  
i) USDINR 60.5060/61.5150  
ii) GBPAUD 1.2050/1.2150  
D) From the following find out spread, % spread and mid-rate. (7)  
USDINR 65.2350/66.2560

- Q.4 A) Discuss Managed Floating. (8)  
B) Explain spot Contract. (7)  
OR

- Q.4 C) Find out any arbitrage gain from the following. Assume capital Rs.1 million. (8)  
USDINR 65.3250/65.5550 Bank A  
USDINR 66.5850/66.6580 Bank B  
D) Find out the Forward Rate for the following for 1 month & 2 months (7)  
Spot USDINR – 63.5000/63.8000  
1 month margin 50/60  
2 month margin 756/556

- Q.5 A) Explain the types of Foreign Exchange Risk. (8)  
B) Discuss Technique of Forex Risk management. (7)  
OR

- Q.5) Short notes on (Any 3) (15)  
a) Vehicle currency  
b) Speculation  
c) Direct quote  
d) Arbitrage  
e) Capital Account Convertibility

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26-04-19

(2½ Hours)

(Total Marks : 75)

- Note:** 1) All questions are compulsory.  
2) Working Notes should form part of your answer.  
3) Figures to the right indicate full marks.

**Q-1) (A) State whether following statements are true or false: (Any eight)**

(08)

1. Shareholders are interested in maximising their wealth.
2. Risk and return always goes hand in hand.
3. Rate of interest for debentures is fixed
4. Cash Inflow = NPAT + Depreciation
5. Contribution = Profit + Fixed Cost
6. Preference Shares are given flexible rate of dividend.
7. Profitability Index is traditional method of assessing capital expenditure decisions.
8. An overcapitalized company is one which incurs exceptionally high profits as compared to industry.
9. Capital Budgeting refers to mix of a company debt and equity.
10. P/E Ratio stands for Preference Equity

**Q-1) (B) Match the columns: (Any seven)**

(07)

Column A	Column B
1. Assets	a. Issue of new securities
2. Replacement of Equipment	b. Earnings Per Share
3. Credit Sales	c. Equity Per Share
4. Credit Purchases	d. Excess of sales over BEP
5. EPS	e. International Trade
6. Working Capital	f. CA- CL
7. MOS	g. Debtors
8. Bonus Shares	h. Creditors
9. Floatation Costs	i. Free Shares
	j. Capital Budgeting Decisions
	k. Liabilities + Equity



**Q-4)** Aarohi Ltd is considering two mutually exclusive machines. Both require an initial outlay of Rs. 1,00,000 each and have a life of 5 years. The company's required rate of return is 10% and tax is 50%. The projects will be depreciated on a straight line basis. The profit before taxes are expected to be generated by the projects as follows: (15)

Year	Machine A	Machine B
1	40,000	60,000
2	40,000	30,000
3	40,000	20,000
4	40,000	50,000
5	40,000	50,000

Calculate and state which machine should be purchased based on:

- Profitability Index and
- Payback Period

OR

**Q-4)** Company is considering two mutually exclusive projects. Both require initial investment of Rs. 2,00,000 each and have a life of five years. The Net Cash Inflows are given below: (15)

Year	Proposal A (Rs.)	Proposal B (Rs.)	PV factor at 10%	PV factor at 20%
1	50,000	55,000	0.91	0.83
2	52,000	53,000	0.83	0.69
3	58,000	58,000	0.75	0.58
4	55,000	55,000	0.68	0.48
5	50,000	55,000	0.62	0.41

The cost of capital is 10%. Which project should be accepted as per NPV Method. Also find IRR, taking 10% & 20% discounting factors.

**Q-5) (a)** Explain determinants of Capital Structure? (08)

**(b)** Explain debentures as a source of finance. (07)

OR

**Q-5)** Write short notes on: (Any three) (15)

- Features of Capital expenditure decisions
- Break even Analysis
- Importance of Corporate Finance
- Qualities of Finance Manager
- Over Capitalisation.



24-04-19

Q. P. Code: 35293

(2 ½ Hours)

[Total Marks: 75]

- N.B : (1) All Questions are Compulsory.  
(2) Figures to the right indicate full marks.  
(3) Draw neat diagram wherever necessary.

Q1. A) State whether the following statements are True OR False: (Any 8).

8

1. The concept of national income is a monetary measure.
2. Trade cycle is recurring in nature.
3. The precautionary demand for money is utilized for unforeseen contingencies.
4. Cost push inflation is also called as wage-spiral inflation.
5. Government intervention helps to reduce the impact of market failure.
6. Income tax is not a type of direct tax.
7. Ricardo's theory is based on absolute difference in cost.
8. Arbitrage does not help to equalize the exchange rate.
9. Quotas are less effective than tariffs.
10. Foreign Direct Investment (FDI) does not involve transfer of technology.

Q1. B) Match the following pairs- (Any 7)

7

Group 'A'	Group 'B'
1. Gross Domestic Product (GDP)	a. Accepted Universally
2. Investment Demand	b. Cash Reserve Ratio (CRR)
3. Inflation targeting	c. Offer curve
4. Direct control	d. Trade Account
5. Fiscal policy	e. Productive Expenditure
6. Expenditure on Education	f. C+I+G
7. Export of Goods	g. Spot rate
8. Gains of trade	h. Price forecasting
9. Current Exchange Rate	i. Marginal Efficiency of Capital (MEC)
10. Vehicle Currency	j. Taxation



- Q.2 A) Discuss the circular flow of income in a two sector economy. 8  
B) Highlight the four main phases of a trade cycle. 7

OR

- C) Examine Keynes principle of effective demand. 8  
D) Explain the working of multiplier with a suitable example and diagram. 7

- Q.3 A) Briefly explain the Keynesian approach to demand for money. 8  
B) Explain in detail velocity of circulation of money. 7

OR

- C) Discuss the effects of inflation on production and consumption. 8  
D) Outline the main objectives of monetary policy. 7

- Q.4 A) Highlight the principle of sound finance. 8  
B) Analyze the various canons of taxation. 7

OR

- C) Describe the main features of FRBM Act 2003. 8  
D) Define public debt. Explain its various types. 7

- Q.5 A) Discuss the arguments for fixed exchange rate. 8  
B) Describe the structure of balance of payments. 7

OR

- Q.5) Write short notes on the following :(Any 3) 15  
a) Gross National Product (GNP)  
b) Cambrige cash balance approach.  
c) Spot exchange rate.  
d) Role of Multinational Corporations (MNCs).  
e) Net barter and Gross barter terms of trade.

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**Duration: 2½ Hours**

**Total Marks: 75**

- N.B.: (1) All questions are compulsory  
(2) Figures to the brackets to the right indicate marks.

Q1. (A) Fill in the blanks (Any 8):

- (1) Effective duration is a duration calculation for bond that have \_\_\_\_\_ (8)  
(a. Longer maturity, b. Embedded Options, c. Shorter Maturity)
- (2) Hybrid bonds have the features of both \_\_\_\_\_ and Debenture.  
(a. Bond, b. Equity, c. Options)
- (3) \_\_\_\_\_ bond has higher risk. (a. Junk, b. Corporate, c. Putable)
- (4) \_\_\_\_\_ portfolio includes stocks/bonds with high risk/high return.  
(a. Aggressive, b. Passive, c. Market Linked)
- (5) An example of leading economic indicators include \_\_\_\_\_  
(a. Consumer Price Index, b. Trade Balance, c. Consumer expectations)
- (6) A bond's rating indicates its \_\_\_\_\_  
(a. Reinvestment risk, b. Default risk, c. Interest-rate risk)
- (7) A bond with a coupon of 9% when interest rates for similar maturities are 11% will sell \_\_\_\_\_ (a. Above par, b. Below par, c. At par)
- (8) An actively managed equity fund expects to \_\_\_\_\_  
(a. Be able to beat the benchmarks, b. Earn the same returns as the benchmark, c. Underperform when compared with the benchmark)
- (9) The duration of a 15-year zero-coupon bond is \_\_\_\_\_  
(a. Smaller than 15, b. Larger than 15, c. Equal to 15)
- (10) A call provision in a debt issue allows the issuer to \_\_\_\_\_  
(a. Call out the names of the investors, b. Redeem the debt on maturity, c. Redeem the debt before maturity)

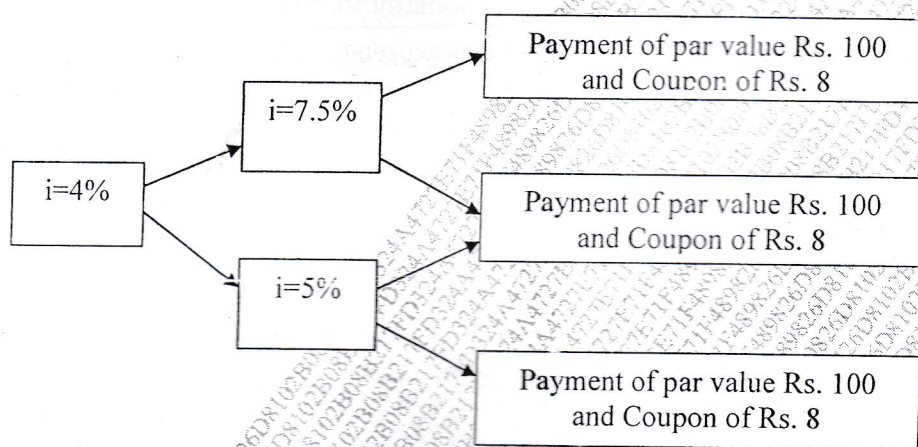
Q1. (B) Match the following columns (Any 7):

Column A		Column B	
1	YTM	a	Rate of Return
2	Price value of basis point	b	Asset Allocation
3	Valuation of Bond	c	Capital gain or losses
4	Forward Contracts	d	Dollar Value
5	Central Government Securities	e	Inverse
6	Price –yield relationship	f	Mortgage-backed securities
7	Interest rate risk	g	Not Exchange Traded
8	Sub-prime crisis	h	Present Value of Cash flows
9	Portfolio Management	i	Semi-annual coupon payments
10	Consistency of Returns	j	Objectives of Portfolio Management

- Q2. (a) Define Fixed Income Securities. Explain its advantages and disadvantages: (8)  
(b) What are corporate bonds? Explain issue and classification of corporate bonds. (7)  
OR  
Q2. (c) What are the risks associated with investing in bonds? (8)  
(d) Calculate the value of a 3 year, 9% coupon bond with par value of Rs. 100 on which interest is payable semi-annually, if the required return on this bond is 12%. (7)



- Q3. (a) Explain in detail Macaulay Duration (8)  
 (b) What is Convexity? Explain with diagram. (7)  
 OR  
 (c) Calculate Macaulay Duration of 6 year bond, carrying 6% annual coupon of face value of Rs. 1000. Interest rate is currently 6%. The bond pays coupon once in a year and pays the principal on maturity. (8)  
 (d) A 8% annual coupon bond has 2 years to maturity. The interest rate tree is shown in the figure below. Calculate the value of the bond today under following different scenarios if face value is Rs. 100: (7)  
 (i) Bond is option free  
 (ii) Bond has call option and call price is Rs. 100



- Q4. (a) Explain the Importance of Economic Indicators. (8)  
 (b) Explain the impact of Sub Prime Crisis on the India Banking System. (7)  
 OR  
 Q4. (c) What is Index of Industrial Production (IIP)? Explain its significance. (7)  
 (d) Explain the causes of subprime crises. (8)  
 Q5. (a) What do you mean by Bond strategy? Explain Bond Investment Management Process. (8)  
 (b) What do you mean by Active Bond strategy? Explain its strategies. (7)  
 OR  
 Q5. (c) Write Short Note (Any 5): (15)  
 (1) Fixed Income Market Participants  
 (2) Convertible bond valuation  
 (3) GDP and Bond Markets  
 (4) Bond Indexing  
 (5) Hybrid Bonds

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03-05-19

Duration : 2.5 hours

Marks : 75

Q1. A. Match the following: (Any 8)

Column A		Column B	
1.	Rolling Settlement	a	Intrinsic Value
2.	India VIX	b	Bluechip stocks
3.	Depository	c	T+2
4.	Registrar & Transfer Agent	d	Dividend per share/Market Price Per Share
5.	Fundamental Analysis	e	Disinvestment
6.	Category A Shares	f	NSDL
7.	Dividend Yield	g	Volatility Index
8.	National Investment Fund	h	1988
9.	SEBI	i	Foreign Nationals Invest in Indian Markets
10.	FII	j	CAMS

B. State whether True or False: (Any 7)

1. Demat reduces bad deliveries of shares.
2. SEBI Board should definitely have one member from the officials of the RBI.
3. A current ratio is calculated as a ratio of current assets and current liabilities.
4. Open interest is the total number of outstanding contracts of a future or option.
5. Rights issue proposes to issue fresh securities to its existing shareholders as on record date.
6. Cost of equity shares depend upon the expectations of the equity shareholders.
7. A beta coefficient of 1 indicates that the risk of the security is equal to the market risk.
8. Bulls are those investors who believe that share price is going upwards.
9. Sub brokers are agents of the stock brokers.
10. A quote driven market is where dealers adjust their quotes continuously to reflect supply and demand.

Q2. A. What is dematerialization? Explain its advantages and disadvantages.

B. Who is a Registrar? Explain the regulations for a registrar.

OR

C. What is Volatility? Explain the causes of Volatility.

D. Explain the powers and functions of SEBI

Q3. A. Explain the strengths and weaknesses of Fundamental Analysis.

B. Explain the Macro Economic Factors affecting share prices.

OR

C. Explain the following terms:

- a. Resistance                      b. Earning per share    c. Candlestick Chart    d. FPO



D. Explain the models for valuation of securities

7

Q4. A. Explain the Efficient Market Hypothesis Theory

8

B. Explain Beta as statistical analysis model

7

OR

C. Explain the Random walk theory and its limitations

8

D. What are stochastics in equity markets? Explain in detail.

7

Q5. A. Explain the entities involved in the clearing and settlement system.

8

B. What is NEAT? Explain in detail.

7

OR

Write short notes on: (Any three)

15

1. Role of brokers
2. Functions of stock exchange
3. Private Placement
4. Disinvestment
5. Market Related Factors affecting share prices

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04-05-19

Time: 2.5 hours

Marks: 75

Note: All Questions are Compulsory / The abbreviation PFP stands for Personal Financial Planning.

Q.1. (A) Multiple Choice Questions (any 8)

1) Don't keep all the eggs in the same basket is related to \_\_\_\_\_ (8)

(a) Live healthy life (b) Diversified portfolio (c) earn profit (d) None of these

2) Parameter for deciding on investment options is \_\_\_\_\_

(a) Reputation of the company (b) Diversified portfolio (c) Post tax return (d) None of these

3) Fixed Deposits with SBI is \_\_\_\_\_ investment.

(a) Moderate Risk (b) Diversified (c) High Risk (d) Low Risk

4) Health Insurance and Mediclaim is related to \_\_\_\_\_

(a) cash generation technique (b) investment option (c) investing in shares  
(d) health & medical planning

5) Value investing means \_\_\_\_\_

(a) cash generation (b) Stocks are selected that trade for less than intrinsic value (c) Stocks are selected that trade for more than intrinsic value (d) health & medical planning

6) If 1.5% per month interest is earned, then for 24 months what will be the Nominal Rate of return?

(a) 36% (b) 24% (c) 15% (d) 16%

7) Effective rate of return considers \_\_\_\_\_ interest.

(a) Compounding (b) Simple (c) Exponential (d) Inflationary

8) IRR is the rate of return at which present value of \_\_\_\_\_ is same.

(a) Outflow & Inflow (b) Debit & Credit (c) Income & Expenditure (d) Profit & Loss

9) If the amount invested in mutual fund is Rs.1,00,000 and after 4 years the sales proceeds are Rs.1,35,000, the CAGR will be \_\_\_\_\_

(a) 7.791% (b) 35% (c) 18% (d) None of these.

10) If amount available to Equity shareholders is Rs.2,00,000 and number of Equity shares are 20,000, the EPS will be \_\_\_\_\_

(a) 10 (b) 12 (c) 10% (d) None of these.

Q.1 (B) True / False (any 7)

1) People invest in stocks instead of creating portfolio is the positive investment style. (7)

2) Determining current financial position of the client is not required while preparing financial plan.

3) Cash planning is a technique which comprises of planning for and controlling of cash.

4) Real rate of return is the amount of money generated by an investment before factoring for taxes.

5) Incremental rate of returns is a metric used in capital budgeting for measuring the profitability of potential investments.

6) Evaluation of investment alternatives is not required while preparing the financial plan.

7) Budgeting & forecasting means the same concept.



- 8) Information available in the cash flow statement is useful in assessing the ability of an enterprise to generate cash.  
 9) Net worth is the difference between assets and liabilities of an individual.  
 10) High P/E ratio is one of the most commonly used metric in value investing.

Q.2 (a) Explain "Establish Client-Planner relationship" as a step in PFP. (8)

(b) Explain the points to be considered while developing a financial plan. (7)

OR

Q.2 (p) Explain the reasons why an Individual should Save money. (8)

(q) Mention the Cash inflows and Cash outflows in financial plan. (7)

Q.3 Prepare an amortization schedule for Mr. Patil from the following information, (15)  
 assuming that the amount payable is an equated annual instalment.

Amount borrowed: Rs.4,40,000

Compound Annual Interest: 12%

Repayment period: 10 years

Note: PV annuity for 10 years should be considered as 5.65022302

OR

Q.3(p) Dr. Prasad purchased 400 shares of DMART @ Rs.61 each on 15<sup>th</sup> October, 2014.

He paid the total brokerage of Rs.600. The company paid the following dividends: (8)

Year	Total Dividend Rs.
June 2015	800
June 2016	1000
June 2017	1200

He sold all his holdings for Rs.34,500 on 15<sup>th</sup> October, 2017. Calculate Holding Period Return.

(q) Calculate EPS based on following information provided: (7)

Particulars	Rs.
Sales	18,00,000
Cost of Goods sold	7,20,000
Operating Expenses	3,60,000
Interest	1,80,000
Tax	30%
Preference Dividend	90,000
No. of equity shares	18,000

Q.4 Prepare Cash Budget of Motilal limited from the data given below for a period of six months (July to December) (15)

Month	Sales (Rs.)	Purchases (Rs.)
May	1,87,500	93,750
June	1,87,500	93,750
July	3,75,000	1,31,250
August	5,62,500	9,18,750
September	7,50,000	3,18,750
October	3,75,000	2,43,750
November	3,75,000	1,68,750
December	3,43,750	-

i) Collection estimates: 5% within the month of Sales, 80% during the month following the sales and 15% during the second month following the sales.



- ii) Payment for purchases is made in the next month.
- iii) Salary of Rs.28,125, Lease payment of Rs. 9,375, Miscellaneous expenses Rs. 2,875 are paid each month.
- iv) Monthly depreciation is Rs.37,500.
- v) Income tax Rs.65,625 each is paid in September and December.
- vi) Payment for research in October Rs.1,87,500.
- vii) Opening balance as on 1<sup>st</sup> July Rs.137,500.

OR

Q.4 From the following data supplied by Yog limited, evaluate the Car manufacturing projects based on NPV and advise the management as to which project should be continued and why? (15)

Particulars	Maruti	Fiat	Toyota
Initial Outflow	40,00,000	60,00,000	80,00,000
Inflows:			
Year 1	6,00,000	8,10,000	12,00,000
Year 2	12,00,000	16,20,000	24,00,000
Year 3	15,00,000	20,25,000	30,00,000
Year 4	21,00,000	28,35,000	42,00,000
Year 5	4,50,000	6,07,500	9,00,000
Year 6	7,50,000	10,12,500	15,00,000
Year 7	12,60,000	17,01,000	25,20,000

You need to apply the discounting factors mentioned below:

Year	1	2	3	4	5	6	7
Dcf@10%	0.909	0.826	0.751	0.683	0.621	0.564	0.513

- Q.5 (a) What do you mean by behavioural finance? (8)
- (b) Explain the role of emotions in financial decision making. (7)

OR

- Q.5 Short Notes (any 3) (15)
- 1) Effective rate of return
- 2) Motives of holding cash
- 3) Time value of money
- 4) CAGR
- 5) Education Planning