

OCTOBER 2011

P/ID 6026/MEJ

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Time : Three hours

Maximum : 80 marks

PART A — (8 × 5 = 40 marks)

Answer any EIGHT questions.

All questions carry equal marks.

1. What is NPV? Explain briefly.
2. Explain the term 'Cost of capital'.
3. What are the relationship between IRR and cost of capital?
4. What are the different types of futures?
5. What is hedging? What are the advantages?
6. What are the features of warrants?
7. What are the potential conflicts between various DCF methods? Explain.
8. Discuss the scope of index features in Indian capital market.
9. 'The OTCEI was established with a definite purpose' is it achieved or not. Examine.

10. What steps have been taken by SEBI to bring more transparency in securities market transaction in India?
11. Distinguish between rights issue and bonus issue.
12. Explain the methods of marketing new securities.

PART B — (4 × 10 = 40 marks)

Answer any FOUR questions.

All questions carry equal marks.

13. Evaluate the financial development of India in terms of long measures.
14. Is the annuity (or) compounded interest method of depreciation used in practice? Why?
15. What is DCF concept? And how does it differ from the assumptions of traditional capital budgeting.
16. What do you think that socio integration is the key to making the right investment decision? Analyse.
17. 'Disinvestment spiral that is associated with assuming the status quo in traditional capital budgeting analysis'. What do you mean by this?
18. Discuss the production life cycle concept in relation to the investment management concept.