LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

M.Com. DEGREE EXAMINATION – **COMMERCE**

SECOND SEMESTER – **APRIL 2014**

CO 2811 - INDIAN SECURITIES MARKET

Date : 28/03/2014 Dept. No. Max. : 100 Marks
Time : 09:00-12:00

SECTION –A

Answer all questions **(10*2=20)**

1. Define investment
2. Give an example for systematic risk
3. Name any two stock exchanges in India
4. State the objectives of SEBI
5. Distinguish between IPO and FPO
6. What do you mean by book building process?
7. Who is a merchant banker?
8. What is circular trading?
9. What is market capitalisation?
10. Identify the objectives of hedging.

SECTION –B

Answer Any Four Questions **(4*10=40)**

11. What is the motivation for investment? Describe the objectives of investment.
12. Examine the development of stock exchange in India.
13. Explain the capital market reforms introduced by SEBI after liberalisation in India.
14. What is credit rating? Explain the advantages of credit rating.
15. Give an account of evolution of clearing and settlement procedures in Indian capital market.
16. Explain how ADR and GDR issues benefit Indian corporate sector.
17. Enlist and explain the feature and types of government securities

SECTION- C

Answer Any Two Questions **(2*20=40)**

18. Discuss the role of primary and secondary capital markets in the economic development of India after liberalisation

19. Define listing. Discuss the functions of stock exchanges in keeping the momentum of capital market growth.

20. (a) Spider computer Inc. is experiencing a period of rapid growth. Earnings and dividends are expected to grow at a rate of 15% during the next 2 years, at 13% in the third year, and at a constant rate of 6% thereafter. The company's last dividend was $1.15 and the required rate of return on the stock is 12%. Calculate the value of the stock today.

    (b) A bond that matures in 10 years sells for @ 940. The bond has a face value of $1000 and an 8% annual coupon rate. What is bond's current yield? What is the bond's yield to maturity?

21. Define financial derivatives. Explain call and put option types and their strategies for hedging risk.

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