

--	--	--	--	--	--

St Aloysius College (Autonomous)
Mangaluru
Semester III- P.G. Examination – M.Com. (Finance and Analytics)
December – 2022

EQUITY RESEARCH AND SECURITY MARKET OPERATION

Time: 3 hrs.

Max Marks: 70

SECTION – A

Answer any **FIVE** questions.

(5x4=20)

1. What do you understand by Equity Research? State the elements of Equity Research.
2. Distinguish between Value Investment and Growth Investment strategies.
3. Write a note on Z Score analysis.
4. Examine the principles of Dow Theory.
5. Outline the role of SEBI in regulating capital markets.
6. List the functions of Stock Exchanges.
7. The closing value of the Nifty 50 is given below:

Day	Closing Sensex value
1	17,795.30
2	17,754.95
3	17,788.97
4	17,812.90
5	17,765.37

You are required to compute Relative Strength Index (RSI) of the Sensex at the end of day 5 and interpret the results.

Answer any **FOUR** questions.

(4x10=40)

8. Critically examine the various investment alternatives with their risk-return profile.
9. Describe the various macro-economic and global factors that are to be taken into account in fundamental analysis.
10. Explain how you carry out competitive environmental analysis using Porter's Model.
11. Discuss the major charting techniques that are used in technical analysis with suitable examples.
12. Summarize the recent developments in primary and secondary market of India.
13. Explain the various methods of constructing stock market indices with suitable examples.

Contd...2

SECTION - C (Compulsory)

(1x10=10)

14. Given below is the daily price information of XYZ stock for the last 6 trading sessions in March 2022:

Day	Price of XYZ stock (₹)
1	575.50
2	545.40
3	535.35
4	540.80
5	542.45
6	550.60

You are required to:

- Compute 50 day exponential moving average (EMA) for the above stock. You can assume that 50 day simple moving average (SMA) for the 1st day is ₹532.25.
- Compare EMA with price and interpret the results.

--	--	--	--	--	--

**St Aloysius College (Autonomous)
Mangaluru**

**Semester III- P.G. Examination - M.Com.(Finance and Analytics)
December - 2022**

Mergers, Acquisitions & Corporate Restructuring

Time: 3 hrs.

Max Marks: 70

SECTION - A

Answer any FIVE questions.

(5x4=20)

1. What do you mean by Mergers and Acquisition? Explain different types of Mergers
2. Explain the screening process of Mergers and Acquisitions.
3. Explain the different methods of corporate restructuring.
4. Explain the conceptual frame work of Due Diligence.
5. Write a note on SEBI Takeover code 2011.
6. Explain different types of takeover tactics.
7. Explain various provisions based on AS 14 related to mergers and acquisitions.

Answer any FOUR questions.

(4x10=40)

8. Company X is contemplating the purchase of Company Y. Company X has ₹ 3,00,000 shares having a market price of ₹ 30 per share, while Company Y has 2,00,000 shares selling at ₹ 20 per share. The EPS are ₹4 and ₹2.25 for Company X and Y respectively. Management of both the Companies are discussing 2 alternative proposals for exchange of shares as indicated below.

1. In proportion to the relative earnings per share of 2 Companies

2. 0.5 share of Company X for one share of Company Y

You are required to calculate earnings per share after merger under 2 alternatives

9. The following information is provided related to the acquiring Firm Mark Limited and the target Firm Mask Limited

Particulars	Firm Mark Limited	Firm Mask Limited
Earning after tax	2,000 lakhs	400 lakhs
No. of shares outstanding	200 lakhs	100 lakhs
P/E Ratio(times)	10	5

Required:

- a. What is the Swap Ratio based on current market price?
- b. What s the EPS of Mark Limited after acquisition?
- c. Determine the market value of the merged firm.

Contd...2

10. K Ltd is considering acquiring N Ltd. the following information is available.

Company	Profit after tax	No. of equity shares	Market value per share
K Ltd	50,00,000	10,00,000	₹ 200
N Ltd.	15,00,000	2,50,000	₹ 160

Exchange equity shares for acquisition is based on current market value as above.

There is no synergy advantages available.

- Find out the earning per share for company K Ltd after merger
 - Find out exchange ratio so that shareholders of N Ltd would not be at a loss.
- Explain process of merger and acquisitions.
 - Elaborate Provisions of Competition Act of 2002 on mergers.
 - Explain different types of Post Acquisition Integration model.

SECTION – C (Compulsory)

(1x10=10)

14. East Company Ltd. is studying the possible acquisitions of Fost Company by way of Merger. The following data are available in respect of the companies.

	East Co. Ltd	Fost Co. Ltd
Earning after tax (Rs)	2,00,000	60,000
No. of equity shares	40,000	10,000
Market value per share (Rs)	15	12

- If Merger goes through by exchange of equity shares and exchange shares is based on the current market price, what is the new earning per share of East Company Ltd.
- Fost Company Ltd. wants to be sure that the earnings available to its shareholders will not be diminished by the merger. What should be exchange ratio in that case.

--	--	--	--	--	--	--

St Aloysius College (Autonomous)

Mangaluru

Semester III- P.G. Examination – M.Com.(Finance and Analytics)

December - 2022

INVESTMENT BANKING & FINANCIAL SERVICES

Time: 3 hrs.

Max Marks: 70

SECTION – A

Answer any **FIVE** questions.

(5×4=20)

1. What is Lease? Explain its types
2. Explain the functions of Credit Rating Agencies
3. Write a note on Green shoe option.
4. Describe the differences between investment banking and commercial banking.
5. Describe the SIDBI's contribution to the growth of small businesses.
6. Explain Fund-based and Fee-based services of Investment Banks.
7. What is underwriting. Explain its types

Answer any **FOUR** questions.

(4×10=40)

8. Explain NABARD's role and functions in relation to the economic development of the agricultural sector.
9. Describe the rating procedure and methodology used by Indian credit rating Agencies - CRISIL, CARE, ICRA.
10. a) Describe the business portfolio of Indian investment banks.
b) Discuss the effects of the finance sector reforms in India.
11. Explain the trading procedure and services of depository system
12. Describe the legal framework and documentation required for underwriting.
13. Explain the role of merchant bankers in the issue management.

SECTION – C (Compulsory)

(1×10=10)

14. XYZ Ltd is in the business of manufacturing steel utensils. The firm is planning to diversify and add a new product line. The firm either can buy the required machinery or get it on lease. The machine can be purchased for ₹ 15,00,000. It is expected to have a useful life of 5 years with salvage value of ₹ 1,00,000 after the expiry of 5 years. The purchase can be financed by 20 per cent loan repayable in 5 equal annual instalments (inclusive of interest) becoming due at the end of each year. Alternatively, the machine can be taken on year-end lease rentals of ₹ 4,50,000 for 5 years. Advise the company, which option it should choose. For your exercise, you may assume the following:
 - a. The machine will constitute a separate block for depreciation purposes. The company follows written down value method of depreciation, the rate of depreciation being 25 per cent.
 - b. Tax rate is 35 per cent and cost of capital is 20 per cent.
 - c. Lease rents are to be paid at the end of the year.

--	--	--	--	--	--

**St Aloysius College (Autonomous)
Mangaluru**

**Semester III- P.G. Examination – M.Com.(Finance and Analytics)
December –2022**

INSURANCE AND RISK MANAGEMENT

Time: 3 hrs.

Max Marks: 70

SECTION – A

Answer any FIVE questions.

(5×4=20)

1. State the functions of Insurance Ombudsman.
2. Differentiate between pure risk and speculative risk.
3. Explain the basic underwriting principles.
4. Explain the basic objectives in claims settlement.
5. State the reasons for insurance regulations.
6. Sum Assured is ₹ 425,000; Policy Type: Whole life; Mode of premium payment is quarterly;
Adjustment factor for large SI is ₹ 1.79 per thousand; Tabular premium rate is ₹ 38 per thousand; DAB and EPDB 1%. Proposer age is 45 years; Period of cover is 25 years; Compute the life insurance premium?

7. Discuss the different types of reinsurance.

Answer any FOUR questions.

(4×10=40)

8. Discuss the principles of an insurance contract.
9. Explain in detail the types of reinsurance.
10. Explain the duties of a broker.
11. "Certain requirements ideally should be fulfilled before a pure risk can be privately insured". In the light of this statement explain the six requirements of an insurable risk.
12. How do analyze the financial statements of insurance companies?
13. Based on the following information, determine the policyholders' surplus, and prepare a balance sheet for XYZ insurance company.
 - a. Total invested assets – ₹ 5,00,00,000
 - b. Loss Reserves – ₹ 4,00,00,000
 - c. Total liabilities – ₹ 7,00,00,000
 - d. Bonds – ₹3,50,00,000
 - e. Cash – ₹1,00,00,000
 - f. Stocks – ₹ 50,00,000
 - g. Premium Receivable – ₹ 4,00,00,000
 - h. Unearned premium reserves – ₹ 2,50,00,000
 - i. Other Liabilities – ₹ 5,00,00,000
 - j. Total Assets – ₹9,00,00,000

SECTION - C (Compulsory)**(1x10=10)**

14. Assume that you are asked to explain how premiums in a life insurance policy are calculated. Based on the following information, answer the questions below:

Age at the beginning of year	Number living at beginning designated year	Number dying during designated year	Present Value of ₹ 1 at 5.5%	
			Year	Factor
30	9,800,822	11,173	1	0.9479
31	9,789,650	11,062	2	0.8985
32	9,778,587	11,050	3	0.8516
33	9,767,537	11,233	4	0.8072
34	9,756,305	11,512	5	0.7651

- Compute the Net Single Premium for a five-year term insurance policy in the amount of ₹1000 issued to a male at age 30.
- Compute the Net Annual Level Premium for the same policy as in part (a).
- Is the Net Annual Level Premium the actual premium paid by the policyowner? Explain your answer.
