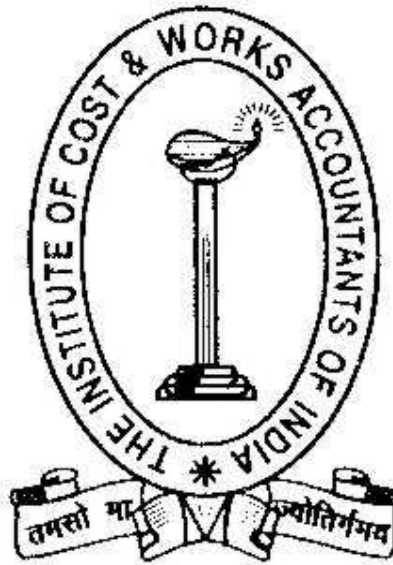


REVISED SYLLABUS 2008

REVALIDATION TEST PAPER

Final Group III



THE INSTITUTE OF COST AND WORKS ACCOUNTANTS OF INDIA
DIRECTORATE OF STUDIES

© Copyright Reserved by the Institute of Cost and Works Accountants of India

PAPER-11

CAPITAL MARKET ANALYSIS & CORPORATE LAWS

REVALIDATION TEST PAPER-RV/11/CMC/2010

SECTION I-CAPITAL MARKET ANALYSIS

(Answer Question **1** and any **TWO** from the remaining)

- 1(a) Define
- i) Systematic Risk
 - ii) Expected Return
 - iii) Capital Market Line
 - iv) Future Contract
 - v) Option
 - vi) Secondary Market
 - vii) Buy back of Shares
- 2*7
- (b) Fill up the blanks with appropriate answers:
- i) The expected Return as per CAPM is ----- ,when $R_m=22\%$, $R_f=9\%$, $\beta=0.6$
 - ii) The Security Market Line shows the linear relationship between the expected returns and -----
 - iii)----- (Economic; Fundamental; Technical)analysis is based on past performance of Prices and trading volume of Stocks
 - iv) The Fixed Price at which the Option Holder can buy/sell the underlying asset is called the-----
 - v) Mr X agrees to exchange 100kgm Basmati rice three months later at Rs80 perKgm.This is an example of -----(Forward Contract/Future Contract)
 - vi) SEBI stands for -----
- 1*6
- 2(a) Explain Briefly the operation of Indian Stock Market.What are principal weaknesses of Indian Stock MARKET? 10
- (b) Distinguish
- i) Forward Contract and Future Contract
 - ii) Primary Market and Secondary Market
- 2*5

3a) The rate of Return of equity shares of Wipro Ltd for past 6 years are given below:

YEAR	2003	2004	2005	2006	2007	2008
RATE OF RETURN(%)	12	18	-6	20	22	24

Calculate the average rate of return, standard deviation and variance. 10

(b) Write in brief on i) Bought Out Deal
ii) Book Building 5*2

4(a) Explain in detail the role of Foreign Institutional Institutions in Indian Capital markets? Are they creating imbalance in the market by providing excess liquidity into the system? 10

(b) . Suppose you invest in four securities. Company ABC has an expected return of 20 percent, Company BCD has an expected return of 10 percent, Company CDE has an expected return of 12 percent, and Company DEF has an expected return of 9 percent. You have invested Rs. 40,000. What is the expected rate of return on your portfolio? (Assumption Invested Equally) 10

SECTION II-CORPORATE LAWS

(Answer Question 1 and any TWO from the remaining)

1. Define the following under the RTI Act 2004
i) Competent Authority under the RTI Act 2004
ii) Record under the RTI Act 2004
iii) Appropriate Government under the RTI Act 2004
iv) Cartel under the Competition Act 2002
v) Consumer under the Competition Act 2002 2*5

5(a) Can a company buy its own shares? If so, under what circumstances.
(b) "No Dividend can be paid by a company except out of Profits"-Comments 10+5

6(a). State in brief the salient Features of Corporate Governance .
(b) "A Good Corporate Governance should have certain basic principles"-Enumerate them. 5+10

7(a) Distinction between
(i) Memorandum & Articles of Association
(ii) Public Co & Private Co
(iii) Fixed Charge & Floating Charge 5*3