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Q.P. Code :19216

[Time: 2:30 Hours]

[Marks:75]

Please check whether you have got the right question paper.

- N.B:
1. All the questions are compulsory.
 2. Working Notes shall form part of your answer.
 3. Use of Simple calculator is permitted.

Q.1 Answer **any two** of the following:

- a) Difference between Investment & Gambling. Explain in detail.
- b) What are the factors involved in selection of investment Alternatives.
- c) Explain the concept of Large Cap, Mid Cap & Small Cap stocks.

(15)

Q.2 Attempt **any two**:

- a) Distinguish between Systematic and Unsystematic Risk.
- b) The rate of return on stocks of Stork Ltd & Kite Ltd under different states of economy are presented below along with the probability of the occurrence of each state of the economy.

(15)

Particular	Boom	Normal	Recession
Probability	0.3	0.4	0.3
Rate of return on stocks of Stork Ltd (%)	40	60	80
Rate of return on stocks of Kite Ltd (%)	90	60	40

Calculate the expected rate of return and standard deviation of return for both companies. Also advise investor for his decision of investment.

- c) Find out the beta of Security Tiger Ltd from the following information.

Period	Return on security (%)	Return on market portfolio (%)
1	25	22
2	25	20
3	25	18
4	21	16
5	25	20

Q.3 Attempt **any two**:

- a) What is portfolio management? Explain objective of portfolio Management.
- b) What is technical Analysis? Explain assumptions in detail.
- c) The following information is available in respect of 2 companies namely.

(15)

Particulars	Yuhina ltd	Monal Ltd
Equity Share Capital (Rs. 10 each)	800 lacs	1000 lacs
12% pref shares capital	100 Lacs	200 Lacs
Profit before tax	400 Lacs	600 Lacs
Tax rate	30%	30%
Dividend per share	Rs 3	Rs 2
Market price per share	150	120

You are required to calculate

1. Earning per Share
2. P/E ratio
3. Dividend Payout ratio
4. Return on Total Capital

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Also advise as to which company should be preferred for investing in.
Q.4 Attempt **any two**:

(15)

- a) Explain Efficient Market theory?
- b) Solve the following for Eagle Ltd.

particulars	Initial price	Market Price (At the end of the year)	Beta
Bulbul Ltd	13	19	1.25
Sparrow Ltd	20	25	1
Oriole Ltd	24	30	1.33

Risk free return may be taken at 10%

You are required to calculate Average Return on portfolio using CAPM

- c) There are 3 Mutual funds have reported the following rates of return and risk over last five years. The risk free return is 8%.

Mutual Fund	Return	Standard Deviation	Beta
Lion ltd	15%	15%	1.1
Fox Ltd	13%	16%	1.25
Leopard Ltd	12%	10%	0.9

Evaluate the portfolio performance using Sharpe's Index & Treynor's index. Which portfolio has performed better?

Q.5 Case study:

(15)

Ms Suddhi an artist from Mumbai approaches you for portfolio management consultancy, with an investible surplus of Rs 30 Lakhs. You are required to advise her on Following:
What are the various investment opportunities available to her, which will minimize her tax outflow?
