QP Code : **11321**

(2½ Hours)   [**Total Marks : 75**

N.B. (1) **All** questions are **compulsory** having internal choice.
  (2) **Figures** to the **right** indicate **marks.**
  (3) Use of **simple** calculator is **allowed.**

1. (a) Fill in the blanks :—   8
     (1) Portfolio means combined holding of many kinds of _____
     (2) SEBI in relation to securities market stands for _____
     (3) Present value = Future value × _____
     (4) Intrinsic value of a share is based on _____ that the investor expects to receive them in future.
     (5) Return means _____ earned on capital invested in the business.
     (6) _____ is also known as a statement of financial position.
     (7) _____ is the method of finding out the future price of a security which an investor desire to buy.
     (8) Modern portfolio theory _____ the relationship between risk and return.

   (b) State whether following statements are **true OR false** :—   7
     (1) Random Walk Theory suggests that the successive price changes are information.
     (2) Money Market instrument are long term instruments.
     (3) When payments are made at the end of each year it is known as Fixed Annuity.
     (4) Interest rate is determined by RBI.
     (5) Return is a key determinant of share value.
     (6) Financial stability is ensured if the company is solvent is short run.
     (7) Technical analysis and fundamental analysis are similar in all aspect.

2. (a) What is Investment ? Explain objective of investment.   8
   (b) What is Mutual Fund ? Explain benefits of investment in Mutual Fund.   7
                                    OR
2. (a) What is Speculation ? Explain how it is different from investment.   8
   (b) What is Money market instrument ? Explain Treasury Bills and benefits of   7
       investment in treasury bills.

3. (a) Mr. Kapil Dev has inherited ₹ 10,000 a year for next 20 years. First payment   8
       being made in one year's time. However he is in need of money immediately
       and would like to sell his income to a buyer who would pay him the right price.
       Assume that current market rate of interest is 9% .
       (i) What should be the right price he should accept ?
       (ii) How much of his income should be self if he wants only ₹ 25,000/- at present ?

[**TURN OVER**

(b) A bond of ₹ 1,000 has a coupon rate of 6% p.a. and maturity period of 3 years. 7
The bond is currently selling at ₹ 900. What is yield to maturity in the investment of this bond ?

OR

3. (a) Sachin Ltd. paid ₹ 2·50 as dividend per share on its equity shares for the year 8
ended 31-3-2009. Dividends are expected to grow at 10% p.a. for an indefinite future. Current market price of share is ₹ 20/-.
   (1) What is expected rate of return ?
   (2) If the required rate of return is 12%. What would be the value of the stock ?
   (3) Is it investing in the shares worth ?

(b) Dr. Shah purchased 400 shares of Sunder Ltd. @ 61 each on 15th October 2011. 7
He paid brokerage of ₹ 600. The company paid following dividends :—

June 2013	→ ₹	800
June 2013	→ ₹	1,000
June 2014	→ ₹	1,200

He sold all his holding for ₹ 34,500 (Net) on 15-10-2014.
   (1) What is holding period return ?
   (2) What is annualized return ?
   (3) Is Dr. Shah a good investor ?

4. Following information is available relating to Sachin Ltd. and Dhoni Ltd. :— 15

(₹ in lakh)

Particulars	Sachin Ltd.	Dhoni Ltd.
Equity Share Capital (₹ 10 each)	200	250
12% preference share capital	80	100
Profit after tax	50	70
Proposed Dividend	35	40
Market price per share	₹ 25	₹ 35

You are required to calculate :—
   (1) Earning per share
   (2) Price Earning Ratio
   (3) Dividend Payout Ratio
   (4) Return on Equity Shares.
As an analyst advise the investor which of the two companies is worth investing.

OR

4. (a) What is Financial Statement ? Explain Balance Sheet ratios and Revenue Statement 8
Ratio.

(b) What is Fundamental Analysis ? How it is different from Technical Analysis. 7

[TURN OVER

5. (a) From the following Data Calculate Beta of a security :—   8

Year	Return on Security	Return on Market Portfolio
1	10	12
2	12	11
3	15	14
4	10	12
5	08	11

(b)   7

Investment in Equity Shares	Initial Price	Dividend/ Interest	Market Price (end of year)	Beta risk factor
Power Ltd.	25	2	50	0·5
Coal Ltd.	35	2	60	0·6
Government Bonds	1000	140	1005	0·66
steel ltd.	45	2	135	0·44

Risk free return is @ 14%.

You are required to calculate expected rate of return of portfolio in each using CAPM model.

OR

5. (a) What is efficient market ? Explain different forms of efficient market hypothesis.   8

(b) Explain capital market line and security market line in detail.   7