

TURBIDITY / security Analysis & portfolio mgmt

Q.P. Code :00447

[Time: 2:30 Hours]

[Marks:75]

Please check whether you have got the right question paper.

N.B: 1. Question.No.1 is compulsory.

1. a) MCQ :- (08)

- i) _____ is a financial investment.
a) Shares (b) Car (c) House (d) CCTV
- ii) The fundamental analysis has been associated with _____
a) Uncertainties (b) Certainties (c) Ratio (d) Balance Sheet
- iii) Post office operates as a _____
a) Financial Institution (b) Small office (c) Outstation office (d) Registered Office
- iv) Life insurance business was nationalized in India in _____
a) 1956 (b) 1980 (c) 1990 (d) 2000
- v) _____ is a speculator who expects rise in price.
a) Bull (b) Bear (c) Stag (d) Deer
- vi) Certificate of Deposits introduced in the year _____
a) 1990 (b) 2000 (c) 1969 (d) 1989
- vii) _____ are the transactions where the borrowing bank places certain security with lending bank
a) Loan (b) Repo (c) Reverse Repo (d) Overdraft
- viii) _____ is discounted value of one or more future cash flows.
a) Present Value (b) Future Value (c) Compound Value (d) Perpetual Value

b) True or False :- (07)

- i) Time is not very important factor in investment.
- ii) Risk is highest in callable bonds.
- iii) The market value of shares is determined by Beta.
- iv) Valuation of equity shares can be calculated on the basis of dividend and earnings.
- v) Investor has to review his investment portfolio and make suitable adjustment periodically.
- vi) A financial service is any kind of service offered by financial service provider.
- vii) Speculative activities are harmful.

2. a) What is an investment? How does it differ from Speculation? (08)

b) What is Mutual Fund? What are the objectives of Mutual Fund? (07)

OR

a) What is money market? Who are the players in the money market? (08)

b) What is Stock Exchange? How does it help investors? (07)

3. a) A finance company has offered a scheme of investment where a person investing Rs.60, 000, presently is entitled to returns of Rs.12, 000, Rs.15, 000, Rs.16, 000, Rs.16, 000 and Rs.18, 000 in next five years. The discount rate is 12% p.a. Advise. (08)

b) A Government of India (Gol) bond of Rs.1, 000 each has a coupon rate of 7.5% p.a. and maturity period is 20 years, If the current market price is Rs.1, 060. Find YTM. (07)

OR

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3. a) H Limited a dividend of Rs.10 per share. Earnings and dividends are expected to grow at 20% and cost of capital is 30%. Market price is Rs.200. Calculate intrinsic value and comment, (08)
 b) Dev purchased 1000 shares of Bharat Forge Limited six years ago at Rs.200. The rate of brokerage 1%. Dividend received is Rs.2 each for four years and Rs.3 each for fifth and sixth year. Current market price is Rs.1200. What is Holding Period Return. Assume he does not sell the shares. (07)

4. The Balance Sheet of two companies are given below: (15)

Liabilities	P Limited	Q Limited	Assets	P Limited	Q Limited
Share Capital	100	150	Machinery	150	200
13% Debentures	50	100	Debtors	30	70
Reserves	90	50	Stock	100	100
Creditors	80	100	Cash and Bank	20	30
	300	400		300	400

Additional information for the two companies are as follows:

Particulars	P Limited	Q Limited
Sales	600	800
Cost of goods sold	400	550
Other operating expenses	50	80
Interest	5	10
Tax	5	10
Dividend	10	30

Compare the two companies based on following ratios: (i) Return on Equity (ii) Current Ratio (iii) Debt Collection Period (iv) Dividend Payout Ratio (v) Earning Per Share

OR

4. a) What is technical analysis? How is it different from fundamental analysis? (08)
 b) What are the technical indicators used Technical Analysis? (07)
5. Returns of A Limited and B Limited are given for four years with market returns. You are required to compute Beta factors and expected returns of A Limited and B Limited by using CAPM and offer your comments. R_f is 8%. (15)

Year	A Limited (%)	B Limited (%)	Market (%)
1	11	12	12
2	13	14	14
3	12	9	14
4	10	10	13

OR

5. a) Discuss Securities Market Line (SML) with diagram. (08)
 b) What are the three forms of efficient market? Explain. (07)