

Duration: 2.5 hours

Marks: 75

N.B. 1) All questions are compulsory.

2) Figures to the right indicate full marks.

1. (A) Multiple choice Question (Any 8)

(08 Marks)

1) _____ is a Financial investment

- a) Machinery b) Shares c) Human capital d) Stock

2) _____ is a market where short term funds are borrowed and lent.

- a. Money Market b. Capital Market c. Bank d) Company

3). _____ refers to appreciation of investment

- a) liquidity b) Return c) capital growth d) Price

4). The beta of market is always _____

- a) One b) positive c) negative d) less than one

5). This type of risk is avoidable through proper diversification.

- a) Portfolio risk b) Systematic risk c) Unsystematic risk d. total risk

6) Debt Equity Ratio is a _____ Ratio

- a) Profitability b) Leverage c) Liquidity d) None of the above

7) CAPM, was developed by _____

- a) William Sharpe b) Jensen c) Treynor d) None of the above.

8) Which type of chart includes daily high price, low price, opening price, and closing price?

- a) Candle stick chart b) Point-and-figure chart c) Moving average chart d) Bar chart

9) In an efficient market, all the relevant information is reflected in the _____ security price

- a) Previous b) Future c) Current d) Charts

10) Study of company's financial statements is part of _____ Analysis.

- a) Fundamental b) Technical c) Moral d) All of the above

(B) Give True or False: (Any 7)

(07 Marks)

1. The total return on a portfolio includes only risk free return.
2. Portfolio performance is evaluated over a time interval.
3. Speculation activity involves uncertain and fluctuating returns.
4. Systematic risk is also known as avoidable risk.
5. APT requires more inputs as compared to CAPM.
6. Beta is used as denominator in Sharpe's Ratio.
7. Example of profitability ratios includes current ratio and quick ratio.
8. Fundamental analysis believe that price move in major and minor trend.
9. Returns and Risk are inversely Proportional to each other.
10. Portfolio risk cannot be reduced with diversification.

2. (A) Explain concept of investment & Distinguish between Investment and Speculation?

(08 Marks)

(B) Explain the phases of Portfolio Management.

(07 Marks)

OR

2. C) The rate of return of stock of Bright ltd and Light ltd under different state Of economy is given below: (15 Marks)

Economic Condition	Probability	Returns of Bright ltd	Returns of Light ltd
High Growth	0.2	13%	11%
Low Growth	0.3	10%	12%
Stagnation	0.4	7%	5%
Recession	0.1	4%	7%

- i) Calculate the expected rate of return and standard deviation of return on stock of Bright Ltd. and Shine Ltd.
- ii) As an investor which company would you prefer for investment?

Q3) A) What is Fundamental analysis? How is it different from Technical analysis? (08 Marks)

B) Explain the Dow theory in detail. (07 Marks)

3) C) Following information is available relating to BAY Ltd and DAY Ltd (15 Marks)

Particulars	BAY Ltd	DAY Ltd
Equity Share Capital (Rs.10 face value)	Rs.400 lakhs	Rs.500 lakhs
12% Preference share	Rs 160 lakhs	Rs 200 lakhs
10% Debentures	Rs 100 lakhs	Rs 140 lakhs
Profit after tax	Rs.100 lakhs	Rs.140 lakhs
Proposed Dividend	Rs.70 lakhs	Rs.80 lakhs
Market Price Per Share	Rs.400	Rs.560
Current Assets	Rs.160 lakhs	Rs.180 lakhs
Quick assets	Rs 140 lakhs	Rs 150 lakhs
Current Liabilities	Rs.125 lakhs	Rs.135 lakhs

Calculate:

- | | | |
|-------------------------------|--------------------|-----------------------------|
| A) (i) Earnings per share | (ii) P/E Ratio | (iii) Dividend Payout Ratio |
| (iv) Return on Equity Shares. | (v) Current Ratio, | (vi) Quick ratio, |
| (vii) Debt-equity ratio. | | |

B) Which company is good for investing?

Q4) A) The details of three portfolios are given below.

(08 Marks)

Portfolio	Average Returns (%)	Beta	Standard Deviation (%)
TH Ltd	13	1.25	0.25
KH Ltd	12	0.75	0.2
RH Ltd	11	1.10	0.25
Market Index	11	1.0	0.2

Compare these portfolios on performance using Sharpe and Treynor measures and rank the portfolios. The Risk Free return is 9 %.

B) A Government of India bond of Rs.1,000 each has a coupon rate of 9% p.a. and maturity period is 7 years. If the current market price is Rs. 1200. Find YTM.

(07 Marks)

OR

Q4) C) Explain various Tax saving Investment Avenues.

(08 Marks)

D) What are the different types of investors?

(07 Marks)

Q5) A) Returns of TATA Limited are given for five years with market returns. You are required to compute Beta.

(08 Marks)

Year	TATA Ltd Returns %	Market Returns %
1	40	40
2	36	34
3	32	30
4	42	48
5	48	52

BBI

SECURITY ANALYSIS

QUESTION (24)

B) Calculate the Operating leverage, financial leverage and Combined leverage from the following data: (07 Marks)

Particulars	XI LTD	YI LTD
Output (in units)	15,000	5,000
Sales rs	20,00,000	8,00,000
Variable cost per unit	Rs 20.00	Rs 48.00
Fixed cost rs	10,44,000	2,80,000
Interest rs	1,80,000	1,60,000
Income tax	30%	30%

OR

5) C) Write short notes on: (Any three) (15 Marks)

1. Types of risks
2. Arbitrage Pricing Theory
3. Portfolio Revision
4. Advantages of Portfolio Management
5. Characteristics of Investment
