Time: 2:30 Hours **Marks: 75**

Q1 (A) Rewrite the following statements and state whether **true or false: (Any 8)** **(08)**

1. The fundamental analysis is an attempt to estimate the worth of a security by considering the earning potential of company.
2. Regression analysis is used for diagnosing the factors determining industry output demand through product demand analysis.
3. Dividend Discount Model is also known as Jensen's model.
4. Investment analysis means to make a comparative study of the type of industry, kind of security and nature of securities etc.
5. Debt instrument carry all risk
6. Technical analysis is based on the study of market data in terms of factors which affecting supply and demand schedules such as prices volumes of trading etc.
7. Inflation affects the rate of return.
8. Modigilani and miller hypothesis is a support of the relevance of dividends.
9. Candle stick is modified version of pie chart.
10. The risk affects the companies is unsystematic risk.

Q1 (B) Match the following columns: **(Any 7)** **(07)**

COLOUMN A	**COLOUMN B**
1. Common size statements	a) Yield to maturity
2. Financial plan	b) Reward to volatility ratio
3. Technical analysis	c) Capital appreciation
4. IRR	d) Foreign currency risk
5. Treynor Ratio	e) flexible
6. Close ended funds	f) Predicts the relationship between the risk and expected return.
7. Beta	g) Stipulated maturity period
8. Growth fund	h) Relationship of two variables
9. Foreign bond	i) Statistical data
10. CAPM	j) Systematic risk

Q2. (A) Following information is relating to the financial statements of Dinesh Ltd. **(15)**

Particulars	₹	Particulars	₹
To COGS	14, 22,000	By Sales	18, 00,000
To Operating Expenses	1,80,000		
To Income Tax	99,000		
To Net Profit	99,000		
	18,00,000		**18,00,000**

Liabilities	₹	Assets	₹
Share Capital (₹ 100. Each)	3,10,000	Goodwill	1,00,000
10% Preference Share Capital	2,00,000	Building	2,50,000
Reserves	10,000	Machinery	1,50,000
15% Debenture	3,00,000	Debtors	1,98,000
Creditors	1,50,000	Inventory	2,00,000
		Cash	52,000
		Share Issue Expenses	20,000
	9,70,000		**9,70,000**

Calculate:

1) Gross Profit Ratio 2)Net Profit Ratio 3)Return On Equity 4)Assets Turnover Ratio
5) Return on Investment 6) Capital Gearing Ratio 7) Liquid Ratio 8) Debtors Turnover Ratio

OR

Q.2 (B) Leo Co. Ltd. considering to invest in the following one of the bonds you are requested to recommend which bond should be purchased? **(08)**

Bond	Coupon rate	Maturity period	Price/₹100 par value
Bond X	14%	8 years	₹ 80
Bond Y	12%	6 years	₹ 50

Q.2 (C). Titan Co. Ltd requested you to find out the market price of share using: Gorden's Model **(07)**

Particulars	
EPS	₹ 12
DPS	₹ 3
Cost of Capital	18%
Internal Rate of Return	20%
Growth Rate in dividend	12%

Q.3 (A) Following the information is given in respect of three mutual funds and market: **(08)**

Funds	Average Return	Beta	Standard Deviation
A	12	1.1	18
B	10	0.9	15
C	13	1.2	20
Market	11	1.0	17

The risk free return is 6%.Calculate Treynors ratio and Sharpe's ratio and rank the portfolio.

Q.3 (B) The Jack & Jones Co. Ltd. Currently sell their shares for ₹ 20 per share. The company's finance manager anticipates a constant growth of 10 % and at the end of year dividend of ₹ 5.00 per share. **(07)**

(i) What is expected rate of return?
(ii) If the investor requires 15% return should be purchase the stock?

OR

Q.3 (C) Kalakan Co. Ltd. has a Capital of ₹ 20, 00,000 divided into equity shares of ₹ 10 each. The shares are currently quoted at Rs. 15 per share. The company proposes declaration of dividend of Rs. 5 per share at the end of financial year. The capitalization rate for the same class of company is 20%. **(15)**

What will the market price of the share at the end of year using MM Model if,

(i) Dividend is declared.
(ii) Dividend is not declared.

Assuming that the company pays the dividend and has net profits of ₹ 20, 00,000 and makes new investment of ₹ 36, 00,000 during the period. How many new shares must be issued?

Q.4 (A) The earning per share of the company Rs. 8 and the rate of capitalization is applicable to the company is 10% p.a. the company has an option of Dividend Payout Ratio 25% or 50% or 75% . Using Walters's model compute the market value of the company's share and comment on it, if the required rate of return is (i) 15% p.a (ii) 10% p.a (iii) 5% p.a. **(15)**

OR

Q.4 (B) From the following information calculate Beta of a security: **(8)**

Year	Return on security %	Return on market portfolio %
1	11	14
2	16	20
3	12	15
4	18	20
5	20	22

Q.4 (C) Marines Ltd. has issued a debenture with the face value of Rs. 1,000 bearing interest rate is 20% p.a maturing after 6 years at par. The expected rate of return is 15%. Find the present value of bond? **(07)**

Q.5 (A) What is strategic financial management? Explain any 6 functions of strategic financial Management? **(08)**

Q.5 (B) What is technical analysis? And explain the charting techniques of technical analysis? **(07)**

OR

Q5. (C) Write short note **(Any 3)** **(15)**

1) Factors affecting industry analysis
2) Principles of financial plan
3) YTM
4) Portfolio diversification.
5) Disadvantages of mutual fund.

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