

Time: $2\frac{1}{2}$ Hours

Marks 75

N.B.: (1) All Questions are Compulsory.

(2) Each Question Carries 15 Marks.

(3) Support your Answer with Required Working Notes.

Q1A. Match the Column (Any 8)

(08)

A	B
1. Gilt Funds	i. Maximize returns with minimum risk
2. Fundamental analysis	ii. Percentage of face value
3. Gold Funds	iii. Trading on equity
4. Head and Shoulders	iv. Transportation averages and Industrial averages
5. Investment Portfolio	v. Underlying historical data
6. Financial Planning	vi. Equity Funds
7. Bond price	vii. Intrinsic value of security
8. Moving averages	viii. Maximize financial resources
9. Debentures	ix. Debt funds
10. Dow theory	x. Key reversal patterns

Q1B. State whether following statements are True or False (**any7**)

(07)

- Investors with high risk appetite invest in contra funds.
- An off shore fund is located in India to raise money globally
- The odd lots are the stock transactions of less than minimum value
- Under line charts no notice of highs and lows of stocks are considered for the given period.
- Technical analysis provides long term view of stock pricing
- A high book value of shares indicates lower reserves and profits.
- If Net worth Turnover ratio is lower than industry average it indicates that company is efficiently managed.
- The practice of managing risks is referred to as risk management.
- Financial Planning links present with future.
- Dow Theory is nothing but an interpretation of data.

Q2A The following information and financial ratios of Meena Ltd relate to year ended 31st March 2018:

Inventory Ratio	6 times
Creditors Turnover Ratio	10 times
Gross Profit Ratio	20% on Cost
Debtors turnover Ratio	8 times
Current Ratio	3:6
Total Sales	Rs 75,00,000
Cash Purchases	Rs 5,75,000
Working Capital	Rs 7,00,000

Opening Inventory is Rs 2,00,000 lower than Closing Inventory. Credit sales are 4 times higher than cash sales. You are required to calculate – (15)

1. Average Inventory
2. Current Assets
3. Current Liabilities
4. Average Payment Period
5. Average Collection Period
6. Average Debtors
7. Purchases
8. Average Creditors

OR

Q2B. Mr Angad has invested in 3 different mutual fund schemes, you are required to ascertain the effective yield on per annum basis in respect of each of the three schemes up to 31st March 2018. (15)

	Scheme 1	Scheme 2	Scheme 3
Date on investment	1 st Dec 2017	1 st April 2018	1 st March 2018
Amount on investment	Rs 1,00,000	Rs 2,00,000	Rs 1,00,000
NAV at entry date	Rs 21.00	Rs 20.00	Rs 20.00
NAV as on 31 st March 2018	Rs 20.80	Rs 20.20	Rs 19.60
Dividend received upto 31 st March 2018	Rs 1900	Rs 3000	NIL

Based on above calculations determine the scheme which should be discontinued by the investor.

Q3A. An investor is considering the purchase of the following Bond – (10)

Face value – Rs 1000

Coupon Rate – 11%

Maturity – 3 years

1. If he wants the yield to be 13% what is the maximum price he should be ready to pay now?
2. If the bond is currently selling for Rs 976 what would be its yield to the investor.

Q3B. Applying the Walter Model calculate the market price of the share with the help of following information – (05)

1. EPS – Rs 30
2. DPS- Rs 18
3. Cost of Capital – 20%
4. Expected Rate of Return – 25%

OR

Q3C. Calculate standard deviation and mean return from the following data - (08)

Year	Return on Security (S) (%)	Return on Security (L) (%)
2017	32	30
2016	30	34
2015	24	26
2014	20	22
2013	10	9
2012	18	16
2011	6	10

Offer your comments on same.

Q3D. A firm has paid dividend of Rs 9 per share in the year 2017. The estimated growth of the dividend from the company is 13 % p.a. Determine the estimated price for the equity share for the current year and revised price if the growth rate of the dividend falls or rises by 3%. (07)

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Q4A. From the following information extracted you are required to calculate (15)

1. Expected Return on securities and Portfolio
2. Co-efficient of covariance of the securities
3. Co-efficient of correlation of the securities

State of Nature	Probability	Return on Security (L)	Return on Security (M)
High	0.35	0.45	0.35
Average	0.40	0.30	0.25
Low	0.25	0.08	0.12

An investor invests amongst securities L and M in ratio 2:1. The total amount invested is Rs 3,90,300.

OR

Q4B. A company belongs to a risk class for which the appropriate capitalization rate is 10%. It currently has outstanding 25000 shares selling at Rs 100 each. The firm is contemplating the declaration of dividend of Rs 5 per share at the end of the financial year. The company expects to have a net income of Rs 2,50,000 and has a proposal for making new investments of Rs 5,00,000. Show that under M&M model assumption the payment of dividend doesnot affect the value of the firm? (08)

Q4C. The below mutual funds have reported the following return and risk over the last five years , you as an analyst are required to evaluate the portfolio performance using Sharpe and Treynor's Index. Offer your comments on same. (07)

Mutual Fund	Return (%)	Standard Deviation (%)	Beta
LSK	30	15	2.10
LMM	24	12	1.00

Q5 A. Discuss the need and importance of financial planning. (08)

B. Explain in brief the Dow theory. (07)

OR

Q5. Write Short notes on **any 3** (15)

1. Portfolio Assessment
2. Techniques used in Industry Analysis
3. Strategic Financial Decision Making Framework
4. Head and Shoulders Configuration
5. Mutual Fund Schemes
