

Duration : 2.30 Hours

Marks : 75

- NB: (1) All questions are compulsory having internal option.
 (2) Figures to the right indicate marks allotted to each question.
 (3) Simple calculator allowed.

1. (A) Match the following. (Any 8)

(08 Marks)

Group A	Group B
(a) Equity share	(1) Debt Fund
(b) Preference share	(2) Risky Capital
(c) Bond	(3) Fixed Dividend
(d) PPF	(4) Unsecured Deposit
(e) Public Deposit	(5) Tax Saving Investment
(f) Investment Bank	(6) Global electronic market place for buying and selling securities
(g) Stock Market Index	(7) Initial public offering
(h) Nasdaq	(8) Scripless trading system
(i) Depository Settlement	(9) Shows the performance of the market
(j) Market Capitalization	(10) Total market value of a company's outstanding shares

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

(07 Marks)

- Small-cap stocks tend to offer more growth potential than large-cap stocks.
- Systematic risk arises due to the micro- economic factors.
- Diversification helps to reduce unsystematic risk.
- Fundamental analysis is a method of evaluating a security.
- Examples of solvency ratio include current ratio and quick ratio.
- Price level and inflation affect the economy of the country.
- The efficient market hypothesis (EMH) states that the financial markets are inefficient.
- Risk is measured by variability in returns.
- A risky asset is one whose return is certain as a Government Security.
- The higher the risk of a security, the lower would be the return expected from it.

2. (A) Distinguish between Equity shares and Preference shares.

(08 Marks)

2. (B) Explain in brief on Money Market Securities.

(07 Marks)

OR

2. As Portfolio Management Consultant, you are approached by Mr. Thakore, aged 45 with investible funds of Rs. 35 lakhs. He wants to know from you the following:

- What are the investment avenues available to him which will give a suitable return with minimum risk?
- What are the various types of risks?

(15 Marks)

3. (A) Calculation of Beta of each of the following two companies with the help of given information.

(08 Marks)

Year	Sachi Ltd	Navi Ltd	Market return
1	20	19	20
2	20	16	17
3	16	13	14
4	20	19	20
5	24	23	24

3. (B) The rate of return of stock A and B under different status of economy are given below :

Particular	Boom	Normal	Recession
Probability	0.35	0.50	0.15
Return of stock A (%)	30	50	70
Return of stock B (%)	70	50	30

- Calculate the expected return and standard deviation of return on both the stock.
- If you could invest in either stock A or stock B, but not in both. Which stock would you prefer? (07 Marks)

OR

3. (P) Given Below are the likely return in case of SKK Ltd. & TKK Ltd. in various economic conditions.

Situation	Probability	Returns %	
		SKK Ltd.	TKK Ltd.
High Growth	0.20	- 13	- 4
Low Growth	0.15	16	-2
Stagnation	0.40	32	21
Recession	0.25	12	20

Calculate the Expected return & standard deviation of both the companies
Advice in which stock would you prefer to invest.

(08 Marks)

3. (Q) Compute Beta factor for Riddhi Ltd.

(07 Marks)

Year	Riddhi Ltd.	Market (%)
2014	20	18
2015	20	14
2016	16	13
2017	24	15
2018	25	15

4. (A) What are Charts? Explain any three Charting Patterns.

(08 Marks)

(B) What are the factors affecting investment decision.

(07 Marks)

OR

4. Following information is available relating to X Limited and Y Limited. (15 Marks)

Particulars	X Limited	Y Limited
Equity Share Capital (Rs.10 face value)	Rs.300 lakhs	Rs.350 lakhs
Profit after tax	Rs.50 lakhs	Rs.70 lakhs
Proposed Dividend	Rs.35 lakhs	Rs.40 lakhs
Market Price Per Share	Rs.200	Rs.280
Current Assets	Rs.80 lakhs	Rs.90 lakhs
Current Liabilities	Rs.40 lakhs	Rs.45 lakhs

Calculate :

(i) Earnings per share (ii) P/E Ratio (iii) Dividend Payout Ratio (iv) Return on Equity Shares (v) Current Ratio

As an analyst inform the investor which is good in investing.

5. (A) The Expected return and Beta factors of 3 securities are as follows:

Securities	Expected Return (%)	Beta
Amar Ltd.	16	1.4
Akbar Ltd.	10	0.8
Anthony Ltd.	12	1.2

If the risk free rate is 7 % and market returns are 14 %. Calculate returns for each security under CAPM.

(08 Marks)

5. (B) The details of three portfolios are given below.

Portfolio	Average Return on Portfolio (%)	Beta	Standard Deviation (%)
Sony	18	1.2	28
Mony	12	0.8	32
Tony	16	1.1	36
Market Index	14	1.0	22

Compare these portfolio on performance using Sharpe and Treynor measures.

Risk Free return is 8 %.

(07 Marks)

OR

5. Give short notes on: (Any Three)

(15 Marks)

1. Security Market Line
2. Efficient Market Hypothesis
3. NSDL
4. Primary Market
5. Stock Market Index
