

V.P.M.'s K.G. Joshi College of Arts & N.G.Bedekar College of Commerce, Thane.
TYBCOM - B & I 5TH SEMESTER

PRELIMINARY EXAMINATION OCT - 2008

TIME : 11.00 a.m. to 1.00 p.m.

MARKS : 60

CODE : 535-A

DATE : 14/10/2008

SUBJECT & PAPER : SECURITY ANALYSIS & PORTFOLIO MGMT.

Instruction : 1] Solve all the Four questions after exercising internal options

Q.1 A) State with reasons whether following statements are True or False 10

- Risk is less when return is high and it is more when return is Low.
- Random walk Theory is based on the efficient market Hypothesis.
- The main use of futures is to hedge corresponding cash and forward positions
- A rupee today represents greater value than a rupee one year later.
- Common size statements are used to compare financial data of one company with another.

B) Give the full forms of the following 05

- CDSL
- YTM
- NCDEX
- IDBI
- CML

OR

Q.1 A) What are the functions of SEBI. 08

B) Discuss - "Investment in Equity & Preference Share". 07

Q.2 A) Compare portfolio performance using Sharpe and Treynas measures for following portfolio's 08

	Avg. Return %	Standard Deviation	Beta
Portfolio X	14%	0.25	1.25
Portfolio Y	10%	0.15	1.10
market index	12%	0.25	1.20

Risk free return is 8%

Q.2 B) A Ltd has paid up capital of Rs. 600,000/- and 10% preference shares capital of Rs. 100,000/- operating profit is Rs. 400,000/-. Tax rate is 40%. Company has declared dividend @ 20%. The company expects a growth rate of 3% compute value per equity share using

- Dividend approach
- Dividend Growth Approach.
- Earnings approach

07

OR

CODE : 535 A

Write short notes on

- Q.2 A) Macro economic analysis 05
 B) Leverage Ratio's 05
 c) Call option & Put Options 05

- Q.3 A) The Rates of Return on Stocks A Ltd. and B Ltd under different Status of economy are presented below along with the probability of the occurrence of each state of the economy

	BOOM	Normal	Recession
Probability of Occurance	4	3	3
Rate of Return on Stock-A Ltd.	40	30	20
Rate of Return on Stock-B Ltd.	30	25	15

- i) Calculate expected return & standard deviation of return of both the stocks
 ii) If you could invest in either A Ltd. or B Ltd., but not in both, which stock would you prefer?
- Q.3 B) Distinguish between primary market and Secondary market 06

OR

- Q.3 Write short notes on the following
- a) Charting Techniques 05
 b) SML 05
 c) Objectives of port folio management 05

- Q.4 A) Following information is available relating to Tom Ltd and Jerry Ltd.

	(Rs. in Lakhs)	
	Tom Ltd.	Jerry Ltd.
Equity share capital (Rs. 10 face value)	200	250
12% preference shares	80	100
profits after tax	50	70
Proposed dividend	35	40
market price per share	Rs.100	Rs.140

CODE : 535 A

- Calculate
- i) Earning per share
 - ii) P / E Ratio
 - iii) Dividend pay.out ratio.
 - iv) Return on equity shares.

Analyse the worth of the two companies as an investment option. 09

Q.4 B) ABC Ltd. issues 5 year Bond of Rs.1000 oat par with coupon rate of 7%. The investor requires at least a return of 8% what should be the price the investar can pay if the bond matures.

- a) at par
- b) at 20% premium
- c) at 10% Discount

06

OR

Q.4 Write short notes on

05

- a) Random walk theory
- b) Limitations of Financial statement Analysis
- c) Distinguish between Options & Futures
