

Duration: 2½ Hours

Marks: 75

N.B. 1) All questions are compulsory.

2) Figures to the right indicate full marks.

Q.1) (A) State whether following statements are True or False. (Any Eight) (8)

- 1) Time is not very important factor in investment.
- 2) The higher the creditworthiness of the borrower, the lesser is the risk.
- 3) The portfolio once constructed to meet with the objective of maximum return with minimum risk need not be monitored and reviewed regularly.
- 4) The process of changing the mix of securities in a portfolio is called as portfolio revision.
- 5) The book value per share is the net worth of the company divided by the number of outstanding equity shares.
- 6) Higher industrial growth rate is a unfavourable sign in the stock market.
- 7) Technical analysts believe that history tends to repeat itself.
- 8) Fundamental Analysis is a Short Term Approach.
- 9) The random walk hypothesis argues that stock prices are not random.
- 10) Small cap stocks tend to offer more growth potential than large cap stocks.

Q.1) (B) Match the columns. (Any Seven) (7)

Column A	Column B
1) Standard Deviation	a) Bear Market
2) Perfect Negative correlation	b) Fixed Dividend
3) Beta higher than 1	c) Technical Analysis
4) Jensen Measure	d) C / EBIT
5) High Taxes	e) Liquidity Ratio
6) Current Ratio	f) Negative impact on share valuation
7) Operating Leverage	g) Difference between Actual Return and Expected Return
8) Study of chart and patterns	h) Aggressive security
9) Preference Share	i) -1
10) Falling stock Market	j) Measure of risk

Q.2) (a) Explain the investment objectives. (8)

Q.2) (b) What is the meaning of Portfolio Evaluation? Explain the need for Portfolio Evaluation. (7)

OR

Q.2) (c) Ms. Tanya is considering investment in the shares of any of the below three companies. She has the following expectations of return on the stocks: **(15)**

Probability	Return %		
	Cipla Ltd.	Galaxo Ltd.	Dabar Ltd.
0.35	30	20	25
0.30	25	30	20
0.15	40	40	30
0.20	20	20	10

You are required to:

i) Calculate the expected return and risk of Cipla Ltd. , Galaxo Ltd. and Dabar Ltd.

Q.3) (a) Following is the Revenue Statement of CIRCLE Ltd. **(15)**

Trading, Profit & Loss Account for the year ended 31st March, 2023

Particulars	Rs.	Particulars	Rs.
To Opening Stock	27,150	By Sales	2,55,000
To Purchases	1,63,575	By Closing Stock	42,000
To Carriage Inward	4,275	By Interest received on Investment	2,700
To Office Expenses	45,000		
To Sales Expenses	13,500		
To Loss on Sale of Fixed Assets	1,200		
To Net Profit c/d	45,000		
	2,99,700		2,99,700

Calculate the following ratios:

- Gross Profit Ratio
- Operating Ratio
- Stock Turnover Ratio
- Office Expenses Ratio
- Net Profit Before Tax Ratio

OR

Q.3) (c) Explain Operating Leverage and Financial Leverage and its uses **(8)**

Q.3) (d) Distinguish Between Fundamental Analysis and Technical Analysis. **(7)**

Q.4) a) The details of three portfolios are given below. Compare these portfolios on Performance using the Sharpe, Treynor and Jensen's measures. **(8)**

Portfolio	Average Return	Standard Deviation	Beta
1	10%	0.20	1
2	12%	0.30	1.25
Market Index	13%	0.25	1.20

The risk - free rate of return is 6%

- Q.4) b)** Calculate yield to maturity (YTM) of bond 'A': (7)
 Annual Interest - 10%
 Face Value - Rs.100
 Market Price - Rs.80
 Life of bond - 10 years
 If bond 'B' gives 16% YTM, which is better to invest?

OR

- Q.4) c)** Explain the different types of investors. (8)
Q.4) d) Explain Random Walk Theory with criticism against the theory. (7)

- Q.5) a)** The returns of Bajaj Ltd. and Market Portfolio for last 4 years are as under: (8)

Year	% Return of Stock Bajaj Ltd.	% Return on Market Portfolio
1	10	8
2	12	10
3	9	9
4	3	-1

Calculate Beta of the Bajaj Ltd.

- Q.5) b)** The following information is available in respect of two firms, Prakash Ltd. (7)

Particulars	Amount (Rs. in lakhs)
Sales	500
Less: Variable Cost	200
Contribution	300
Less: Fixed Cost	150
EBIT	150
Less: Interest	50
Profit Before Tax	100

You are required to calculate Operating, Financial and Combined Leverage.

OR

- Q.5) Write short note. (Any 3)** (15)

- Support and Resistance
- Security Market Line
- Arbitrage Pricing Theory
- Advantage of Portfolio Management
- Portfolio Revision Strategies