

[Time: 3.00 Hrs]

[Marks: 75]

Please check whether you have got the right question paper.

Instructions :

1. Q1 (20 marks) & Q8 (15 marks) are compulsory.
2. Attempt Any Four (40 marks) out of Q2, Q3, Q4, Q5, Q6 and Q7.
3. Students have to attempt any four out of the remaining six questions and within each question; students have to attempt any one out of two sub – questions. Each sub – question would carry 10 Marks.
4. Figures to the right indicate full marks.
5. Draw neat diagrams wherever necessary.

Q.1 Read and attempt the following:**(A) Multiple choice question****10 Marks**

i. What is a security?

- a) A type of investment b) A type of insurance c) A type of loan d) A type of bond

ii. What is the primary purpose of a security?

- a) To provide liquidity b) To provide income c) To provide growth d) To provide capital preservation

iii. What is the term for the process of buying and selling securities?

- a) Trading b) Investing c) Divesting d) Speculating

iv. Which of the following is an example of a security?

- a) Stock b) Bond c) Mutual fund d) All of the above

v. What is the term for the risk that an investor takes on when investing in securities?

- a) Market risk b) Credit risk c) Liquidity risk d) Systemic risk

vi. What is equity research?

- a] The process of analyzing companies' financial statements to determine their value.
b] The process of analyzing companies' financial statements to determine their stock price.
c] The process of analyzing companies' financial statements to determine their stock performance.
d] The process of analyzing companies' financial statements to determine their stock volatility.

vii. What is valuation?

- a] The process of determining a company's value. b] The process of determining a company's stock price. c] The process of determining a company's stock performance. d] The process of determining a company's stock volatility.

viii. What is discounted cash flow (DCF)?

- a] A method used to estimate a company's value. b] A method used to estimate a company's stock price. c] A method used to estimate a company's stock performance. d] A method used to estimate a company's stock volatility.

ix. What is free cash flow (FCF)?

- a] A company's net income minus its capital expenditures. b] A company's net income plus its capital expenditures. c] A company's net income minus its dividends. d] A company's net income plus its dividends.

x. What is enterprise value (EV)?

- a] A company's total assets minus its total liabilities. b] A company's total assets plus its total liabilities. c] A company's total assets minus its total liabilities plus its minority interest. d] A company's total assets plus its total liabilities minus its minority interest.

(B) State whether True or false.

10 Marks

- i. Technical analysis is based on the idea that prices reflect all available information.
- ii. Chart patterns are used in technical analysis to identify trends and predict future prices.
- iii. The Capital Asset Pricing Model (CAPM) states that expected return is equal to the risk-free rate plus the risk premium.
- iv. The Arbitrage Pricing Theory (APT) states that expected return is equal to the risk-free rate plus the risk premium plus a factor loading.
- v. The APT is a more general theory than the CAPM.
- vi. Modern portfolio theory (MPT) states that investors should diversify their portfolios to minimize risk.
- vii. The efficient frontier is the set of optimal portfolios that offer the highest return for a given level of risk.
- viii. The EMH does not account for risk.
- ix. The EMH was first proposed by Alfred Cowles.
- x. All securities are traded on an exchange.

Q.2 Attempt any One of the following:

10 Marks

a. Calculate Following Ratios from the below balance sheet:

Liabilities	Rs.	Assets	Rs.
Equity Share Capital	5,00,000	Land & Building	1,00,000
Preference share capital	2,00,000	Machinery	4,00,000
General Reserve	1,00,000	Furniture	50,000
Secured Loan	3,00,000	Inventory	3,00,000
Sundry Creditors	1,00,000	Sundry Debtors	3,00,000
		Cash/Bank Balance	50,000
	12,00,000		12,00,000

- a. Current Ratio
- b. Liquid Ratio

Q.P. Code: 00005422

- c. Proprietary Ratio
- d. Stock Working capital Ratio
- e. Capital Gearing Ratio
- f. Debt Equity Ratio

b. Calculate Following Ratios from the below balance sheet:

Liabilities	Rs.	Assets	Rs.
Equity Share Capital	2,00,000	Machinery	5,92,000
12% Preference share capital	3,60,000	Investment	2,24,000
General Reserve	1,40,000	Stock	2,02,000
16% debentures	2,40,000	Bills Receivable	40,000
Trade payable	2,44,000	S. Debtors	98,000
Bank overdraft	40,000	Cash and Bank	76,000
Provision for Income Tax	36,000	Profit & Loss A/c	28,000
	12,60,000		12,60,000

- a. Current Ratio
- b. Liquid Ratio
- c. Proprietary Ratio
- d. Capital Gearing Ratio
- e. Debt Equity Ratio

Q.3 Attempt any Two of the following:

10 Marks

- a. What do you mean by securities?
- b. Explain the characteristics of Securities market.
- c. Write note on structure of securities market.

Q.4 Attempt any Two of the following:

10 Marks

- a. Write a note on Risk?
- b. Write note on Purchasing Power Risk?
- c. Explain Business Risk.

Q.5 Attempt any Two of the following:

10 Marks

- a. Explain Random Walk theory
- b. Discuss the significance of Efficient Market Hypothesis
- c. What are the uses of Efficient Market Hypothesis?

Q.6 Attempt any Two of the following:

10 Marks

- a. Discuss the Primary sources of financial information.
- b. What are the Secondary sources of financial information?
- c. Write note on Industry analysis.

Q.7 Attempt any Two of the following:

10 Marks

- a. Write note on Bond valuation.
- b. Write note on warrants.

c. What do you understand by Bond Valuation?

Q.8 Write short notes on Any three from the following:

15Marks

- a. Tool of Technique analysis.
- b. Dow theory
- c. Bull Market Trend
- d. Resistance Level
- e. Capital Market Line
