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(A-2)

**Sardar Patel University**  
**TY BBA (ISM) 6<sup>TH</sup> SEM (NC)**  
**Security Analysis (UM06CBBS02)**  
**26<sup>th</sup> March 2015**

**Total**  
**Marks**  
**60**

**Time : 2.30 P.M TO 4.30 P.M.**

- Q:1 (a) Define stock Exchange. Discuss its functions in detail. (08)  
 Q:1 (b) Write a note on OTCEI (07)
- OR**
- Q:1 (a) Clarify the concept of investment, speculation and Gambling. (05)  
 Q:1 (b) Explain NSE and BSE (10)
- Q:2 State EIC Framework of fundamental analysis in detail. (15)
- OR**
- Q:2 (a) Discuss Dow's theory in detail. (08)  
 Q:2 (b) State efficient market hypothesis (07)
- Q:3 (a) Currently a company has paid a dividend of Rs. 5 per share. The required rate of return is 12% what will be the value of this share if the company decides to pay the same amount of dividend every year? What will happen if the dividend will grow at 6% p.a.? (05)
- What will be the value of the share if the dividend will decline at 4% p.a?
- Q:3 (b) Jiya Ltd. Has a 10 year debenture that pays Rs 140 annually interest Rs. 1000 will be paid on maturity what will be the value of the debenture if the required rate of interest is 12%, 14%, & 16% (05)
- Q:3 (c) A 100 Rs. Perpetual Bond is currently selling for Rs. 95. The coupon rate of interest is 13.5% and discount rate is 15% calculate the value of the bond should it be brought? What is its YTM? (05)
- OR**
- Q:3 (a) The total asset is Rs. 80,000 of a company are financed by equity funds only. The IRR on assets is 10%. The company has a policy of retaining 70% of its profit. The capitalization rate is 12%. The company has 10,000 shares outstanding. Calculate the present value of share. (05)
- Q:3 (b) The current dividend paid by a company is Rs. 10 per share. It will grow at 12% p.a. for first 3 years than at 10% for next 3 year & than at 6% p.a. forever. If RRR is 8%, what is the Value of such equally? (05)
- Q:3 (c) Explain difference between Equity share capital and preference share capital (05)
- Q:4 (a) The risk free rate of return is 9 % and the expected market return is 21%. The estimated rates of return of eight securities 'A to G' and their respective beta coefficient are as under. (08)

Security	Estimated rate of return	Beta coefficient
A	15 %	1.15
B	17 %	1.19
C	23 %	1.22
D	30 %	1.75
E	20 %	1.14
F	18 %	1.13
G	25 %	1.21

Using CAPM , identify the securities that are correctly price, over priced and under priced.

Q:4 (b) Write a note on diversification of investment portfolio. (07)

**OR**

Q:4 (a) A share is currently selling at Rs. 50. It is expected that a dividend of Rs. 2 per share would be paid during the year and the share could be sold at Rs. 54 at the end of year. Calculate expected return from the share (05)

Q:4 (b) What do you mean by portfolio Management? Discuss its process in detail. (10)

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