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[A-8]

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Sardar Patel University
TY BBA (ISM) 6th SEM (CBCS)
Security Analysis (UM06CBBS03)
2nd APRIL 2016
Time: 10.30 A.M TO 12.30 P.M.

Total Marks 60

- Q:1 (a) Define stock Exchange. Discuss its functions in detail. (07)
 Q:1 (b) Explain BSE & NSE (08)

OR

- Q:1 (a) Describe working system of stock market. (08)
 Q:1 (b) Discuss in your word Investment and Explain the defects of Indian stock market. (07)

- Q:2 (a) Discuss Dow's theory in detail. (08)
 Q:2 (b) Define technical analysis and state its assumptions as well as advantages. (07)

OR

- Q:2 Write down Company Analysis and Industry Analysis as a part of EIC Framework of Technical Analysis in detail. (15)

- Q:3 (a) Explain the concept of value. (05)
 Q:3 (b) (1) The Govt. is proposing to sell a 5 years bond of Rs. 1000 at 8% rate of interest p.a. The bond amount will be amortized equally over its life. If an investor has a minimum required rate of return is 7% what is the Bond's present value for him? (10)

(2) Varun Ltd. is proposing to issue a 5 year, 12% preference shares. The shares will be redeemed at Rs. 110 at the end of 5th year. Its face value is 100. If an investor has a minimum required rate of return of 14%, what is the present value of such preference share for him?

OR

- Q:3 (a) The following is the dividend pattern of a company over last 6 years. (05)

Year	DPS
1	4.5
2	4.86
3	5.25
4	5.67
5	6.12
6	6.61

If the capitalization rate is 10% what is the value of such share?

- Q:3 (b) (1) Vimal Ltd. Issue 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? (10)

(2) Vraj Ltd issue 10% redeemable bond of face value Rs. 100 will be redeemed at 10% premium after 5 years. The investors required rate of return is 14% Find the value of Bond if interest is paid a) Annually b) Quarterly c) Half yearly

- Q:4 (a) (1) The expected return according to CAPM formula and the estimated return of each security are tabulated below: (08)

Security	Expected return (As per CAPM)	Estimated return
A	22.8	30
B	21.2	24
C	19.6	18
D	17.2	15
E	18.8	15
F	15.6	12

State which security is overprice & under price.

(2) Security P has a beta of 0.75 while security Q has a beta of 1.45. Calculate the expected return for these securities, assuming that the risk free rate is 5 % expected return of market is 14 %.

- 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)

*** ALL THE BEST ***