

# C.U.SHAH UNIVERSITY

## Summer Examination-2018

**Subject Name : Security Analysis and Portfolio Management**

**Subject Code : 5MS03SAP1**

**Branch: MBA**

**Semester : 3**

**Date : 02/04/2018**

**Time : 02:30 To 05:30**

**Marks : 70**

**Instructions:**

- (1) Use of Programmable calculator and any other electronic instrument is prohibited.
  - (2) Instructions written on main answer book are strictly to be obeyed.
  - (3) Draw neat diagrams and figures (if necessary) at right places.
  - (4) Assume suitable data if needed.
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### SECTION – I

- Q-1      Attempt the Following questions      (07)**
- a. What do you mean by Initial Margin?      01
  - b. State the reform on Insider Trading.      01
  - c. Give the formula for Margin Calculation in Margin Trading.      01
  - d. If a company has paid a dividend of Rs.15 at the end of the year and it expects a growth rate of 10% p.a. for indefinite period. Find the intrinsic value of the stock if the required rate of return is 12% p.a.      01
  - e. Define Duration.      01
  - f. Write the formula for Measure of Performance.      01
  - g. What do you mean by dirty price of the bond?      01
- Q-2      Attempt all questions      (14)**
- a. What is efficient Market Hypothesis? Explain various forms of Market efficiency with respect to Indian Capital Market.      07
  - b. Mr. A shorts 1000 shares of IDFC at Rs. 45 per share. Initial margin is 70% and at the end of the year the price of the share is Rs. 60 per share and the stock has paid a dividend of Re. 2 per share. What is the Rate of Return on Investment?      07
- OR**
- Q-2      Attempt all questions      (14)**
- a. XYZ Ltd. paid a dividend of Rs. 1.5 five years ago and has just paid an annual dividend of Rs. 2.42; you expect dividends to grow at the same annual rate for the next four years. After that, you expect dividend to grow at the annual rate of 15% how much will you be willing to pay for a share if you require 20% rate of return?      07
  - b. Explain different types of orders in stock market.      04
  - c. Give the classification of different groups of securities in stock market.      03



- Q-3 Attempt all questions (14)**
- Write a note on Indian Capital Market. 07
  - Write a note on reforms of Stock Market. 04
  - Explain Company Analysis in EIC Model. 03

**OR**

- Q-3 Attempt all questions (14)**
- Mr. K opens a brokerage account and purchases 500 shares of XYZ company at Rs. 210 per share. He has borrowed Rs 35000 from her broker to make payment towards her purchase. The rate of interest on the loan is 9% p.a. Find out the Initial Margin, Rate of Return and Margin Call if the price goes to Rs. 175. (Assume Maintenance Margin = 35%) 14

**SECTION – II**

- Q-4 Attempt the Following questions (07)**
- State the full form of ETF. 01
  - Define Short Sales. 01
  - What is Diversifiable Risk? 01
  - State the full form of SML. 01
  - What is your understanding of the word ‘Systematic Risk’? 01
  - State whether the below mentioned statement is True or False. 01  
‘Prices of long-term bonds tend to be more sensitive to interest rate changes’.
  - What do you mean by zero coupon bonds? 01

- Q-5 Attempt all questions (14)**
- Write a note on Technical Analysis. 07
  - Explain EIC Model in detail. 07

**OR**

- Q-5 Attempt all questions (14)**
- Throw some current highlights from the Indian Stock Market. 07
  - How do you maintain Portfolio? 07

- Q-6 Attempt all questions (14)**
- What are the difference between yield to maturity, yield to call and holding period return? 07
  - Write a note on Types of exchange. 07

**OR**

- Q-6 Attempt all Questions (14)**
- Write the fundamentals of Portfolio Management according to your understanding. 07
  - Write a note on Stock Valuation. 07

