

Seat No.: \_\_\_\_\_

Enrolment No. \_\_\_\_\_

**GUJARAT TECHNOLOGICAL UNIVERSITY**  
**MBA (PART TIME)– SEMESTER 4– EXAMINATION – SUMMER 2019**

**Subject Code: 3549923**

**Date: 08/05/2019**

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

**Time: 10:30 AM To 01:30 PM**

**Total Marks: 70**

**Instructions:**

1. Attempt all questions.
2. Make suitable assumptions wherever necessary.
3. Figures to the right indicate full marks.

| Q. No.    |                                                                                                                                                                  | Marks |
|-----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|
| Q.1       | Explain the terms<br>(a) Beta<br>(b) Systematic investment plan<br>(c) zero coupon bond<br>(d) Limit order<br>(e) PE Ratio<br>(f) Stop Loss<br>(g) Support Level | 14    |
| Q.2       | (a) What is Investment? Discuss various types of investments and also differentiate between investment and speculation                                           | 07    |
|           | (b) Briefly explain Markowitz portfolio theory with suitable illustration.                                                                                       | 07    |
| <b>OR</b> |                                                                                                                                                                  |       |
|           | (b) What is Risk? Explain sources of Risk                                                                                                                        | 07    |
| Q.3       | (a) Differentiate between Fundamental Analysis and Technical Analysis.                                                                                           | 07    |
|           | (b) Take any Industry in India of your choice and do Economic and Industry Analysis for the same.                                                                | 07    |

**OR**

|     |                                                                                   |    |
|-----|-----------------------------------------------------------------------------------|----|
| Q.3 | (a) The probability distribution of the rate of return on a stock is given below: | 07 |
|-----|-----------------------------------------------------------------------------------|----|

| State of the economy | Probability of occurrence | Return in % |
|----------------------|---------------------------|-------------|
| Boom                 | 0.6                       | 45          |
| Normal               | 0.2                       | 16          |
| Recession            | 0.2                       | -20         |

From the information above find the risk (Standard Deviation) of the stock

(b) Following is the information regarding return on stock X

07

| Period | Return % |
|--------|----------|
| 1      | 10       |
| 2      | 16       |
| 3      | 24       |
| 4      | -2       |
| 5      | 12       |
| 6      | 15       |

From the information above find the risk(standard deviation) of the stock

**Q.4**

**CASE STUDY:**

Mr. Kartik Mehra is a young software Professional having a very nice salary package. He wants to invest a part of his Savings in stock market and has found stock of ABC Ltd a good choice. He has collected the following data on return of the stock and the market. You being a finance expert, he has approached you for your advice.

| Year | ABC Limited (%) | Market (%) |
|------|-----------------|------------|
| 1    | 14              | 12         |
| 2    | -4              | 2          |
| 3    | 16              | 14         |
| 4    | 32              | 26         |
| 5    | 10              | 12         |
| 6    | 27              | 24         |
| 7    | 3               | -2         |
| 8    | -20             | -20        |
| 9    | -6              | -4         |
| 10   | 12              | 14         |

Kindly answer his following questions from the data above.

- (a) Calculate the standard deviation of the Market Return.  
(b) What is the beta of the stock of ABC Limited?

07

07

**OR**

**Q.4**

- (a) What are the benefits and risks involved with investing in equities?  
(b) Develop Characteristic line for the stock of ABC Limited.

07

07

**Q.5**

**CASE STUDY:**

Mr Rahul Singhania is interested in investing in bonds . He feels that though bond investment in India is not as popular as investing in Equities, Indian bonds are good investment choice. For the same he has furnished you the details on Bond A.

|                                                     |            |
|-----------------------------------------------------|------------|
| Face value                                          | Rs1,000    |
| Coupon<br>(Interest)<br>payable annually<br>percent | 12         |
| Yield                                               | 15 percent |
| Years to maturity                                   | 5          |
| Redemption value                                    | 1,000      |

From the above information help him in finding answers to the following questions.

- (a) Find the duration of bond A. **07**
- (b) Explain various types of bonds and also briefly discuss risks associated with bond investment. **07**

**OR**

- Q.5** (a) Briefly discuss the concept of duration of the bond and properties of duration **07**
- (b) Suggest how bond market in India can be made stronger and more vibrant. **07**

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