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**MBA/IIIS/F-303/13**

**2013**

**MASTER OF BUSINESS ADMINISTRATION**

**[ Third Semester Examination ]**

**FINANCIAL AND INVESTMENT ANALYSIS**

**Specialisation : ( *Financial Management* )**

**PAPER—F-303**

***Full Marks : 100***

***Time : 3 hours***

***The figures in the right-hand margin indicate marks***

***Candidates are required to give their answers in their own words as far as practicable***

***Illustrate the answers wherever necessary***

**Write the answers to Questions of each Half  
in separate books**

**( Turn Over )**

( 2 )

FIRST HALF

[ Marks : 50 ]

1. Answer any *four* questions from the following : 5 × 4
- (a) Distinguish between 'horizontal analysis' and 'vertical analysis'.
  - (b) How are trend ratios computed ?
  - (c) Write a short note on 'warrants'.
  - (d) How do you compute yield to maturity ?
  - (e) Explain Markowitz's Mean-Variance rule.
  - (f) Write a short note on 'zero coupon bonds'.
2. Answer any *two* questions : 10 × 2
- (a) From the following financial data make out a statement of 'Proprietors Fund' with as many details as possible.
- Proprietary Ratio (Fixed Assets to proprietors' Equity) .75

Current Ratio	2.50
Liquid Ratio	1.50
Capital gearing (Equity share capital & Reserve & surplus to preference capital) ratio	2 : 1
Reserve & surplus to equity shareholders' fund	.30
Working capital	Rs. 90,000
Bank overdraft	Rs. 20,000

There is no long term loan or fictitious assets.

- (b) Arvind considers Rs. 1,000 par value bond bearing a coupon rate of 11% that matures after 5 years. He wants a minimum yield to maturity of 15%. The bond is currently sold at Rs. 870. Should he buy the bond ?
- (c) What are the various forms of investment alternatives ? Give a detailed account of any five.

**[Internal Assessment : 10 Marks ]**

SECOND HALF

[ Marks : 50 ]

3. Answer any *four* questions from the following : 5 × 4
- (a) What is industry analysis ? Why is it required ?
  - (b) Explain the term “Gaps” and state technically how they help in predicting the value of shares.
  - (c) What are the basic characteristics of an efficient market for securities ?
  - (d) The share prices of P Ltd. over a week are as follows :  
Rs. 950 ; Rs. 954 ; Rs. 970 ; Rs. 967 ;  
Rs. 972 ; Rs. 975 ; Rs. 963.  
Calculate relative strength Index and based on it technically comment on the price movement of this particular scrip.
  - (e) How do breadth of the market theory help in identifying the trend of the market ?

( 5 )

- (f) From the following data of Bosco Ltd., calculate the value of equity shares based on return on capital employed :

(Rs. in lakh)

Year	2006	2007	2008	2009	2010
Capital Employed	22	28	35	37	43
Profit	4	6	7	9	12

The market expectation being 16%.

4. Answer any *two* questions from the following :

10 × 2

- (a) Describe the key economic variables that an investor must monitor as part of his fundamental analysis.
- (b) What is RSI ? Explain its calculation and interpretation.
- (c) Explain the weak form of the efficient market hypothesis. Describe any one empirical test used for testing the weak form of market efficiency.

[ *Internal Assessment* : 10 Marks ]

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