

Set--A

Unique Paper Code : 52413402

Name of the Paper : Investing in Stock Markets (BC4.4(b))

Name of the Course : B.Com. (P)

Semester : IV

Duration : 3 hours

Maximum Marks : 75 Marks

Instructions for Candidates

1. Attempt any four Questions, Each Question carry equal marks.
2. Answers may be written either in English or in Hindi, but the same medium should be used throughout the paper.

1) The return (in %) on securities X and Y under different situations are given below:

PROBABILITY	SECURITY X	SECURITY Y
0.3.	10	12
0.4	12	13
0.3	15	14

Find the return and risk associated with the securities. Also advice which is a better investment of the two securities. Give reason. (18.75)

2) The financial details of the three companies operating in textile industry are given below:

Particulars	A Ltd	B Ltd.	C Ltd.
Sales	90000	80000	110000
Net profit margin	22%	25%	20%
Number of equity shares	6000	5000	8000
Actual market price per share	55	54	40

Using the above data compute the following:

- a) Earnings per share of each company.
 - b) Estimated fair price of the stock, if Industry price earnings ratio is 15. Also advice the investor, which among the following given stocks are underpriced and overpriced considering their market prices per share. (18.75)
- 3) Explain the various segments in Shareholding pattern of a company. Increase in institutional stake in the shareholding pattern is considered positive for investment in stock of companies. Do you agree? Explain (18.75)
- 4) What are the different kind of charts? Do candle stick charts give better signals than the line chart? Explain. (18.75)

- 5) A Mutual Fund made an issue of 10,00,000 units of ₹10 each on 01.01 2018.No entry load was charged .It made the following investments :

50,000 equity shares of ₹ 100 each @ 160	₹80,00,000
7% Government securities	₹8,00,000
9% Debentures (unlisted)	₹5,00,000
10% Debentures (listed)	₹5,00,000
Total	₹98,00,000

During the year, dividends of ₹ 12, 00,000 were received on equity shares. Interest on all types of debt securities was received as and when due. At the end of the year equity shares and 10% Debentures are quoted at 175% and 90% respectively. Other investments are quoted at par. Find out the Net Asset Value (NAV) per unit given that the operating expenses during the year amounted to ₹ 5, 00,000. Also find out the NAV, if the mutual fund has distributed a dividend of ₹ 1 per unit during the year to the unit holders. (18.75)

- 6) “Future contracts are improved version of forward contracts.” Explain this statement. (18.75)