

MANAGEMENT PROGRAMME

Term-End Examination

December, 2011

**MS-44 : SECURITY ANALYSIS AND
PORTFOLIO MANAGEMENT**

Time : 3 hours

*Maximum Marks : 100
(Weightage 70%)*

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- Note :**
- (i) Attempt **any five** questions.
 - (ii) All questions carry **equal** marks.
 - (iii) Present value and annuity tables are to be provided, if asked for.
 - (iv) Use of calculators is **allowed**.
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1. 'The investment environment has undergone several changes in India since 1991'. Discuss this statement and explain the three elements of investment environment.
2. (a) What are the objectives and functions of Securities Exchange Board of India ?
(b) A bond has a par value of Rs. 1,000. It has a coupon rate of 9%. It matures after 8 years. Its current market price is Rs. 800. What is the yield to maturity of the bond ?

3. Differentiate between fundamental analysis and technical analysis. Discuss the usefulness of odd of theory and Elliot wave theory on stock market prediction.
4. Explain the concept of 'efficient market'. Discuss the implications of 'efficient market hypothesis' for security analysis.
5. (a) What are the basic assumptions behind the Markowitz Portfolio theory ?
(b) Rotari Holdings Ltd., an investment company has invested in equity shares of a blue chip company. Its
Risk free return $(R_d) = 9\%$
Expected total return $(R_m) = 16\%$
Market sensitivity index $(\beta_1) = 0.8$
Calculate the expected rate of return on the investment made in the security.
6. What are formula plans ? How is a constant rupee value plan different to a constant ratio plan ? Discuss.
7. Write short notes on **any four** of the following :
 - (a) Warrant
 - (b) Industry analysis
 - (c) Filter rule
 - (d) Capital market line
 - (e) Arbitrage pricing theory
 - (f) Beta

8. (a) "Depository Service is another major development in the Indian Stock Market". In the light of this statement explain the function and significance of depository service in India.
- (b) Distinguish between (i) Private Placement and Rights Issue and (ii) Listing of Securities and Rating of Securities.
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