

Timing: 03 HOURS

Marks: 60

Instructions: i) All Questions are Compulsory.

iii) Figures to the right indicate maximum marks.

iv) Start each question on a fresh page.

Q.1. Answer Any Four of the following:

(4*4=16 Marks)

- Nominal v/s Real interest rate.
- Loan Amortisation.
- Stock returns.
- Benefits of investing in bonds.
- Buy back of shares.

Q.2.a. Calculate the present value of share using Multiple period model. (12 Marks)

A research study has stated that the rate of return of Alta Vista company due to Capital appreciation and dividend after making adjustments for the outflows of income is 24.94% for the period of 2012-13. It is assumed that the rate of return would continue to grow at the rate for another 05 years. The recent dividend paid by the company is Rs 07 and the earning per share is Rs 45 and the price earning ratio is 15.32, If an investor wants to buy and hold the stock for 05 years. What would be the ideal price if the required rate of return is 30%. The price is 500 on 14.07.2013.

OR

Q.2.x. Calculate the estimated stock price using Two stage growth model. (12 Marks)

According to report in November 2013, the rate of return of Tulip Ltd. Stock for the past 04 years is 13% it is assumed to continue for next 04 years and after that the rate of return is assumed to have a growth rate of 10% indefinitely. The dividend paid for 2012-13 is 10%, the rate of return is 12%, the price of the stock is Rs 100 on 01/09/2013. Estimate the stock price.

Q.3.a. Explain various factors affecting the share prices of a company.

(06 Marks)

Q.3.b. Calculate price of the share using Single period Valuation Model. (04 Marks)

IBM companies stock is currently selling at Rs 110 per share. The stock is expected to pay Rs 15 as a dividend per share at the end of the next year. It is been estimated that the stock will be available for Rs 125 at the end of the year.

- If the forecast about the dividend and the price is true, is it advisable to buy the stock if the required rate is 25%.
- If the investor requires 10% rate of return when the dividend is same, what will be the price of the share at the end of one year.

OR

Q.3.x. Explain any six provisions relating to Dividend in India. **(06 Marks)**

Q.3.y. Calculate Yield to maturity of a bond from the following information and also suggest whether the investor should buy or sell the bond. **(04 Marks)**

1) A rupee 100 par value bond having a coupon rate of 10% with the maturity after 4 years. What is the value of bond if the discount rate is 14% the bond is currently priced at Rs 100.

2) A bond of Rs 1000 Face value bearing coupon rate as 16% with the maturity after 6 years. What is the value of the bond if the interest rate is 12% and 10%.

Q.4.a. Calculate the duration for Bond A and Bond B bearing coupon rate of 10% and 12% respectively, with the maturity period of 06 years. The Face value of the bonds is Rs 1000. Both the Bond current yield is 10%. **(10 Marks)**

OR

Q.4.x Yield to call on 30yrs 8% Bond, that is called in 6 yrs at a call price is Rs 650 The bond pays annual coupon and is selling at Rs 1200. The face value of a bond is Rs 1000 discounted at 12%, 08% 15% and 02%. Calculate Yield to Call. **(05 Marks)**

Q4.y. Laxmi bought Stock of Atul Ltd, Axis bank, Bajaj corp Ltd, and Biocon ltd expecting a rate of return of 50% after a year, the purchase price and the end price are given below. Find whether expectation of laxmi is fulfilled. **(05 Marks)**

Stocks	01/02/2013	29/12/2013	Dividend
Spatula Ltd.	121	129	12
Axis Bank Ltd.	26	39	06
Bajaj Corp Ltd.	63	98	18
Biscon Ltd.	962	1250	29

Q.5. a. Explain Dividend and factors affecting dividend. **(06 Marks)**

b. Explain the term "Loan" and its types. **(06 Marks)**

OR

Q.5. x. Explain the different Types of Bonds used by corporate's. **(06 Marks)**

y. "Share repurchase is a program by which a company buy backs its own shares from the market place" Elaborate. **(06 Marks)**
