

Time: 3 hours

Max marks : 100

- Note:** 1.All questions are compulsory.
2. Figures to the right indicate full marks
3. Use of simple calculator is allowed.

1. Attempt any two of the following (20)
 - a. Calculate the PV of the income stream which provides Rs.1000 at the end of the first year, 2500 at the end of the second year, and Rs. 5000 at the end of third year, if the rate of discount is 12%.
 - b. Distinguish between NPV and IRR.
 - c. Evaluate Markowitz Model.
2. Attempt any two of the following (20)
 - a. Bring out the significance of Capital Asset Pricing Model.
 - b.i.Explain the concept of Beta and its interpretation.
ii. Calculate Beta of a portfolio of 3 stocks, A, B, and C if their weights are 10%, 30%, & 60% and their betas are 0.8, 0.9 and 1.5 respectively.
 - d. Explain security Market Line.
3. Attempt any two of the following (20)
 - a. Explain stock index futures.
 - b. Discuss swaps and their types.
 - c. What is hedging? How can futures be used for hedging?
4. Attempt any two of the following (20)
 - a. Discuss the advantages and disadvantages of equity capital.
 - b. Discuss the factors affecting the capital structure.
 - c. Explain Modigliani-Miller theorem.
5. Write short Notes(Any two) (20)
 - a. Bond price and yields
 - b.Capital Market Line.
 - c. Options
 - d. Residual dividend policy
