

FY (FM)

Oct 2008

CODE : CARBONATE

Time : 2 Hrs.

Prin. of Inv.

Marks : 60

Instructions : 1] All questions are compulsory.

2] Figures to the right indicate marks.

Q.1 What are the different investment avenues? How to select an appropriate investment avenue. 15

OR

Q.1 What are the various investment alternatives? Discuss the elements of investment. 15

Q.2 Define Risk Discuss various types of Risk. 15

OR

Q.2 Ramesh Recently forecasted four Economic situation which he believes are likely to occur, with the given probability. Based on these situations, an analyst made the following forecasts of the return of stock A and B 15

	Boom	Normal	Recession
Probability of occurrence	0.3	0.4	0.3
Rate of Return of Stock A (in % age)	20.0	30.0	50.0
Rate of return of stock B in % age	50.0	30.0	20.0

i) Calculate the Expected Rate of Return and standard Deviation of Return for Stock A and B.

ii) Suggest which stock is the better option for investment purpose & why?

Q.3 a) Define Time value of money 05

b) Calculate the present value of annuity of Rs.5,000 received annually for four years, when discounting factor is 10% 10

OR

Q.3 Define NPV and IRR State the Relationship between NPV and IRR with supporting Example 15

Q.4 a) Define financial Ratio's. What type of Ratio's are used in analyzing financial position of a Company. 10

b) Define investment analysis 05

OR

a) Define financial statements 05

b) Define financial statement analysis alongwith the categories. 10