



Institute of Management
JK LakshmiPat University
Jaipur

END TERM EXAMINATION APRIL 2018

BBA VI Sem
MM: 50 Marks

Course: Indian Financial System
Time: 3 Hours
Subject code: BBA602

Instructions: Attempt any three questions from Section A. Section B is compulsory.

Each Question of section A is 10 Marks.

Section A

Q1. Six Portfolios experienced the following results during a 7 –year period:

Portfolio	Average annual return	Standard Deviation	Correlation with market
P	18.6	27.0	0.81
Q	14.8	18.0	0.65
R	15.1	8.0	0.98
S	22.0	21.2	0.75
T	-9.0	4.0	0.45
U	26.5	19.3	0.63
Market Risk	12.0	12.0	
Free Rate	9.0		

Rank these portfolio using-

- Sharpe's method, and
- Treynor's method.

Compare the ranking under both the method and explain the reasons behind the differences.

Q2. What is book building? Discuss its various method and procedure of issuing shares through book building and discuss limitation and benefits of its process.

Q3. Explain any two-

- Difference between Public issue and Right issue
- Difference between GDR and ADR
- Green Shoe option

Q4. Discuss any two-

- Circuit Breaker
- Rolling Settlement
- Major world indices

Q5. What is Stock market index? Explain various methods of measuring stock market index along with its merit and demerits.

Section B

Q6.

“Would you prefer to invest in mutual fund than in stocks” justify your answer suitable examples and also discuss the various advantages and limitation of investing in mutual funds. (5 Marks).

The following particulars relates to Gilt Fund Scheme given-

Particulars	Value
1. Investment in shares (at cost)	
• IT and ITES Companies	28 Crores
• Infrastructure Companies	15 Crores
• Aviation, Transport and Logistics	7 Crores
• Automotive	32 Crores
• Banking and Financial Services	8 Crores
2. Cash and other assets in hand(even throughout the period)	2 Crores
3. Investment in Fixed Income Bearing Bonds	
• Listed Bonds(10,000 10.50% Bonds of Rs. 10,000 each)	10 Crores
• Unlisted Bonds	8 Crores
4. Expenses payable as on closure date	3 Crores
5. Market Expectations on Listed Bonds	8.40%
6. No. of Units Outstanding	5.50 Crores

The particulars relating to sectoral index are as follows-

Sector	Index on the date of purchase	Index on the valuation date
IT and ITES	1750	2950
Infrastructure	1375	2475
Aviation, transport and logistics	1540	2570
Automotive	1760	2860
Banking/ Financial	1600	2300

Required:-

1. Net Asset Value of Fund (5) Marks
2. Net Asset Value per unit (1 Mark)
3. If the period under consideration is 2 years, and the fund has distributed of Rs. 2 per unit per year as cash dividend , ascertain the Net Return(annualized) (4 Marks)
4. Ascertain the Expenses Ratio, if the fund has incurred the following expenses (5 Marks)

Management and Advisory fees	275 lakhs
Administration Expenses	350 lakhs
Publicity and documentation	80 lakh