Maharashtra Education Society's
Institute of Management & Career Courses, Pune (Autonomous)
End Term Question Paper
AY 2025-26
Semester: III

Course Code: SC-FIN-07 **Course Name: Financial Analytics**

Time: 2 hours 30 mins **Total Marks: 50**

Instructions:

i) *Attempt all the questions*

Question No. 1: **[10 Marks]**

V2 Retail is a mid-sized fashion retail chain in India. Company was founded in 1990 and was doing well till 2002 after which company went in expansion project but could not manage well and went in losses. The company now wants to establish itself again and is working on setting the basic things right. One of the functions they want to set right on priority is finance. The CFO wants intended to know the details of following things

to understand the Financial Analytics and its different types with suitability to a fashion retail industry, also he wants to understated about the difference of Financial analytic and the traditional financial reporting?

1. Analyse the different types of Financial with suitability a fashion retail Industry?
2. Evaluate the difference between Financial Analytics and Traditional financial Reporting?

Question No. 2: **[10 Marks]**

Poonawala Fincorp was formed by converting the old Magma Fincorp into the Poonawala Fincorp. Magma Fincorp had a good presence in India but had cashflow issues. Poonawala took over the company in 2020 and put in the additional capital required to put the company on growth plan. Poonawala wants to establish itself as the prominent NBFC player in India and wants to pursue the latest technology and methodologies. In order to fulfill this aspiration, they are Analyse the following things

1. Analyse the scope of Financial Analytics by Evaluating the importance?
2. Apply the Financial Analytics in modern business which Poonawalla should adopt to turn the old loss-making company in new profit-making business.?

Question No. 3: Solve any Two of below (15 marks each) **[30 Marks]**

A) The stock of XYZ Limited performs well relative to other stocks during recessionary period. The stock of ABC Limited, on the other hand, does well during the growth period. Both the stocks are currently selling at Rs 100 per share. You assess the rupee return (dividend + price) of these stocks for the next year as follows:

Economic Growth

State of Nature	High growth	Low growth	Stagnation	Recession
Probability	0.4	0.3	0.2	0.1
Return of XYZ' Stock	150	110	120	141
Return of ABC' Stock	150	130	90	60

Calculate the expected return and standard deviation of investing	
1	INR 1000 in the equity stock of XYZ Limited
2	INR 1000 in the equity stock of ABC Limited
3	INR 500, each in the equity stocks of ABC Limited and XYZ Limited

B) The returns of two assets under four possible states of nature are given below

State of Nature	Probability	Return on Asset 1	Return on Asset 2
1	0.1	5%	0%
2	0.4	20%	8%
3	0.5	15%	18%
4	0.1	20%	26%

Questions		
1	What is the Standard Deviation of the return of Asset 1 and Asset 2 ?	
2	What is the covariance between the returns of Asset 1 and 2 ?	
3	What is the coefficient of correlation between the returns on Asset 1 and Asset 2?	

C) The following table gives an analyst's expected return on two stocks for particular market returns

Market Return	Aggressive Stock	Defensive Stock
10%	5%	8%
20	30	16

Calculate the expected return and standard deviation of investing	
1	What are the betas of the two stocks
2	what is the expected return of each stock if the market return is equally likely to be 10% or 20%?
3	if the risk-free rate is 7% and the market return is equally likely to be 10% or 20%, what is the SML?
4	What are the alphas of the two stocks?