

Duration: 2 ½ hours

Marks: 75

Q1A) Multiple Choice Questions:(any 8 out of 10)

[8 Marks]

1. Investors have to _____ review and revise their portfolio
a) Regularly b) Quarterly c) yearly d) daily
2. When profit after tax is 70 lakh and preference dividend is 12 lakhs with number of equity shares 25 lakhs then EPS=_____
a) 2.32 b) 202 c) 2.52 d) 3.32
3. _____ institution is set by government of India for dealing with all matters relating to security markets
a) IRDA b) RBI c) SEBI d) ICICI
4. When market premium is 5% and beta is 1.2 with risk free return 8% then CAPM=_____
a) 15% b) 14% c) 10% d) 16%
5. The primary purpose of investment is to _____
a) Gain b) lose c) win d) appreciation
6. The objective of portfolio is to reduce _____ by diversification
a) Uncertainties b) certainties c) ratio d) balance sheet
7. Shares of known and financially sound companies are called as _____
a) Blue chip shares b) red chip shares c) green chip shares d) black chip shares
8. If expected return of A Ltd., B Ltd, C Ltd is 34.777%, 29.82% and 36.36% respectively then average returns of portfolio is _____
a) 33.64% b) 33.65% c) 33.75% d) 32.65%
9. _____ is a money market security
a) Debenture b) commercial paper c) mutual fund d) gold and silver
10. If returns of Ram Ltd are 11%, 13%, 12% and 10% in past 4 years then the expected return of Ram Ltd is _____
a) 13.25% b) 11.25% c) 11.5% d) 11.45%

Q1B) State true or False: (any 7 out of 10)

[7 Marks]

- 1) Public provident fund is a source of long time finance
- 2) Modern portfolio theory states that the risk can be reduced by diversification
- 3) If miss Priya purchased 300 shares of ABC ltd of rupees 70 each by paying brokerage of 500 then $P_b = 21000$
- 4) Risk is less when returns are high and it is more when return is low
- 5) The modern walk theory is not based on efficient hypothesis
- 6) Technical analysis believes stock market moment is 10% psychological and 90% logical
- 7) If $P_e = 1,63,500$, $P_b = 92,000$ and dividend = 3,000 then $HPR = 80.98\%$
- 8) Listing of securities is compulsory for only government securities
- 9) If equity share capital is rupees 6 lakhs market price of the share is rupees 20 and face value is rupees 10 then number of equity share = 30000
- 10) The relationship between stock return and market index structure is called beta

Q2 A) List advantages of portfolio management

[8 Marks]

Q2 B) Write down steps for selection of Optimal Portfolio?

[7 Marks]

OR

Q2C) Mr. Abraham wants to invest in of ABC & Co. & of XYZ & Co. The probabilities and returns of both companies are as follows

[15 Marks]

Return of ABC & Co (%)	Probability	Return of XYZ & Co (%)	Probability
12	0.1	8	0.1
14	0.2	12	0.25
16	0.4	16	0.3
18	0.2	20	0.25
20	0.1	24	0.1

Calculate expected return and standard deviation of both companies and advise Mr. Investor whether he should invest in ABC Co. or XYZ Co.

Q3A) Toral Industries Ltd. gives you the following information for the year ended 31st March 2024:

Profit before Interest and Tax	Rs 16,50,000
Tax rate	30%
Proposed Equity Dividend	25%
Capital Employed	
10% Preference Share Capital	Rs 15,00,000
80,000 Equity Shares of Rs 10 each	Rs 8,00,000
15% Debentures of Rs 100 each	Rs 7,00,000
Reserves and Surplus	Rs 12,00,000
Current Market Price per Equity Share	Rs 50

You are required to calculate:

[15 Marks]

I. Earnings per Share

II. Price Earnings Ratio

III. Dividend Pay-out Ratio

IV. Dividend Yield

V. Book Value per Share and state whether it is worth investing in the equity shares of the company

OR

Q3 P) Explain any three types of chart as part of charting techniques in technical analysis?

[8Marks]

Q3 Q) What is the meaning of Portfolio Performance?

[7Marks]

Q4 A) From the following calculate the portfolio performance measure according to Jensen's Model:

Risk Free Rate of Return=10%

[8Marks]

Portfolio	Average Return	Portfolio Beta
1	25 %	1.5
2	19 %	1.1
3	28 %	1.8
Market Index	18 %	1

Q4 B) Vir is considering investment in one of the following bonds

[7 Marks]

BOND	COUPON RATE	MATURITY	PURCHASE PRICE
Bond Trident	11%	10 years	75,000
Bond Vardhman	12%	7 years	68,000
Bond Welspun	10%	5 years	80,000

Recommend which Bond should be purchased? (FV of each bond is Rs. 1,00,000/-)

Will your answer change if the required rate of return is 22%?

OR

Q4P) How is cost of Investments different from carrying amount of Investment? [7 Marks]

Q4Q) Define Investment? Distinguish between Investment & Speculation. [8 marks]

Q5A) Compute the beta factors and expected returns for BHARATI AIRTEL Ltd. [8 Marks]
Return in earlier years is →

YEARS	BHARATI AIRTEL Ltd.	Market Return
1	16%	12%
2	14%	14%
3	18%	20%
4	20%	21%

Q5B) From the following information available for 2 firms, calculate the **Earnings before Interest and Tax (EBIT)**, **Earning per Share (EPS)**, the **Operating Leverage** and the **Financial Leverage**. [7 Marks]

	PIRAMAL	QUBEC
Sales (in units)	20,000	25,000
Selling Price per unit (Rs.)	15	20
Variable Cost per unit (Rs.)	10	15
Fixed Costs (Rs.)	30,000	40,000
Interest (Rs.)	15,000	25,000
Tax (%)	40	40
Number of Equity shares	5,000	9,000

OR

Q5C) Write short notes on: (any 3 out of 5) [15 Marks]

1. Role of NSDL
2. Systematic and Unsystematic risk
3. Stock Market Index: SENSEX and NIFTY
4. Benefits of Depository systems
5. Market sentiment & technical analysis.
