Q.5) **{SCOrEbms.com}**
Solution:-

Sharpe Measure = $\frac{R_P - R_F}{\sigma}$ Rank

Dev = $\frac{35 - 8}{0.20}$ = 135% .... (1)

Gandharva = $\frac{30 - 8}{0.18}$ = 122.22% ... (3)

Asura = $\frac{32 - 8}{0.19}$ = 126.32% ... (2)

Market = $\frac{25 - 8}{0.15}$ = 113.33% ... (4)

Comment: All portfolios have outperformed the Market. Portfolio Dev Ltd. has given highest Risk adjusted Return as per sharpe measure

Treynor's Measure = $\frac{R_P - R_F}{\beta}$ Rank

Dev = $\frac{35 - 8}{1.25}$ = 21.6% .... (1)

Gandharva = $\frac{30 - 8}{1.10}$ = 20% ... (3)

Asura = $\frac{32 - 8}{1.15}$ = 20.87% ... (2)

Market = $\frac{25 - 8}{1}$ = 17% ... (4)

Comment: All portfolios have outperformed the Market. Portfolio Dev Ltd. has given highest Risk adjusted Return as per treynor's measure **{SCOrEbms.com}**

Jensen's Measures

R	=	$Rp-\{R_F + \beta (R_M - R_F)\}$	Rank
Dev	=	35-{8 + 1.25 (15 – 8)}	
	=	18.25%	I
Gandharva	=	30 – {8 + 1.10 (15 – 8)}	
	=	14.3%	III
Asura	=	32 – {8 + 1.15 (15 – 8)}	II

= 15.95%

Market = 0% by definition IV

Comment: All portfolios have outperformed the Market. Portfolio Dev Ltd. has given highest Risk adjusted Return as per Jensen's measure

Conclusion: Hence dev ltd. is the best performing portfolio

Q.6 –a) { SCOrEbms.com}

Solution:

$$FV_A = A\left[\frac{(1+R)^t - 1}{R}\right]$$

$$= 25{,}000\ x\left[\frac{(1+0.15)^5 - 1}{0.15}\right]$$

= ₹ 25,000 × 6.742

= ₹ 1,68,550

Comment – Future Value of Annuity at the end of 5 years is ₹ 1,68,550

Q.6 (b) {SCOrEbms.com}

1) Company A has Lower Net Profit Ratio. It Indicates Lower profitability / operating inefficiency.

2) Company A has higher current Ratio. It indicates better short term financial position / solvency.

3) Company A has higher Liquidity ratio. It indicates better immediate financial position/ solvency.

4) Company A has higher Proprietary Ratio. It indicates better Long term financial position / Solvency. It also indicates that company does not undertake 'Trading on Equity' as it is under leveraged as compared to industry standard.

5) Company A has higher Debtor Turnover Ratio. It indicates inefficiency in Receivable management as compared to industry standard.

Conclusion: Company A has better solvency but Lower profitability & Lower efficiency as compared to industry standard. **{SCOrEbms.com}**