

OCT 2010 SEM 6

Q1 Explain Secondary Markets. 3marks

Q 2 Explain Beta. 3marks

Q 3 Explain Time Value of Money. 3marks

Q4 Explain intrinsic Value of share. 3marks

Q 5 Explain Unit Linked Insurance plan. 3marks

Q6 As a Portfolio Management Consultant you are approached by a investor with investible funds of t 25 lacs. He wants to know from you the following:-
What are the investment avenues available to him which will give a stable return with minimum risk? (10marks)

What are the various types of risks? (5marks). 15marks

Q 7What is meant by Fundamental Analysis approach of investing? 10marks

Q 8 Explain in brief Equity Valuation Methods. 10marks

Q9 Mr.Aditya deposits Rs. 50,000/- annually in a bank for 5 years. The deposit earns 11% per annum interest. What is the future value of this annuity at the end of 5 years?
5marks

Q10 Ms.Snehal purchased 1000 shares of ABC Ltd. @ Rs. 100 each on 1st January, 2009. She paid a brokerage of t 500. During the year 20'10 she received bonus shares of ABC Ltd. in the ratio of 3 : 5. She also received dividends from the company as follows

October 2009: Rs.500

October 2010: Rs.750

She sold all her holdings in January 2011 @ Rs.135 each. She had to pay a brokerage of t 875. Calculate the holding period return. 5marks

Q11 Following is the balance Sheet of Tanmay Enterprise Ltd. As 31st March, 2011.

Balance Sheet as on 31st March, 2011.

Liabilities	₹	Assets	₹
8% Preference Share Capital	56,000	Fixed Assets	3,38,000
Equity Share Capital	1,00,000	Investments	39,000
Reserves	1,04,000	Cash	13,000
Long Term Loans	1,82,000	Debtors	52,000
Creditors	44,200	Inventories	78,000
Provision for Tax	33,800		
Total	5,20,000		5,20,000

Its Income statement for the year ended 31st March, 2011 is as follows.

	Amount (₹)
Net Sales	3,90,000
(-) C.O.G.S	<u>3,35,400</u>
= Gross Profit	54,600
Less : Operating Expenses	<u>22,750</u>
Operating Profit	31,850
Less : Interest	<u>9,100</u>
NPBT	22,750

Additional information:-

- (1) The Company is in the 30% tax bracket.
- (2) Preference dividend is paid regularly.
- (3) Equity Shares are of the Face Value of Rs.10 each.
- (4) The Company has declared dividend of 5% on its equity shares for the year ended 31st March 2011.
- (5) The Market Price of Equity share is Rs. 35 on 31st March 2011. Calculate the following ratios and state whether investment shares is recommended.

- (i) Interest Coverage Ratio
- (ii) Debt - Equity Ratio
- (iii) Inventory Turnover Ratio
- (iv) Gross Profit Ratio
- (v) EPS
- (vi) P/E Ratio
- (vii) Pay out Ratio,.

10marks

Q12 Based on the following data, decide whether the portfolio has outperformed the market in terms of Treynor, Sharpe and Jeusen benchmark evaluation measures.

Particulars	Portfolio	Market
Average Return	7%	10%
Beta	0.4%	1.00
Standard Deviation	3%	8%
Risk-Free Rate	6%	6%

10marks