INVESTMENT ANALYSIS AND PORTFOLIO MANAGEMENT

OCT 2011 SEM 6 REV

Q1 Explain in Brief Portfolio Management. 3marks

Q2 Explain in Brief NAV of an Unit of Mutual Fund. 3marks

Q 3 Explain in Brief Primary Market. 3marks

Q 4 Explain in Brief Fundamental Analysis. 3marks

Q 5 Explain in Brief Role of SEBI. 3marks

Q 6 You are a Chief Executive of a Multinational Investment and Portfolio Management Consultancy firm, and you are in-charge of Marketing and Clients Support Dept. A prospective Investor with net Surplus of Fls. 10 lacs, visits your office for seeking your advice and engaging your services for investing the surplus, You are required to suggest to the Client various Investment avenues / investment plans assuming that :
(a) The Client is a senior citizen, retired from a Private Sector Employment.
(b) The Client is a middle aged House Wife, also working on part time basis for NGO.
Please suggest your plans separately for both of these types of Investor.
15marks

Q7 What is a Stock Market ? How does it help the investor ? 10marks

Q8 Discuss in brief the meaning and types of Risk related to Investment. 10marks

Q9 XYZ Ltd. is planning to purchase a machinery Costing Rs. 2,80,000/- and Installation charges at Rs. 50,000/-. It expects to generate the yearly cash flow for first five years at Rs.90,000/-, Rs.85,000/- , Rs.70,000/-, Rs.60,000/- and Rs.50,000/- respectively. If the cost of capital is 12% and discount factor @12% for first five years is at 0.8929, 0.7972, 0.7118, 0.6355 and 0.5674.
You are required to calculate the present value of the cash inflows and advice is it worth buying the machine ? 10marks

Q10 The following information is available in respect of two listed companies namely ABC Ltd. and XYZ Ltd.

Particulars	ABC Ltd.	XYZ Ltd.
Equity Share Capital (Rs. 10 each)	Rs. 500 Lacs	Rs. 800 Lacs
12% Preference Shares Capital	Rs. 100 Lacs	Rs. 200 Lacs
Profit After Tax	Rs. 400 Lacs	Rs. 600 Lacs
Rate of Dividend	50%	40%
Market Price per Share	Rs. 120	Rs. 150

You are required to calculate:
(a) Earning Per Share
(b) P/E Ratio
(c) Dividend Payout Ratio
(d) Return on Entire Share Capital.
Also advice as to which company should be preferred for investing in. 10marks

Q 11 Mr. Anil purchased 200 Shares of JKL Ltd. @Rs. 2001 each (Face Value Rs. 5 per share) and paid brokerage @ 1.50% on 01-01-2009. On 17-07-2010 the company declared Bonus Shares in the ratio of 1:1, He received no dividend on theseshares in 2009. But on 24-12-2010 the company paid dividend @40% dividend. He sold all the shares at Rs. 150/- each on 91-12-2A10 and paid brokerage of Rs. 1,200/-. What is the yearly rate of return on his investment ? 10marks