(c) The company may issue 30,000 equity shares of Rs. 10 each and 3,000 preference shares of Rs. 100 each bearing 8% rate of dividend.

The profit before interest and taxes is expected to be Rs. 1,50000.

Corporate tax rate is 50%

Calculate the earnings per share under the three plans.

Which plan would you recommend and why?

24. Appraise the 'Investor risk – preference model' Markowitz portfolio theory.

25. A Client is holding the following securities:

Particulars Equity Shares	Cost (Rs.)	Dividend (Rs.)	Market Price (Rs.)	Beta
C. X	8,000	800	8,200	0.8
Co. Y	10,000	800	10,500	0.7
Co. Z	16,000	800	22,000	0.5
PSU Bonds	34,000	3,400	32,300	1.0

Assuming the risk free rate of 15%, calculate expected rate of return of equity shares using CAPM and average rate of return of the portfolio.

APRIL 2024

66449/KD24B/KB24B/KF24B

Time : Three hours Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer any TEN questions.

1. Define the term 'Investment'.

2. State the meaning of Investment practice.

3. How is capital gain realized?

4. Point out the meaning of fundamental analyses.

5. What is technical analysis?

6. By whom the Elliott wave principle introduced?

7. Give the meaning EPS.

8. Define the term risk.

9. What is evaluating a portfolio?

10. State the Markowitz theory.

11. What do you mean by options?

12. Recall the term hedging.

PART B — ($5 \times 5 = 25$ marks)

Answer any FIVE questions.

13. Explain the scope of Investment Management.

14. Evaluate the Investment objectives.

15. Analyze the approaches to security analysis portfolio.

16. Calculate Return on Investment (ROI) from the following details: Net Profit after Tax Rs. 6,50,000; Rate of Income Tax 50%; 10% Debentures of Rs. 100 each Rs. 10,00,000; Fixed Assets at cost Rs. 22,50,000; Accumulated Depreciation on Fixed Assets up to date Rs. 2,50.000; Current Assets Rs. 12,00,000; Current Liabilities Rs. 4,00,000.

17. Calculate Gross Profit Ratio from the following figures:

	Rs.
Sales	10,00,000
Sales returns	1,00,000
Opening stock	2,00,000
Purchases	6,00,000
Purchase returns	1,50,000
Closing Stock	65,000

18. Analyse the traditional portfolio theory.

19. The share of JTC Ltd. has a beta of 1.2. The risk free rate of return is 10% and the expected return on the market portfolio is 15%. Calculate the expected return on JTC stock. What will be the expected return if the beta is 2.4?

PART C — ($4 \times 10 = 40$ marks)

Answer any FOUR questions.

20. Discuss the various factors and constraints of investment.

21. Criticize the role of 'Non-financial aspects' in company analysis.

22. Determine the various techniques of technical analysis.

23. A company needs Rs. 6,00,000 for construction of a new Plant. The following three financial plans are feasible.

    (a) The company may issue 60,000 equity shares of Rs. 10 each

    (b) The company may issue 30,000 equity shares of Rs. 10 each and 3,000 debentures of Rs. 100 each bearing 8% coupon rate of interest.