R22

Code No: 783AE

JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD
MBA III Semester Examinations, February - 2025
SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT

Time: 3 Hours **Max.Marks:60**

Note: This question paper contains two parts A and B. i) **Part- A** for 10 marks, ii) **Part - B** for 50 marks.

- Part-A is a compulsory question which consists of ten sub-questions from all units carrying equal marks.
- Part-B consists of **ten questions** (numbered from 2 to 11) **carrying 10 marks each.** Each of these questions is from each unit and may contain sub-questions. For each question there will be an "either" "or" choice, which means that there will be two questions from each unit and the student should answer either of the two questions.

PART – A

(10 Marks)

1.a)	Differentiate between speculation and gambling.	[1]
b)	What are investment avenues? Give examples.	[1]
c)	What is the primary goal of portfolio analysis?	[1]
d)	Explain the concept of a risk-free asset.	[1]
e)	What is Yield To Maturity (YTM)?	[1]
f)	Define bond volatility.	[1]
g)	Define Intrinsic Value and Market Value.	[1]
h)	Mention any two Relative Valuation Techniques.	[1]
i)	Define the term "Option Premium".	[1]
j)	What does the Sharpe ratio measure in performance evaluation?	[1]

PART – B

(50 Marks)

2.a)	Explain the structure of the Indian financial system.	
b)	Brief on the roles and responsibilities of SEBI.	[5+5]
	OR	
3.a)	Describe the process of securities trading and settlement in India.	
b)	Highlight the features of an efficient investment environment.	[5+5]
4.	Discuss the Markowitz Portfolio Theory and its significance in portfolio management with suitable example.	[10]
	OR	
5.a)	What are efficient portfolios, and how are they determined?	
b)	A stock has a Beta of 1.2. The risk-free rate is 4%, and the expected market return is 10%. Calculate the expected return of the stock using CAPM.	[5+5]

6.a) Discuss the bond pricing theorems and their implications.

b) A bond with a face value of ₹1,000 pays a 10% annual coupon and matures in 6 years. If the market interest rate is 8%, calculate the bond price. [5+5]

OR

7.a) Explain active and passive bond management strategies with suitable examples.

b) A bond has a face value of ₹1,000, a coupon rate of 5% (annual payments), and matures in 3 years. If the YTM is 6%, calculate the bond's duration and modified duration. [5+5]

8.a) Describe the Dividend Discount Model (DDM) and its assumptions.

b) Two companies, A and B, have the same EPS of ₹10. Company A has a P/E ratio of 20, while Company B has a P/E ratio of 25. Compare the market prices of the two companies. [5+5]

OR

9.a) Analyze the use of valuation ratios like P/E, P/BV, and P/S in equity valuation.

b) A company pays an annual dividend of ₹5 per share, and the dividend is expected to grow at a constant rate of 4% per year. If the required rate of return is 10%, calculate the intrinsic value of the stock. [5+5]

10.a) Discuss the key differences between forward contracts and futures contracts.

b) A forward contract on a commodity is entered at ₹500. After one month, the spot price is ₹520. Calculate the profit or loss for the buyer and seller. [5+5]

OR

11.a) Evaluate the role and importance of mutual funds in portfolio diversification.

b) A mutual fund has an NAV of ₹120 at the start of the year and ₹ 140 at the end. If dividends of ₹10 were distributed, calculate the total return percentage. [5+5]

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