

Code No: 783AE

JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD

MBA III Semester Examinations, February - 2024

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)**

- What is Margin Trading. [1]
- Define Limit Order. [1]
- What is Efficient Portfolio. [1]
- Brief on CAPM Equation. [1]
- Define Bond Convexity. [1]
- Describe Current Yield. [1]
- How to measure Intrinsic Value of a Share. [1]
- Importance or Price Earnings Ratio. [1]
- What are the Financial Assets. [1]
- Describe the Pay off in options. [1]

**PART-B****(50 Marks)**

- Depict the Indian financial system, and explain its constituent elements like markets, products, players, intermediaries and regulators. [10]

**OR**

- Explain the step by step process trading of securities and their settlement. [5+5]
- Illustrate the role and responsibilities of SEBI. [5+5]

- Explain the Markowitz Portfolio Theory, and state its uses and limitations. [10]

**OR**

- The following are the returns on Market and Return on Security A, for the past 5 years

Years	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	5 <sup>th</sup>
Market Returns (%)	30	20	35	30	40
Security “A” Returns (%)	35	25	30	35	30

calculate the BETA of security “A.”

- Brief on capital asset pricing model. [5+5]

- 6.a) Explain the Bond Pricing theorems with suitable examples  
 b) Describe the tools used for measuring bond yields. [5+5]

**OR**

- 7.a) A Bond with a face value of Rs 1000, coupon rate of 8% PA, will mature at par in 9 years. Its current market price is Rs 850. Calculate the yield to maturity of the Bond by trial and error method.  
 b) Brief on bond immunization with an example. [6+4]

- 8.a) What is Efficient Market Hypothesis? Explain its three variations with suitable examples.  
 b) Discuss the free cash flow valuation approaches. [5+5]

**OR**

9. Consider the following multiples of three comparable companies for Ashok Leyland Ltd. in the Automobile sector.

Multiple	M & M	Eicher	Escorts
P/E	12.54	27.67	32.13
P/BV	2.29	5.38	3.05
P/S	1.06	5.59	2.96

If EPS, BVPS and Sales per share of Ashok Leyland Ltd. are Rs.4.23, Rs.36.78 and Rs.44.65 respectively, what is its value per share as per relative valuation approach? [10]

10. An investor wants to withdraw his investment from one of the following Four Mutual funds. Advise him using the Sharpe and Treynor ratios. [10]

Mutual Fund	Standard Deviation (SD)	Beta (B)	Risk-free Return (R <sub>f</sub> )	Return on Fund (R <sub>p</sub> )
A	8	0.5	5%	15%
B	2	1.25	5%	12%
C	10	2.1	5%	8%
D	6	0.9	5%	10%

**OR**

- 11.a) Compare and contrast the Forward and Futures Markets.  
 b) Brief on trends in Indian mutual funds with suitable examples. [5+5]

---0000---