

You are required to calculate :—

- (i) Earning Per Share
- (ii) Price Earning Ratio
- (iii) Dividend Payout Ratio
- (iv) Dividend Yield
- (v) Book Value per Share and state whether it is worth investing in the Equity Shares of the Company.

- (b) A Ltd. has issued bonds of the par value of Rs. 1000. The present value of the bond is Rs. 900. The bond carries an interest rate of 14%. The maturity period is 6 years. You are required to calculate the yield on maturity. 5

OR

3. (a) What is CAPM ? What is its importance in Investment Management ? 8  
 (b) What are the three forms of efficient market hypothesis ? 7

4. (a) You are asked to analyze the two portfolios having the following characteristics :— 8

Portfolio	Observed Return	Beta	Standard Deviation
Alpha	0.18	1.2	0.04
Gama	0.15	1.5	0.02

The risk free rate of return is 0.09 and the return on Market Portfolio is 0.14 with Standard Deviation is 0.05. Compute the appropriate measure of performance of these portfolios and comment on their respective performance. Use Sharpe's Index and Treynor's Index.

- (b) Transworld Textiles Equity Shares currently sell for Rs. 32 per share. The company's finance manager anticipates a constant growth of 10.5% and at the end of the year dividend of Rs. 2.50 per share. 7
- (i) What is the expected rate of return ?
  - (ii) If the investor requires 17 % return, should he purchase the stock ?

OR

4. Write Short notes on the following :— 15
- (a) NSE
  - (b) Investment and Speculation
  - (c) Selection of Asset Mix.