



Plot No. 2, Knowledge Park-III, Greater Noida (U.P.) – 201306

POST GRADUATE DIPLOMA IN MANAGEMENT (2017 -19)

MID TERM EXAMINATIONS (TERM - IV)

Subject Name: Security Analysis And Portfolio Management

Time: **01.30 hrs**

Sub. Code: **PGF-02**

Max Marks: **20**

Note:

1. Writing anything except Roll Number on question paper will be deemed as an act of indulging in unfair means and action shall be taken as per rules.
2. All questions are compulsory in Section A, B & C. Section A carries a Case Study with 2 questions of 4 marks each. Section B carries 3 questions of 2 marks each and Section C carries 2 questions of 3 marks each.

SECTION - A

04+04 = 08 Marks

Q1. Read the Case and answer the questions given below:

The current dividend on an equity share of Lumax technology is Rs.2. Lumax is expected to enjoy an above normal growth rate of 20 percent for a period of 5 years. Thereafter the growth rate will fall and stabilise at 10 percent.

The expected return by equity holders is 12 percent. The tax rate is 33.33 percent and cost of debt is 8 percent. The debt equity ratio is 1:1.

- a) Estimate the expected dividend for each year in above normal growth rate period.
- b) What is the intrinsic value of the equity of Lumax technology.
- c) Also suggest the investment decision, if the current market price of the share is Rs.116.

SECTION - B

02×03 = 06 Marks

Q2. Describe the salient features of T-bill, CPs and CDs.

Q3. What are different New Issue Mechanisms in primary market? How is ASBA feature helpful for Investor?

Q4. Illustrate an profit making example for (a) market order to buy a stock with stop loss and (b) short sell a stock with stop loss.

SECTION - C

03×02 = 06 Marks

Q5. A corporate bond of par value Rs.1000 has a coupon of 11 percent with maturity period of five years. What will be the value of the bond, if the discount rate is 14 percent?

Q6. What are the different categories of risks? Illustrate the relationship between value of the bond and market interest rate.