

c) Explain YTM approach (With an example) 7
for the valuation of Bond.

d) What are the advantages and 7
disadvantages of non-convertible bonds?

SECTION - D

5. Show the effect of dividend policy on the 14
market price of the share using Walter's
model with the help of following
information-
Capitalization rate (K_r) = 0.10;
EPS = ₹ 10; Assume r as –
a) 15% b) 8% c) 10%.



AR - 1209

M.B.A. Semester - III

MBA/3105/F

Investment Science

P. Pages : 4

Time : Three Hours

Max. Marks : 70

Notes : 1. Figures to the right indicate marks.
2. Attempt all questions.

SECTION - A

1. a) What is the role of RBI in management of 14
money market? Also explain the role of
money market in national economic
development. What is the role of money
market in Indian economy?

OR

b) Comment your views on "Role of stock 14
market as a leading indicator of economy".

SECTION - B

2. a) Why investments are important? How does 7
it differ from speculation?

- b) Calculate the value of equity share from the following: **7**

Equity share capital (₹ 20 each)	₹ 50,00,000
Reserves & surplus	₹ 5,00,000
15% secured loans	₹ 25,00,000
12.5% unsecured loans	₹ 10,00,000
fixed Assets	₹ 30,00,000
Investments	₹ 5,00,000
Operating profit	₹ 25,00,000
Tax rate	50%
P/E ratio	12.5

OR

- c) What are the advantages of listing on stock market? Explain from i) An investor's point of view ii) A firm's point of view. **7**
- d) Calculate the value of equity share from the following. **7**

	Amount
Equity share capital (Rs. 10/- each)	₹ 1,00,00,000
15 % secured loans	₹ 50,00,000
Reserve & surplus	₹ 25,00,000
10 % unsecured loans	₹ 20,00,000
fixed Assets	₹ 50,00,000
Investments	₹ 30,00,000
operating profit	₹ 20,00,000
Tax rate	50%
P/E ratio	12.5

3. a) Explain the concept of time value of money. **7**

- b) Find the present value of income stream which provides Rs. 5000; Rs. 10,000; Rs. 15,000; Rs. 10,000 and Rs. 5000 at the end of 6th, 7th, 8th, 9th, and 10th year respectively from zero time. Assume the rate of discounting as 10%. **7**

OR

- c) Explain the concept of NPV against IRR. **7**
- d) Shares of Ansh Ltd are selling at the market rate of ₹ 500. The company is expected to pay a dividend of ₹ 40 after 1 year with growth rate of 10%. Find out required rate of return of equity holders. **7**

SECTION - C

4. a) What are the various features of a Bond or a Debenture? Explain. **7**
- b) How will you evaluate the corporate bonds? Explain. **7**

OR