

Roll No.

Total No. of Pages : 03

Total No. of Questions : 17

M.Com. (Sem.-4)

SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT

Subject Code : MCOP-402-18

M.Code : 77940

Date of Examination : 04-07-22

Time : 3 Hrs.

Max. Marks : 60

INSTRUCTIONS TO CANDIDATES :

1. SECTION-A contains EIGHT questions carrying TWO marks each and students have to attempt ALL questions.
2. SECTION-B consists of FOUR Subsections : Units-I, II, III & IV. Each Subsection contains TWO questions each carrying EIGHT marks each and students have to attempt any ONE question from each Subsection.
3. SECTION-C is COMPULSORY and consists of ONE Case Study carrying TWELVE marks.

SECTION-A

Write short notes on following :

- 1) Scope of investment analysis.
- 2) Sources of financial information.
- 3) Significance of company analysis.
- 4) Market sentiment indicators.
- 5) Strong form of market.
- 6) Need of Portfolio revision.
- 7) Portfolio market risk.
- 8) Learning outcomes of arbitrage theory.

SECTION-B

UNIT-I

9. Approaches to investment analysis and which is relevant at present times.
10. Development of stock exchanges in India.

UNIT - II

11. Briefly explain the following :
 - a) Industry life cycle analysis.
 - b) SWOT analysis for Industries.
12. DOW theory and its uses

UNIT - III

13. Explain and compare technical and fundamental analysis.
14. Explain the process of risk-return optimisation in detail.

UNIT-IV

15. Principle of arbitrage and arbitrage portfolio.
16. Risk adjusted measures of performance evaluation.

SECTION-C

17. Case Study

ABC Ltd. is an Indian company, a giant in shipping containers and river barges, and also in modular buildings and freight railcars. The Group provides operating leases to customers around the world, both on its own account and for third-party investors. On June 24, 2009, ABC Ltd. announced that its capital increased by waiving preferential subscription rights but with priority for existing shareholders, launched on 18th July 2018 for a total of Rs. 188515 (gross) through the issue of 852,74 new shares which were subscribed in the entirety. Following partial application of the extension clause, 852,74 shares were placed or 105.72% of the issue; total proceeds were Rs. 188515.

This rights issue has enabled the Group to strengthen its financial structure, to position itself with advantage for possible acquisitions of tangible stock, and to grasp opportunities thrown up by the crisis (purchase of shipping containers, modular buildings, river barges and railcars, for hiring out on mainly long-term leases). 270,06 new shares allotted under absolute entitlement were subscribed or 44.52% of the total number of new shares on issue. Another 455,68 shares were applied for subject to cutting back in the event of over-subscription, and orders for these were all filled. Another 27,00 shares had been applied for by the general public, and following partial application of the extension clause it proved possible to fill orders for all of these. As the result of the rights issue, ABC Ltd. is well placed to respond to the boom in corporate outsourcing of non-core assets, and every day provides over 5,000 customers with quick and flexible leasing solutions.

Questions

- a. After analysing the case, do you think all the companies that can afford, should opt for rights issue to improve their financial status?
- b. What are the two main advantages of the rights issue?
- c. What can be the risks posed by rights issue?

NOTE : Disclosure of Identity by writing Mobile No. or Making of passing request on any page of Answer Sheet will lead to UMC against the Student.