Roll No.												

PRESIDENCY UNIVERSITY

BENGALURU

Mid - Term Examinations – October 2025

Date 10-10-2025 **Time:** 09.30am to 11.00am

School: SOC	**Program:** B.COM	
Course Code: COM3042	**Course Name:** Investment Analysis	
Semester: V	**Max Marks**:50	**Weightage**:25%

CO - Levels	**CO1**	**CO2**	**CO3**	**CO4**	**CO5**
Marks	**26**	**24**	**-**	**-**	**-**

Instructions:

(i) Read all questions carefully and answer accordingly.

(ii) Do not write anything on the question paper other than roll number.

Part A

Answer ALL the Questions. Each question carries 2 marks. **5Q x 2M=10M**

1	Define the term Securities.	**2 Marks**	**L2**	**CO1**
2	List the different types of investors.	**2 Marks**	**L1**	**CO1**
3	Calculate the returns on a stock which was purchased at ₹ 500, sold at ₹800, and received a dividend of ₹ 40.	**2 Marks**	**L3**	**CO1**
4	Compute the Price-to-Earnings ratio of a share where the market price is ₹3,500 and the earnings per share is ₹25.	**2 Marks**	**L3**	**CO2**
5	State the different types of bond pricing theories.	**2 Marks**	**L1**	**CO2**

Part B

Answer the Questions. Each question carries 10 marks. **4Q x 10M=40M**

6.	The returns of Security A and Security B are given below. Analyze both securities and determine which one you would prefer to invest in, considering both risk and return. Justify your choice with suitable reasoning.	**10 Marks**	**L3**	**CO 1**

Probability	**Security A**	**Security B**

	0.5	**8**	**0**				
	0.4	**4**	**6**				
	0.1	**0**	**6**				
	Or						
7.	A stock costing ₹50 pays no dividend. The possible prices of the stock at the end of the year and their probabilities are given below. Find the expected return and the standard deviation of the returns.					**10 Marks**	**L3**	**CO 1**
	Probability	0.1	0.2	0.4	0.2	0.1		
	Price at the end of the year	60	65	70	75	80		
8.	Karnataka Foods Ltd. is expected to pay a dividend of ₹2.00 per share. The market price per share of ABC Ltd. Is expected to grow at 5 percent per year. The required rate of return on the equity share is 15 percent. What is the fair estimate of the intrinsic value of the equity share of ABC Ltd?						**10 Marks**	**L3**	**CO 2**
	Or								
9.	Lux Ltd.'s equity share is currently priced at ₹30. The expected dividend for the next year is ₹2.00 per share. If an investor requires a 15% rate of return and the constant growth model is applicable, calculate the expected growth rate of dividends for Lux Ltd.						**10 Marks**	**L3**	**CO 2**
10.	From the following data of the market return and the Abbot Ltd. company returns for a particular period: (i) Calculate the beta value of the company. (ii) If the market return is 4%, what would be the scrip return?						**10 Marks**	**L3**	**CO 1**
	Index return (Rm)	**Scrip Return (Ri)**							
	0.50	**0.30**							
	0.60	**0.60**							
	0.50	**0.40**							
	0.60	**0.50**							
	0.80	**0.60**							
	0.50	**0.30**							
	0.80	**0.70**							
	0.40	**0.50**							
	0.70	**0.60**							
	Or								
11.	A stock has the following probability distribution of returns. Using the data, calculate the expected return and the standard deviation of returns for the stock.						**10 Marks**	**L3**	**CO 1**
	Possible returns (in percent)	**Probability of occurrence**							
	-25	0.05							

	-10	0.10			
	0	0.10			
	15	0.15			
	20	0.25			
	30	0.20			
	35	0.15			

12.	A bond with a par value of ₹1,000 carries a coupon rate of 9% and matures in 8 years. The current market price of the bond is ₹800. a. Calculate the Yield to Maturity (YTM) of the bond using the trial-and-error method. **b.** Calculate the Yield to Maturity (YTM) of the bond using the approximation method.	**10 Marks**	**L3**	**CO 2**
	Or			
13.	A bond with a face value of ₹1,000 carries a coupon rate of 14% and has a maturity period of 5 years. The current market price of the bond is ₹1,050. a. Determine the Yield to Maturity (YTM) of the bond using the trial-and-error method. b. Determine the Yield to Maturity (YTM) of the bond using the approximation method.	**10 Marks**	**L3**	**CO 2**