DU PhD in Financial Studies

Topic:- DU_J19_PHD_FS

1) Cash conversion cycle for SRM Ltd. is 30 days. If Inventory turnover ratio is 15 and creditors' turnover ratio is 20, calculate the debtors' conversion days. (Assume 360 days in a year) [Question ID = 14409]

1. 9 days [Option ID = 27634]
2. None of the above [Option ID = 27636]
3. 10 days [Option ID = 27635]
4. 8 days [Option ID = 27633]

Correct Answer :-

- None of the above [Option ID = 27636]

2) If the stock is overvalued, it would be plotted:- [Question ID = 14414]

1. on the security market line [Option ID = 27655]
2. above the security market line [Option ID = 27654]
3. below the security market line [Option ID = 27653]
4. none of the above [Option ID = 27656]

Correct Answer :-

- below the security market line [Option ID = 27653]

3) If the rate of return on investment is 16%, the cost of capital is 8%, earnings per share is INR 20 and the dividend payout ratio is 40%, the price of share according to Walter model is:- [Question ID = 14407]

1. 350 [Option ID = 27625]
2. 550 [Option ID = 27628]
3. 450 [Option ID = 27627]
4. 400 [Option ID = 27626]

Correct Answer :-

- 400 [Option ID = 27626]

4) If the dividend payout ratio for the Company NM Textiles is 40%, cost of equity is 12% and return on equity is 15%, calculate the fair Price to Earnings (P/E) ratio:- [Question ID = 14416]

1. 16.23x [Option ID = 27661]
2. None of the above [Option ID = 27664]
3. 13.33x [Option ID = 27662]
4. 10.80x [Option ID = 27663]

Correct Answer :-

- 13.33x [Option ID = 27662]

5) If the company's ROE is 9%, Net interest margin is 9% and total asset to equity is 2, calculate the asset turnover ratio:- [Question ID = 14417]

1. 2 [Option ID = 27665]
2. None of the above [Option ID = 27668]
3. 1 [Option ID = 27666]
4. 0.7 [Option ID = 27667]

Correct Answer :-

- None of the above [Option ID = 27668]

6)

Ten years ago the ratio of age of A and B was 3:2 and after 10 years, their ages will become 4:3. Find the sum of their present age. [Question ID = 14389]

1. 140 [Option ID = 27555]
2. 120 [Option ID = 27554]
3. 100 [Option ID = 27553]
4. 160 [Option ID = 27556]

Correct Answer :-

- 120 [Option ID = 27554]

---

7) Two women Ganga and Saraswati working separately can mow a field in 8 hours and 12 hours respectively. If they work in stretches of one hour alternatively, Ganga beginning at 9 am, when will the mowing be finished? [Question ID = 14385]

1. 7.00 pm [Option ID = 27539]
2. 5.30 pm [Option ID = 27538]
3. 8.30 pm [Option ID = 27540]
4. 6.30 pm [Option ID = 27537]

Correct Answer :-

- 6.30 pm [Option ID = 27537]

---

8) Who has been recently appointed as CEO of Axis Bank? [Question ID = 14412]

1. Shyam Srinivasan [Option ID = 27645]
2. Romesh Sobti [Option ID = 27648]
3. Pramit Zhaveri [Option ID = 27646]
4. Amitabh Chaudhry [Option ID = 27647]

Correct Answer :-

- Amitabh Chaudhry [Option ID = 27647]

---

9) Who has been recently appointed as CEO of ICICI Bank? [Question ID = 14424]

1. Samit Ghosh [Option ID = 27696]
2. Paresh Sukthankar [Option ID = 27695]
3. Sandeep Bakhshi [Option ID = 27693]
4. Ravneet Gill [Option ID = 27694]

Correct Answer :-

- Sandeep Bakhshi [Option ID = 27693]

---

10) Who has been recently appointed as Chief Economist of IMF? [Question ID = 14425]

1. None of the above [Option ID = 27700]
2. Maury Obstfeld [Option ID = 27697]
3. Gita Gopinath [Option ID = 27698]
4. Kaushik Basu [Option ID = 27699]

Correct Answer :-

- Gita Gopinath [Option ID = 27698]

---

11) The weather report says that a devastating and unexpected freeze is expected to hit India tonight, during the peak of the Khariff harvest. In semi strong form of efficiency market one would expect the price of FMCG stocks to:- [Question ID = 14429]

1. gradually decline for next few days [Option ID = 27715]
2. gradually decline for next few weeks [Option ID = 27716]
3. drop immediately [Option ID = 27714]
4. remain unchanged [Option ID = 27713]

Correct Answer :-

- drop immediately [Option ID = 27714]

12) The premium that the investor is ready to pay over and above the current intrinsic value of an option is referred to as? [Question ID = 14418]

1. None of the above [Option ID = 27672]
2. Option Premium [Option ID = 27669]
3. Contingent Value [Option ID = 27670]
4. Time Value [Option ID = 27671]

Correct Answer :-

- Time Value [Option ID = 27671]

13) SR Steel Ltd. has a debt to equity ratio of 2:1. The company current cost of debt is 8% and beta is 0.9. If the risk free rate in the economy is 6%, equity risk premium is 4% and tax rate is 25%, calculate the weighted average cost of capital (WACC) for the SR Steel Ltd.

[Question ID = 14410]

1. 9.6% [Option ID = 27639]
2. 6.8% [Option ID = 27637]
3. None of the above [Option ID = 27640]
4. 8.2% [Option ID = 27638]

Correct Answer :-

- None of the above [Option ID = 27640]

14) In the mean-standard deviation graph, the line that connects the risk-free rate to the optimal risky portfolio is known as:- [Question ID = 14428]

1. none of the above [Option ID = 27712]
2. capital market line [Option ID = 27711]
3. security market line [Option ID = 27710]
4. investor's utility line [Option ID = 27709]

Correct Answer :-

- capital market line [Option ID = 27711]

15) A team of 30 men is supposed to do a work in 38 days. After 25 days, 5 more men were employed and the work was finished one day earlier. How many days would it have been delayed if 5 more men were not employed? [Question ID = 14380]

1. 3 days [Option ID = 27519]
2. 2 days [Option ID = 27518]
3. 4 days [Option ID = 27520]
4. 1 day [Option ID = 27517]

Correct Answer :-

- 1 day [Option ID = 27517]

16) Risk free rate in the economy is 7%, Equity risk premium is 5% and beta for company ABC is 0.9. Using the above data, compute the cost of equity for company ABC using Capital Asset pricing Model. [Question ID = 14406]

1. 10.5% [Option ID = 27621]
2. 11.3% [Option ID = 27622]
3. 11.5% [Option ID = 27623]
4. 11.9% [Option ID = 27624]

Correct Answer :-

- 11.5% [Option ID = 27623]

17) Total Leverage shows the relationship between:- [Question ID = 14421]

1. None of the above [Option ID = 27684]
2. EPS and Sales [Option ID = 27683]
3. EPS and EBIT [Option ID = 27681]
4. Interest and Sales [Option ID = 27682]

Correct Answer :-

- EPS and Sales [Option ID = 27683]

---

18) Suppose that you estimate the model y = β0 + β1x + u . You calculate residuals and find that the explained sum of squares is 400 and the error sum of squares is 800. The R-squared is:- [Question ID = 14383]

1. 2/3 [Option ID = 27532]
2. 1/3 [Option ID = 27530]
3. 1/2 [Option ID = 27531]
4. 1/4 [Option ID = 27529]

Correct Answer :-

- 1/3 [Option ID = 27530]

---

19) Let the coefficient of determination computed to be 0.39 in a problem involving one independent variable and one dependent variable. This result means that:- [Question ID = 14381]

1. The relationship between two variables is negative [Option ID = 27521]
2. The correlation coefficient is 0.39 also [Option ID = 27522]
3. 39% of the total variation is explained by the dependent variable [Option ID = 27524]
4. 39% of the total variation is explained by the independent variable [Option ID = 27523]

Correct Answer :-

- 39% of the total variation is explained by the independent variable [Option ID = 27523]

---

20) A train passed two persons who are walking in opposite direction of which the train is moving, at the rate of 5 m/s and 10 m/s in 6 seconds and 5 seconds respectively. Find the length of the train. [Question ID = 14386]

1. 125 m [Option ID = 27541]
2. 150 m [Option ID = 27542]
3. 160 m [Option ID = 27543]
4. 170 m [Option ID = 27544]

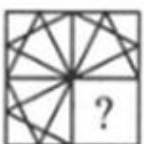**Correct Answer :-**

- 150 m [Option ID = 27542]

---

21) The levered beta for Company SMC is 1.5. The debt-equity ratio of the company is 0.6 and tax rate is 30%. The unlevered beta (asset beta) of the company would be:- [Question ID = 14415]

1. 1.27 [Option ID = 27657]
2. 1.05 [Option ID = 27658]
3. 0.93 [Option ID = 27659]
4. 0.78 [Option ID = 27660]

Correct Answer :-

- 1.05 [Option ID = 27658]

---

22) Identify the figure that completes the pattern.

(X) (1) (2) (3) (4)

[Question ID = 14404]

1. 2 [Option ID = 27614]
2. 1 [Option ID = 27613]
3. 3 [Option ID = 27615]
4. 4 [Option ID = 27616]

Correct Answer :-

- 4 [Option ID = 27616]

23) If a project requires an initial investment of INR 80,000 and can generate a NPV of INR 30,000, the profitability index would be:- [Question ID = 14420]

1. 2.66 [Option ID = 27677]
2. None of the above [Option ID = 27680]
3. 1.37 [Option ID = 27679]
4. 1.83 [Option ID = 27678]

Correct Answer :-

- 1.37 [Option ID = 27679]

24) Suppose we are interested in predicting the price of house using the interior area of house. Consider the regression model,

$$Price_i = \beta_1 + \beta_2 \, SQFT_i + \gamma_1 \, POOL_i + \gamma_2 \, (\, POOL_i \times SQFT_i) + e_i$$

Where *Price$_i$* is the market price for house i, *SQFT$_i$* is the interior area of house i in square feet, and *POOL$_i$* is 1 if house i has a pool and 0, otherwise. Choose the correct statement about the regression model for houses with a pool.

[Question ID = 14384]

1. The intercept is (β1 + γ1) and the slope is β2. [Option ID = 27535]
2. The intercept is (β1 + γ1) and the slope is (β2 + γ2). [Option ID = 27536]
3. The intercept is γ1 and the slope is γ2. [Option ID = 27534]
4. The intercept is β1 and the slope is β2. [Option ID = 27533]

Correct Answer :-

- The intercept is (β1 + γ1) and the slope is (β2 + γ2). [Option ID = 27536]

25) In the estimated model log (qi) = 2.25 -0.7 log (pi) + 0.02yi where p is the price and q is the demanded quantity of a certain good and y is disposable income, what is the meaning of the coefficient on log (p)?

[Question ID = 14382]

1. If the price increases by 1%, the demanded quantity will be 0.007% lower on an average, ceteris paribus [Option ID = 27525]
2. If the price increases by 1%, the demanded quantity will be 0.7% lower on an average, ceteris paribus [Option ID = 27527]
3. If the price increases by 1%, the demanded quantity will be 70% lower on an average, ceteris paribus [Option ID = 27526]
4. None of the answers above is correct [Option ID = 27528]

Correct Answer :-

- If the price increases by 1%, the demanded quantity will be 0.7% lower on an average, ceteris paribus [Option ID = 27527]
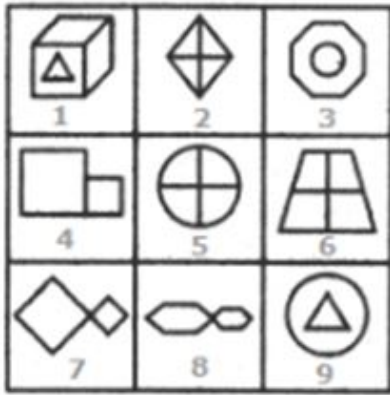
26) Recording of a transaction in the wrong account but on correct side of the ledger constitute which type of error? [Question ID = 14426]

1. Compensating error [Option ID = 27704]
2. Error of Commission [Option ID = 27702]
3. Error of principle [Option ID = 27703]
4. Error of Omission [Option ID = 27701]

Correct Answer :-

- Error of Commission [Option ID = 27702]

27) Group the given figure into three classes using each figure only once.
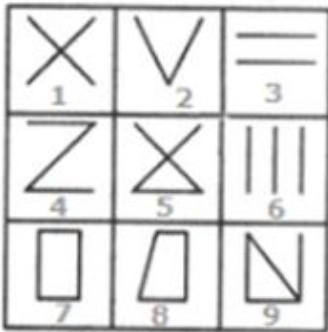

[Question ID = 14402]

1. 1,2,4 ; 3,5,7 ; 6,8,9 [Option ID = 27607]
2. 1,3,6 ; 2,4,8 ; 5,7,9 [Option ID = 27608]
3. 1,3,9 ; 2,5,6 ; 4,7,8 [Option ID = 27605]
4. 1,3,9 ; 2,7,8 ; 4,5,6 [Option ID = 27606]

Correct Answer :-

• 1,3,9 ; 2,5,6 ; 4,7,8 [Option ID = 27605]

28) Group the given figure into three classes using each figure only once.

[Question ID = 14403]

1. 1,3,5 ; 2,4,6 ; 7,8,9 [Option ID = 27610]
2. 1,9,7 ; 2,8,5 ; 3,4,6 [Option ID = 27612]
3. 1,2,3 ; 4,5,6 ; 7,8,9 [Option ID = 27609]
4. 1,5,9 ; 3,6,2 ; 4,7,8 [Option ID = 27611]

Correct Answer :-

• 1,2,3 ; 4,5,6 ; 7,8,9 [Option ID = 27609]

29) Price to book value ratio should generally go up when the following increases:- [Question ID = 14422]

1. None of the above [Option ID = 27688]
2. Required rate of return [Option ID = 27687]
3. Book Value [Option ID = 27685]
4. Return on equity [Option ID = 27686]

Correct Answer :-

• Return on equity [Option ID = 27686]

30)

Study the following table and answer the questions.

Classification of 100 Students Based on the Marks Obtained by them in Physics and Chemistry in an Examination.

Subject	Marks out of 50				
	40 and above	30 and above	20 and above	10 and above	0 and above
Physics	9	32	80	92	100
Chemistry	4	21	66	81	100
Average (Aggregate)	7	27	73	87	100

If at least 60% marks in Physics are required for pursuing higher studies in Physics, how many students will be eligible to pursue higher studies in Physics? [Question ID = 14398]

1. 32 [Option ID = 27590]
2. 41 [Option ID = 27592]
3. 27 [Option ID = 27589]
4. 34 [Option ID = 27591]

Correct Answer :-
- 32 [Option ID = 27590]

---

31) Study the following table and answer the questions.

Classification of 100 Students Based on the Marks Obtained by them in Physics and Chemistry in an Examination.

Subject	Marks out of 50				
	40 and above	30 and above	20 and above	10 and above	0 and above
Physics	9	32	80	92	100
Chemistry	4	21	66	81	100
Average (Aggregate)	7	27	73	87	100

If it is known that at least 23 students were eligible for a Symposium on Chemistry, then the minimum qualifying marks in Chemistry for eligibility to Symposium would lie in the range? [Question ID = 14400]

1. Below 20 [Option ID = 27600]
2. 30-40 [Option ID = 27598]
3. 20-30 [Option ID = 27599]
4. 40-45 [Option ID = 27597]

Correct Answer :-
- 20-30 [Option ID = 27599]

---

32)

Study the following table and answer the questions.

Classification of 100 Students Based on the Marks Obtained by them in Physics and Chemistry in an Examination.

Subject	Marks out of 50				
	40 and above	30 and above	20 and above	10 and above	0 and above
Physics	9	32	80	92	100
Chemistry	4	21	66	81	100
Average (Aggregate)	7	27	73	87	100

What is the different between the number of students passed with 30 as cut-off marks in Chemistry and those passed with 30 as cut-off marks in aggregate? [Question ID = 14397]

1. 6 [Option ID = 27588]
2. 5 [Option ID = 27587]
3. 3 [Option ID = 27585]
4. 4 [Option ID = 27586]

Correct Answer :-

- 6 [Option ID = 27588]

33) **Study the following table and answer the questions.**

Classification of 100 Students Based on the Marks Obtained by them in Physics and Chemistry in an Examination.

Subject	Marks out of 50				
	40 and above	30 and above	20 and above	10 and above	0 and above
Physics	9	32	80	92	100
Chemistry	4	21	66	81	100
Average (Aggregate)	7	27	73	87	100

The percentage of number of students getting at least 60% marks in Chemistry over those getting at least 40% marks in aggregate, is approximately what according to the table chart?

[Question ID = 14399]

1. 31% [Option ID = 27596]
2. 21% [Option ID = 27593]
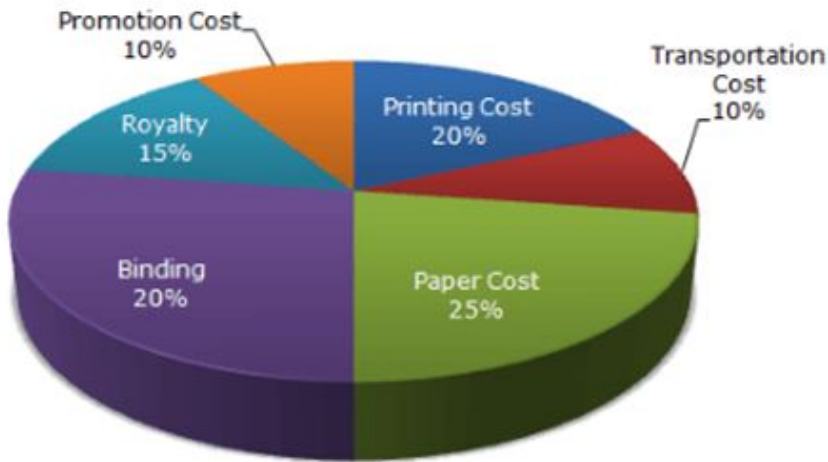3. 29% [Option ID = 27595]
4. 27% [Option ID = 27594]

Correct Answer :-

- 29% [Option ID = 27595]

34)

The following pie-chart shows the percentage distribution of the expenditure incurred in publishing a book. Study the pie-chart and the answer the question.

Various Expenditures (in percentage) Incurred in Publishing a Book

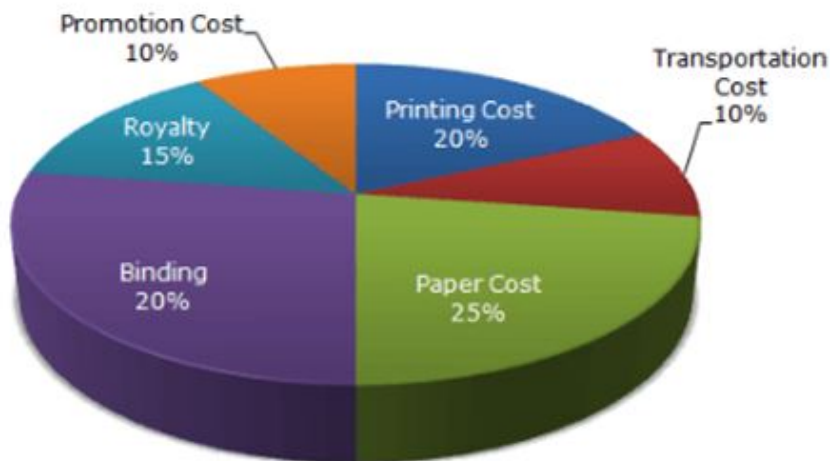**Royalty on the book is less than the printing cost by:- [Question ID = 14396]**

1. 33.33% [Option ID = 27582]
2. 25% [Option ID = 27584]
3. 22% [Option ID = 27583]
4. 5% [Option ID = 27581]

Correct Answer :-

- 25% [Option ID = 27584]

---

35) The following pie-chart shows the percentage distribution of the expenditure incurred in publishing a book. Study the pie-chart and the answer the question.

Various Expenditures (in percentage) Incurred in Publishing a Book

The price of the book is marked 20% above the C.P. If the marked price of the book is Rs. 180, then what is the cost of the paper used in a single copy of the book? [Question ID = 14394]
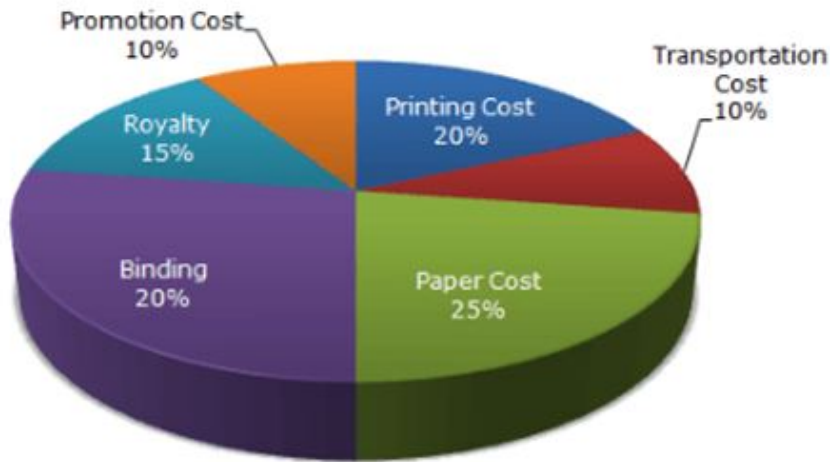
1. Rs. 43 [Option ID = 27575]
2. Rs. 37.50 [Option ID = 27574]
3. Rs. 45.25 [Option ID = 27576]
4. Rs. 35 [Option ID = 27573]

Correct Answer :-

- Rs. 37.50 [Option ID = 27574]

36) The following pie-chart shows the percentage distribution of the expenditure incurred in publishing a book. Study the pie-chart and the answer the question.

Various Expenditures (in percentage) Incurred in Publishing a Book

If 5500 copies are published and the transportation cost on them amounts to Rs. 82500, then what should be the selling price of the book so that the publisher can earn a profit of 25%? [Question ID = 14395]

1. Rs. 187.50 [Option ID = 27577]
2. Rs. 180 [Option ID = 27580]
3. Rs. 185 [Option ID = 27579]
4. Rs. 191.50 [Option ID = 27578]

Correct Answer :-
- Rs. 187.50 [Option ID = 27577]

---

37) Find the related word/letters/number to complete the analogy.

Carbon : Diamond : : Corundum : ? [Question ID = 14390]

1. Ruby [Option ID = 27558]
2. Pukhraj [Option ID = 27559]
3. Pearl [Option ID = 27560]
4. Garnet [Option ID = 27557]

Correct Answer :-
- Ruby [Option ID = 27558]

---

38) Find the related word/letters/number to complete the analogy.

BOQD : ERTG : : ANPC : ? [Question ID = 14392]

1. DSQF [Option ID = 27568]
2. SHFU [Option ID = 27567]
3. FSHU [Option ID = 27566]
4. DQSF [Option ID = 27565]

Correct Answer :-
- DQSF [Option ID = 27565]

---

39) Find the related word/letters/number to complete the analogy.

Smoke : Pollution : : War :? [Question ID = 14391]

1. Victory [Option ID = 27561]
2. Destruction [Option ID = 27564]
3. Separation [Option ID = 27562]
4. Treaty [Option ID = 27563]

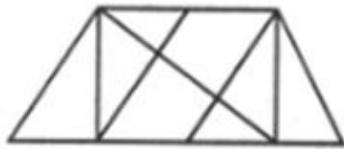**40) Find the related word/letters/number to complete the analogy.**

182: : 210:380 [Question ID = 14393]

1. 272 [Option ID = 27570]
2. 240 [Option ID = 27571]
3. 156 [Option ID = 27572]
4. 342 [Option ID = 27569]

Correct Answer :-

- 342 [Option ID = 27569]

41) Find the number of triangles in the given figure:-

[Question ID = 14401]

1. 12 [Option ID = 27603]
2. 10 [Option ID = 27602]
3. 14 [Option ID = 27604]
4. 8 [Option ID = 27601]

Correct Answer :-

- 14 [Option ID = 27604]

42) For company AK Ltd., earnings per share is INR 20, book value per share is INR 100, dividend payout ratio is 50% and cost of equity is 12%. What is the fair Price to Book ratio of AK Ltd.

[Question ID = 14427]

1. 3x [Option ID = 27705]
2. 1.5x [Option ID = 27707]
3. 5x [Option ID = 27706]
4. None of the above [Option ID = 27708]

Correct Answer :-

- 5x [Option ID = 27706]

43) Which of the following theories propagates irrrelevance of capital structure? [Question ID = 14411]

1. Net Income Approach [Option ID = 27641]
2. None of the above [Option ID = 27644]
3. Traditional Approach [Option ID = 27642]
4. Net Operating Income Approach [Option ID = 27643]

Correct Answer :-

- Net Operating Income Approach [Option ID = 27643]

44) Which of the following behavioural bias represent that investors tend to hold on to their prior views despite emergence of new information? [Question ID = 14423]

1. Framing [Option ID = 27690]
2. None of the above [Option ID = 27692]
3. Regret Avoidance [Option ID = 27689]
4. Overconfidence [Option ID = 27691]

45) **Company NM Ltd. has fixed assets of INR 1000 crore, investments of INR 250 crores, current assets (excluding cash) of INR 250 crores and current liabilities of INR 150 crores. If earnings before interest and taxes (EBIT) for the company is INR 125 crores, Calculate Return on invested capital (ROIC)? (Tax rate is 30%) [Question ID = 14405]**

1. 4.62% [Option ID = 27620]
2. 7.65% [Option ID = 27618]
3. 9.56% [Option ID = 27617]
4. 6.48% [Option ID = 27619]

Correct Answer :-
- 6.48% [Option ID = 27619]

46) **A, B and C are partners in a business. A whose money has been used for 4 months, claims 1/8 of profit, B whose money has been used for 6 months claims 1/3 of the profit. C invested Rs. 1560 for 8 months. How much money did A and B contribute? [Question ID = 14388]**

1. Rs. 720, Rs. 1280 [Option ID = 27551]
2. Rs. 730, Rs. 1240 [Option ID = 27550]
3. Rs. 750, Rs. 1260 [Option ID = 27552]
4. Rs. 740, Rs. 1250 [Option ID = 27549]

Correct Answer :-
- Rs. 720, Rs. 1280 [Option ID = 27551]

47) **The number of employees is reduced in the ratio 3:2 and the salary of each employee is increased in the ratio 4:5. By doing so, company saves Rs. 12000. So, find the initial expenditure on salary.**

[Question ID = 14387]

1. Rs. 62000 [Option ID = 27546]
2. Rs. 52000 [Option ID = 27548]
3. Rs. 82000 [Option ID = 27547]
4. Rs. 72000 [Option ID = 27545]

Correct Answer :-
- Rs. 72000 [Option ID = 27545]

48) **The Arbitrage Pricing Theory (APT) differs from the Capital Asset pricing Model (CAPM) because the APT:- [Question ID = 14408]**

1. none of the above [Option ID = 27632]
2. places more emphasis on market risk [Option ID = 27631]
3. recognizes multiple systematic risk factors [Option ID = 27630]
4. minimizes the significance of diversification [Option ID = 27629]

Correct Answer :-
- recognizes multiple systematic risk factors [Option ID = 27630]

49) **As per the Capital Asset pricing Model (CAPM), required rate of return is a function of:- [Question ID = 14413]**

1. idiosyncratic risk [Option ID = 27649]
2. reinvestment risk [Option ID = 27650]
3. systematic risk [Option ID = 27651]
4. none of the above [Option ID = 27652]

Correct Answer :-
- systematic risk [Option ID = 27651]

50) As per Modigliani-Miller approach to dividend policy, the value of a firm:- [Question ID = 14419]

1. None of the above [Option ID = 27676]
2. is maximized when a firm retains more of its earnings and distribute less as dividends. [Option ID = 27674]
3. is maximized when a firm distributes more of its earnings as dividends and retains less [Option ID = 27673]
4. Value maximization depends upon the on the firm's earnings power and not on the split between dividends and retained earnings [Option ID = 27675]

Correct Answer :-

- Value maximization depends upon the on the firm's earnings power and not on the split between dividends and retained earnings [Option ID = 27675]