

Diploma in Islamic Banking Examination, October-2021

PART-II

201: Investment Management

Time: 3 hours

Full Marks: 100

Pass Marks: 45

(N.B.: Answer any 5 (five) of the questions given below.

The figures in the right margin indicate full marks.)

- 1) a. "The investment mechanisms of Islamic Banks are superior to the lending mechanisms of Conventional Banks"- Explain in detail. 8
- b. Discuss in brief on " Islamic Financial Modes". 4
- c. Discuss the major barriers of investment. 4
- d. Differentiate between "Investment and Speculation". 4
- 2) a. As an investment analyst of an Islamic bank, what parameters do you need to take into consideration to evaluate a prospective investment client? 7
- b. Briefly discuss the tools of investment client evaluation as per Credit Risk Management (CRM) guidelines of Bangladesh Bank. 7
- c. "The most important activity of investment is recovery"-Discuss. 6
- 3) a. What are the main components of working capital? What factors are to be considered for determining working capital requirement of a manufacturing concern? 6
- b. Your bank intends to estimate the working capital requirement of ABC cable Industries Ltd, a prospective client to finance a level of production of 5,00,000 units in a year. The cost structure of the company for above mentioned production level is furnished below: 14

Elements of cost	Amount Per Unit (Tk.)
Raw Materials	Tk. 50.00
Direct Labor	Tk. 10.00
Overhead cost (Including depreciation of Tk.10 Per unit)	Tk. 30.00
Total cost	Tk. 90.00
Profit	Tk. 30.00
Selling price	Tk. 120.00

Additional Information:

- a) Expected cash balance is Tk. 50,000.00.
 - b) Raw materials are held in stock on an average for 02(Two) months.
 - c) Work in process (assume 50% completion stage) will approximate to half a month's production.
 - d) Finished goods remain in warehouse on an average for 01(One) month.
 - e) Suppliers allow 01(One) month's credit and debtors are to be provided 02(Two) month's credit.
 - f) 25% of total sales are made in cash.
 - g) Time-lag in payment of wages is 15 days.
 - h) Time-lag in payment of overheads is 01(One) month.
- Prepare a statement showing working capital requirements for the company.**
- 4) a. What are the quantitative and qualitative components of ICRRS? How ICRRS contributes to select a good customer and pricing of investment? 7
 - b. What is the regulation of single borrower exposure and how the limit facilitate to risk management in investment? 6
 - c. What is Large Investment/Loan? What is the regulation/ceiling for large investment/loan? Write in brief. 7