

26/4/19.

Q.P. CODE: 34416

Maximum Marks: 75

Duration: 2 Hours & 30 Minutes

Note: 1) All questions are compulsory, Subject to internal choice.
 2) Figures to the right indicate full marks.

Q 1 A) Fill in the Blanks (Any 8)

08

- 1) Industries in the _____ stage are called sunrise industries.
(expansion, decay, pioneering)
- 2) The _____ form hypothesis represents the extreme case of market efficiency. (strong, weak, semi-strong)
- 3) _____ helps to reduce risk. (Investment, Diversification, Security)
- 4) The variability which affects all the securities in the market is known as _____ risk. (unsystematic, systematic, operational)
- 5) The primary motive of buying a share is to sell it at a _____ price.
(Lower, higher, neutral)
- 6) _____ is the chance of loss due to variability of return on an investment.
(Return, Risk, Interest)
- 7) According to Dow Theory, the price movements in the market can be identified by means of a _____. (line, bar, candle)
- 8) Technical analysis provides _____ of a share.
(Intrinsic value of the share, price behaviour of share, supply of the share)
- 9) _____ means the profit earned on the capital invested in the business.
(Risk, Return, Shares)
- 10) _____ averages are mathematical indicators of the underlying trend of the price movement. (Moving, Fundamental, Normal)

Q 1 B) Match the Column (Any 7)

07

Group A		Group B	
1	Systematic Risk	A	Forecasting techniques
2	Barometric Approach	B	Commitment of funds
3	Flags and pennants	C	Institutional Investor
4	Investment	D	Random walk theory
5	Types of Investor	E	Continuation pattern
6	Efficient market hypothesis	F	Investment avenues
7	Fundamental Analysis	G	Financial Statement
8	Shares, bonds, debentures	H	Maximization of return and minimization of risk
9	Balance sheet	I	Uncontrollable
10	Optimal Portfolio	J	Interest rate risk

Q 2 A) Explain Economic analysis. Briefly describe the factors under economic analysis.

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B) Discuss the Industry characteristics.

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OR

- C) Following is the revenue statement of M/s Sushil Ltd.
Trading, Profit & Loss A/c for the year ended 31st March 2016

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Particulars	Amount	Particulars	Amount
To Opening Stock	52,300	By sales	5,35,000
To Purchases	3,25,150	By closing stock	82,000
To Carriage Inward	7,550	By Interest Recd	5,400
To Office Expenses	90,000		
To Sales Expenses	26,000		
To Loss on sale of FA	1,400		
To Net Profit c/d	1,20,000		
Total	6,22,400	Total	6,22,400

Calculate the following ratios:

- Sales and distribution Ratio
- Stock Turnover Ratio
- Operating Ratio
- Net Profit Before Tax Ratio
- Gross Profit Ratio

- D) Prepare Comparative Income Statement

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Particulars	31-3-2011 (Rs.)	31-3-2012 (Rs.)
Sales	3,80,000	5,20,000
Less: COGS	2,50,000	4,00,000
Gross Profit	1,30,000	1,20,000
Less: Direct Expenses	25,000	37,000
EBIT	1,05,000	83,000
Less: Other Expenses	15,000	10,000
EBT	90,000	73,000
Less: Tax @ 40%	25,000	20,000
NPAT	65,000	53,000

- Q 3 A) Describes various charts under technical analysis.
B) Explain the difference between fundamental analysis and technical analysis

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OR

- C) The Following table give the data of Closing Price

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Day	Closing Price	Day	Closing Price
1	230	9	240
2	232	10	240
3	230	11	239
4	235	12	241
5	237	13	245
6	234	14	243
7	236	15	245
8	240		

Calculate 14 Day RSI



- D) Compute the Trend using the method of moving Averages. Use 4 yearly moving averages 07

Year	Production (Million Tonnes)	Year	Production (Million Tonnes)
1988	35.00	1994	33.80
1989	30.00	1995	33.00
1990	31.50	1996	32.50
1991	30.50	1997	35.00
1992	31.00	1998	34.50
1993	34.00		

- Q 4 A) Explains different forms market efficiency. 08
 B) Describe Random Walk Theory with diagram. 07

OR

- C) The following figures are extracted from the annual reports of a company (Rs. In Lakhs) 15

Particulars	2008	2009	2010	2011	2012
Cost of Material	230	200	220	240	180
Labour Cost	140	150	175	150	200
Other Conversion Cost	150	200	175	140	150
Total Manufacturing COGS	520	550	570	530	530
Sales	1000	1100	950	1000	1200
Gross Profit	480	550	380	470	670
Operating Expenses	220	200	200	200	320
Profit	260	350	180	270	350

Calculate Trend Ratio for each item taking 2008 as the base year

- Q 5 A) The following data are available to you as portfolio manager: 08

Security	Estimated Return (%)	Beta
A	35	1.8
B	30	1.6
C	20	1.0
D	11.5	0.8
E	10.5	0.4
Market Index	15	1.0
Govt. Security	6	0

Which of the above securities are under-priced?



- B) Consider the following data regarding three risk factors and three securities (X, Y and Z) 07

Security	Factor Loading		
	F1	F2	F3
X	1.20	-0.65	0.65
Y	0.80	0.70	0.47
Z	1.35	-0.25	1.22

Risk Premium associated with the risk factors are:

$$\lambda_1=4.75\%, \lambda_2=2.30\%, \lambda_3= -1.7\%$$

Current Market Price and Anticipated Future Price of the three securities are:

Security Prices		
Security	Current Price	Future Price
X	400	420
Y	150	180
Z	550	600

- a) Compute the expected return of the three securities, assuming risk free return of 5.5%
b) Evaluate whether the securities are correctly priced.

OR

- C) Write Short Notes (Any 3) 15

- a) SML
 - b) Assumptions of CAPM
 - c) Dow Theory
 - d) Barometric Approach
 - e) Reversal pattern
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