S.Y. BIM - SEM IV - Reg. Exam - April'2018

S.A.P.M.

26.4.18

Q.P. CODE: 34413

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) ____________ analysis is really a logical & systematic approach to estimating the future dividends & share price.
(Technical, Fundamental, Weak form EMH)
2) ___________ rates of inflation upset business plan.
(Higher, Lower, Moderate)
3) ______________ is a first stage in Industrial Life Cycle.
(Pioneering, Expansion, Decay)
4) Liquidity Ratio = ________________ / Current Liabilities.
(Current Assets, Quick Assets, Stock)
5) The Market Value of a security is related to __________________ factors operating in the market.
(Price, Demand & Supply, Movement)
6) ______________ form of EMH says that current price reflects all information of historical prices.
(Strong, Semi-strong, Weak)
7) CAPM stands for _________________________________
(Current Asset price Model, Capital Asset Pricing Model, Calculate Asset Price Model)
8) Efficient Frontier contains the sets of ________________ Portfolio.
(Risk free, Efficient, Best)
9) CAPM Provides a framework for evaluation of security pricing based on __________ factor.
(Single, Double, Multiple)
10) Excess Return = ______________ + return from stock selection.
(Risk Premium, Risk, Growth)

**Q 1 B)** Match the Column (Any 7) **07**

| | Group A | | Group B |
|---|---|---|---|
| 1 | Economy Analysis | A | Debt/Equity |
| 2 | Anticipatory Survey | B | No longer Demand |
| 3 | Decay Stage | C | Wave Theory |
| 4 | Debt-Equity Ratio | D | Inflation Rate |
| 5 | Bearish Trend | E | Multiple Factor |
| 6 | Black Candlestick | F | Future Plans of Consumer |
| 7 | Ralph Elliot | G | Standard Deviation |
| 8 | Strong Form EMH | H | Price begins to fall |
| 9 | Sigma | I | Public+Past+Private Information |



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| | | | |
|---|---|---|---|
| 10 | APT | J | Low Closing Price |

**Q 2 A)** Explain Economic-Industry-Company Analysis framework in detail. **08**

**B)** Explain Company Analysis in detail **07**

**OR**

**C)** Following is the revenue statement of M/s Sushil Ltd. **08**
Trading, Profit & Loss A/c for the year ended 31st March 2014

| **Particulars** | **Amount** | **Particulars** | **Amount** |
|---|---|---|---|
| To Opening Stock | 54,300 | By sales | 5,40,000 |
| To Purchases | 3,27,150 | By closing stock | 84,000 |
| To Carriage Inward | 8,550 | By Interest Recd | 5,400 |
| To Office Expenses | 90,000 | | |
| To Sales Expenses | 27,000 | | |
| To Loss on sale of FA | 2,400 | | |
| To Net Profit c/d | 1,20,000 | | |
| **Total** | **6,29,400** | **Total** | **6,29,400** |

**Calculate the following ratios:**

i. Selling Expenses Ratio
ii. Stock Turnover Ratio
iii. Operating Ratio
iv. Net Profit Before Tax Ratio
v. Gross Profit Ratio

**D)** Prepare Comparative Income Statement **07**

| **Particulars** | **31-3-2010 (Rs.)** | **31-3-2011 (Rs.)** |
|---|---|---|
| Sales | 3,50,000 | 5,00,000 |
| Less: COGS | 2,50,000 | 4,00,000 |
| **Gross Profit** | **1,00,000** | **1,00,000** |
| Less: Direct Expenses | 25,000 | 37,500 |
| **EBIT** | **75,000** | **62,500** |
| Less: Other Expenses | 5,000 | 10,000 |
| **EBT** | **70,000** | **52,500** |
| Less: Tax @ 40% | 28,000 | 21,000 |
| **NPAT** | **42,000** | **31,500** |

**Q 3 A)** Describes the formation of Bullish Trend & Bearish Trend in the market with Diagram. **08**

**B)** Explain the difference between fundamental analysis and technical analysis **07**



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OR

C) The Following table give the data of Closing Price **08**

| 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 5 yearly moving averages **07**

| Year | Production (Million Tonnes) | Year | Production (Million Tonnes) |
|---|---|---|---|
| 1985 | 30.00 | 1991 | 33.80 |
| 1986 | 32.00 | 1992 | 33.00 |
| 1987 | 31.50 | 1993 | 32.50 |
| 1988 | 30.50 | 1994 | 35.00 |
| 1989 | 32.00 | 1995 | 34.50 |
| 1990 | 34.50 | | |

**Q 4 A)** Explain various form of Market Efficiency. **08**

**B)** Explain test of Weak form EMH **07**

OR

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

| Particulars | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|---|
| Cost of Material | 200 | 220 | 200 | 250 | 150 |
| Labour Cost | 150 | 140 | 175 | 150 | 200 |
| Other Conversion Cost | 200 | 150 | 175 | 140 | 150 |
| **Total Manufacturing COGS** | **550** | **510** | **550** | **540** | **500** |
| Sales | 1000 | 1100 | 950 | 1000 | 1200 |
| **Gross Profit** | **450** | **590** | **400** | **460** | **700** |
| Operating Expenses | 200 | 220 | 180 | 200 | 300 |
| **Profit** | **250** | **370** | **220** | **260** | **400** |

Calculate Trend Ratio for each item taking 2007 as the base year



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

| Security | Estimated Return (%) | Beta |
|---|---|---|
| A | 30 | 2.0 |
| B | 25 | 1.5 |
| C | 20 | 1.0 |
| D | 11.5 | 0.8 |
| E | 10.0 | 0.5 |
| Market Index | 15 | 1.0 |
| Govt. Security | 7 | 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**

| | Factor Loading | | |
|---|---|---|---|
| **Security** | **F1** | **F2** | **F3** |
| **X** | 1.12 | -0.56 | 0.63 |
| **Y** | 0.85 | 0.74 | 0.47 |
| **Z** | 1.30 | -0.24 | 1.23 |

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** | 410 | 430 |
| **Y** | 145 | 175 |
| **Z** | 570 | 620 |

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) Company Analysis
b) Bar Chart
c) Market Risk
d) SML
e) Reversal pattern



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