Registration No.: | | | | | | | | | | |

Total Number of Pages: 02

IMBA
16IMN801B

8th Semester Regular/Back Examination: 2023-24
SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT
IMBA
Time: 3 Hour
Max Marks: 100
Q.Code: P038

Answer Question No.1 (Part-1) which is compulsory, any eight from Part-II and any two from Part-III.
The figures in the right hand margin indicate marks.

Part-I

Q1 Answer the following questions: (2 x 10)

a) What does security analysis encompass?
b) What is the difference between investment and speculation?
c) What is Floor trading and CBT?
d) Explain the four important characteristics of investment.
e) What do you mean by circuit breakers?
f) A company pays a dividend of Rs 3.20 per share on a particular day. The Price at the beginning of the year and end of the years are Rs. 140 and 210 respectively. Find the total return of the share.
g) How does Japanese Candlesticks help investors decide to buy or sell a stock?
h) Can general elections in the country influence the stock market? How?
i) What is Relative Strength Index? What does it signal?
j) How do you find support level and resistance level in a chart?

Part-II

Q2 Only Focused-Short Answer Type Questions- (Answer Any Eight out of Twelve) (6 × 8)

a) Discuss investment process.
b) Discuss the factors that affect the risk tolerance of investor.
c) Explain different types of investors in the stock market.
d) Discuss the Time Conditions in the Trading System.
e) Explain systematic risk and discuss how it affects security.
f) Find the expected return from the following data in respect of a security

Possible Prices (Rs.)	probability
230	0.10
240	0.30
250	0.40
260	0.20

g) What are the basic differences between Fundamental and Technical analysis?
h) Explain the techniques of short term economic forecasting.
i) What are sunrise industries? Describe their characteristics.
j) What is RSI? Explain its calculation interpretation.

k) Can an investor consistently earn excess returns by fundamental analysis or technical analysis? Justify your answer.

l) Consider three securities A, B, and C, with expected returns of 15%, 20%, and 24% respectively. Their standard deviations are 35%, 40%, and 52 % respectively. Calculate the standard deviation of a portfolio weighted equally between these securities if their correlations are AB = 0.5, BC = 0.6, and AC = 0.4.

Part-III

Only Long Answer Type Questions (Answer Any Two out of Four)

Q3 An investor holds 4 stocks in his portfolio. The following information are given to you to find the Sharpe Ratio, Treynor ratio and Jensen Ratio. The risk free rate of return is 6% and market return is 12%. **(16)**

	A	B	C	D
Beta	1.10	0.8	1.8	1.4
Return (%)	14.5	11.25	19.75	18.5
Standard Deviation (%)	20	17.5	26.3	24.5

Q4 Write a complete note on Portfolio Analysis. Is it necessary to make such an analysis? Justify. **(16)**

Q5 The estimated rates of returns, beta coefficients, and standard deviations of some securities are given below. The risk free rate of return is 7%. The market return is expected to be 18%. You are to determine which shares are overpriced or underpriced? **(16)**

Security	Estimated Return	Beta	Standard Deviation
A	12	0.60	18
B	15	0.75	20
C	18	0.90	25
D	21	1.10	30
E	28	1.40	40
F	35	1.60	50

Q6 When an investor uses riskless lending and borrowing in his investment activity, the shape of the efficient frontier transforms into a straight-line. Illustrate with example and diagram. **(16)**

Registration No.: | | | | | | | | | | |

Total Number of Pages: 02

Course: IMBA
Sub_Code: 16IMN802B

8th Semester Regular/Back Examination: 2023-24
SUBJECT: FINANCIAL DERIVATIVES
BRANCH(S): IMBA
Time: 3 Hour
Max Marks: 100
Q.Code: P046

Answer Question No.1 (Part-1) which is compulsory, any eight from Part-II and any two from Part-III.
The figures in the right hand margin indicate marks.

Part-I

Q1 Answer the following questions: **(2 x 10)**

- **a)** What is meant by over the counter products? Give examples.
- **b)** What products Derivative markets deal with?
- **c)** How is risk transfer different from risk diversification?
- **d)** What are different methods of settlements of forward contracts?
- **e)** What is counter party risk? How can it be avoided?
- **f)** What is marking to market?
- **g)** Explain reverse cash and carry arbitrage.
- **h)** What are exotic options? Give two examples.
- **i)** What is put-call parity?
- **j)** What are currency swaps?

Part-II

Q2 Only Focused-Short Answer Type Questions- (Answer Any Eight out of Twelve) **(6 × 8)**

- **a)** Explain the term Financial Derivative. What are its important features?
- **b)** What are the merits and demerits of forward contract?
- **c)** What are the factors contributing to the growth of derivative markets in India?
- **d)** A conductor manufacturing company has entered into a forward contract to buy 2000kgs of Aluminum after 6 months at Rs 100/ kg. What is the gain/loss for the manufacturing company if at the end of 6 months the price of Aluminum turns out to be (a) Rs 105/ kg (b) Rs 98/ kg?
- **e)** Explain backwardation and contago.
- **f)** Discuss call option and put option through examples and diagram.
- **g)** Explain value at risk concept in financial derivatives.
- **h)** A stock is selling for Rs. 500. If the risk free rate of interest is 10% continuously compounded, then at what minimum price following call options on the stock would sell for:
  - I. A call with strike price of Rs. 450 maturing 1 month later.
  - II. A call with strike price of Rs. 500 maturing 2 months later.
  - III. A call with strike price of Rs. 550 maturing 3 months later.

i) What would be the price of a call, if the value of put = Rs. 5, Strike price = Rs. 100, current price = Rs. 100, rate of interest = 6% pa, and time period = 2 months.

j) "Speculators may take short or long position in index future to gain from the future movements of in the stock market". Explain.

k) The price of a company share at the NSE is Rs. 85 while a 3-m future contract on it being traded at Rs. 86. If one borrows at 12% and the company is not paying any dividend in the next three months, is there any arbitrage opportunity available in the prices rating in the spot market? If no, how profit shall be made? Assume the size of the futures contract to be 1000 shares.

l) Is it more attractive to trade a derivative security than the security itself? Do you agree? Discuss.

Part-III

Only Long Answer Type Questions (Answer Any Two out of Four)

Q3 Who are the participants in the derivative market? Discuss the roles of the participants in the Derivative Markets. **(16)**

Q4 Describe the circumstances in which call options on shares will not be exercised by the owner. Also discuss the consequences of a call option remaining unexercised. **(16)**

Q5 As stock is trading at Rs. 600 today. What would be the fair value of a futures contract on the stock maturing after 90 days if risk free interest rate is 12% and after 45 days, the stock is expected to give a dividend of Rs. 30? What would be fair value of the futures contract if there were no dividend? Assume annual compounding. **(16)**

Q6 Write short notes on **any two** **(8x2)**

a. Hedging concepts: long, short and cross
b. Determinants of Option Pricing
c. Binomial option pricing model

Registration No.: | | | | | | | | | | |

Total Number of Pages: 02

Course: IMBA
Sub_Code: 16IMN803B

8th Semester Regular/Back Examination: 2023-24
SUBJECT: ADVANCED MANAGEMENT ACCOUNTING
BRANCH(S): IMBA
Time: 3 Hour
Max Marks: 100
Q.Code: P052

Answer Question No.1 (Part-1) which is compulsory, any eight from Part-II and any two from Part-III.

The figures in the right hand margin indicate marks.

Part-I

Q1 Answer the following questions: **(2 x 10)**

a) What do you mean by product cost and period cost?
b) What is process costing? Give examples of two industries where process costing is used.
c) What do you mean by conversion cost? Explain with example.
d) How can you classify overhead?
e) The P/V Ratio is 60% and marginal cost of the product is Rs. 40.00. What will be the selling price?
f) Some expenses are not included in the cost sheet. Give five examples of such expenses.
g) What is the relevance of preparing Flexible Budget?
h) What is Standard Cost?
i) What do you mean by Margin of Safety? How do you compute MoS?
j) Give appropriate cost units: Milk, Tea, Wheat, and Egg.

Part-II

Q2 Only Focused-Short Answer Type Questions- (Answer Any Eight out of Twelve) **(6 × 8)**

a) Distinguish between cost center and profit center.
b) From the following particulars, prepare operating cost sheet.
Total units generated: 20,00,000 kwh
Operating Labour: Rs. 50,000
Repairs: Rs. 50,000
Lubricants: Rs. 40,000
Plants Supervision: Rs. 30,000
Administration Overheads Rs. 20,000
Coal Consumed per kwh = 2.5 kgs at Rs 0.02 per Kg
Depreciation at 5% on capital cost of Rs. 20,00,000 per annum.
c) Briefly describe the components of Material Variances.
d) Distinguish between Budgetary control and Standard costing.
e) Discuss the importance of ZBB.
f) Explain Fixed cost, Variable cost and semi variable cost with examples.
g) What do you mean by Cost Reduction and cost control?

h) Discuss the various functional Budgets a manufacturing company prepares.

i) From the data given below find the following:
   I. P/V Ratio
   II. Profit when sales are Rs. 30,000/-
   III. New BEP if selling price is reduced by 25%
   Given Fixed Expenses = Rs. 4000/- and BEP = Rs. 10,000/-

j) Explain Labour Hour Rate with example.

k) How do you apportionment and allocation of the overhead?

l) How do you treat Abnormal gain in Process Costing?

Part-III

Only Long Answer Type Questions (Answer Any Two out of Four)

Q3 Why is it necessary to prepare a cash budget for a firm? Discuss. **(16)**

Q4 Magma Ltd. manufactures and sells a standard product at fixed selling price. The budgeted figures for the year 2019 are as under: **(16)**

Production and sale	2,00,000 units
Variable Cost	Rs. 56 per unit
Fixed Cost	Rs. 48,00,000 per Annum
Profit Margin	33 1/3% of selling price

You are required to determine selling price per unit and Sales at Break Even Point in terms of quantity and value at the above selling price.

Q5 Altrax Ltd. has given you the following data about its product and sales activities. **(16)**

Product	Sales Rs.	Variable cost as % of sales value.
A	50,00,000	60
B	40,00,000	50
C	80,00,000	65
D	30,00,000	85
E	44,00,000	80

Fixed Overhead for the period is Rs87, 00,000/-. You are required to

i. Prepare a statement showing the amount of loss expected
ii. Recommend a change in the sales volume of each product, which will eliminate the expected loss.
iii. Assume that the sale of only one product can be increased at a time.

Q6 Write Short notes on: **(8x2)**

a. EVA
b. Balance Score Card