

T-IV



JAIPURIA INSTITUTE OF MANAGEMENT, NOIDA
PGDM
FOURTH TRIMESTER (Batch 2019-21)
END TERM EXAMINATIONS, OCTOBER 2020
Set-I

Course Name	Investment Management	Course Code	G/FIN501
Max. Time	2 hours	Max. Marks	40

Roll number	
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1. This question paper has 4 questions with each question on a separate excel sheet in this file
2. Solve each question below the data provided duly marking beginning and end of the answer
3. Be brief and to the point in the response
4. State assumptions made, if any
5. Answer all questions
6. Marks are indicated against each question

Q No.	1	2	3	4	Total
Maximum marks	10	10	5	10	40
Marks obtained					

Q 1

Border Road Construction Company issued a bond for Rs100 crores under series B6 in February 2014 as per details given below.

Bond Type Regular
Issue Description B6 Regular series bonds
Issue Date 41685
Maturity Date 47164
Coupon Rate 0.0875
Face Value 1000
Credit Rating AAA

Interest payment Semi annual

Expected rate of return 0.04334

Varun Dhawan wants to invest in this bond. He has sought your expertise in bonds market to know about intricacies of dealing in this bond. Analyse the investment opportunity in this bond by using following parameters as criteria, explaining meaning and implication of each parameter to Varun Dhawan. You agree with assessed expected rate of return from AAA category bonds to be 4.334% per annum.

Q 2

10 Marks

You have been assigned to conduct Fundamental Analysis on Kansai Nerolac Ltd.

On analysing the economy, industry and company's performance you have come to following conclusions as perspective on future

- Gross Sales will grow at 5% over last five years average.
- The other income is likely decline by 20% over last five years average.
- All the expenses are expected to increase by 12% over the last five years average except for Depreciation which is
- There is no change in Equity & additional Fixed Assets of Rs. 123 Crore are being acquired during 2020-21.
- The Excise Duty is Nil. Current & other assets shall increase by 16% over last five years average.
- The current & other liabilities are forecasted to decrease by 15% over last five years average.
- The net tax rate is 22% for the company for FY 2020-21.

Forecast the financial results of M/s. Kansai Nerolac Ltd. for Financial Year ending 31st March 2021 based on your perception about the company, as listed above.

Work out EPS & intrinsic value of Company as at 31.03.2021 assuming the earnings multiplier to be the same as that on 30.09.2020, i.e. 61.43. Audited figures of Balance Sheet and Profit & Loss for the past five years are as under (All figures in Rs. Crore):

KANSAI NEROLAC LTD.

BALANCE SHEETS					
	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20
	Audited	Audited	Audited	Audited	Audited

Equities & Liabilities					
Share Capital	53	53	53	53	53
Reserves & Surplus	2455	2760	3078	3362	3706
Current Liabilities	678	708	890	950	917
Other Liabilities	52	112	107	151	206
Total Liabilities	3238	3633	4128	4516	4882
Assets					
Fixed Assets	977	1109	1379	1761	2055
Current Assets	2185	2390	2584	2320	2488
Other Assets	76	134	165	435	339
Total Assets	3238	3633	4128	4516	4882

PROFIT & LOSS ACCOUNTS	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20
REVENUE FROM OPERATIONS [GROSS]	4,273	4,585	4,809	5,424	5,280
Less: Excise/Sevice Tax/Other Levies	507	532	150	0	0
REVENUE FROM OPERATIONS [NET]	3,766	4,053	4,659	5,424	5,280
Other Income	28	98	71	61	26
TOTAL REVENUE	3,794	4,151	4,729	5,485	5,306
EXPENSES					
Cost Of Materials Consumed	2,206	2,217	2,718	3,405	2,922
Operating And Direct Expenses	0				
Employee Benefit Expenses	173	203	235	283	310
Finance Costs	0	0	0	10	21
Depreciation And Amortisation Expenses	68	70	77	106	142

Other Expenses	803	895	912	984	1,244
TOTAL EXPENSES	3,250	3,385	3,942	4,788	4,639
PROFIT/LOSS BEFORE EXCEPTIONAL, EXTRAORDINARY ITEMS AND TAX	543	766	787	696	667
Exceptional Items	535	0	0	0	0
PROFIT/LOSS BEFORE TAX	1,079	766	787	696	667
TAX EXPENSES	177	255	273	249	151
PROFIT/LOSS FOR THE PERIOD	901	511	514	447	515

Shares in issue (lakhs)	53.89	53.89	53.89	53.89	53.89
Basic EPS (Rs.)	16.73	9.48	9.54	8.30	9.57
Dividend/Share (Rs.)	3.05	3	2.6	2.6	3.15
Face Value	1	1	1	1	1
Market Price	281.75	373.80	505.80	458.50	387.45
P/E Ratio	16.84	39.44	53.02	55.24	40.51

Q 3

Daily price candlesticks chart of Kansai Nerolac Paints Ltd as on 1st Oct 2020 is given below:

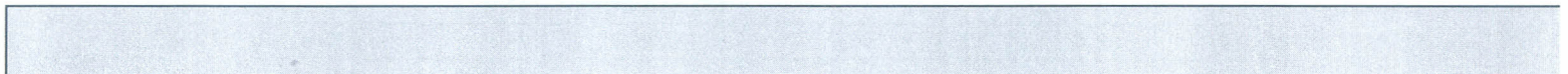
Kansai Nerolac 13 Aug 2020 O: 485.000 H: 491.950 L: 473.400 C: 476.100





Mark the following Candlestick patterns in the given graph, explaining the features and implication on price behaviour as justified by the chart:

- 1 Hanging Man
- 2 Doji
- 3 Engulfing Pattern
- 4 Harami
- 5 Piercing Pattern



As an investment adviser of Money Growth Advisers you are required to advise Ms Kiara, your client, as to in which mutual fund she should invest her savings. You have shortlisted three schemes and found the NAV of each month end for the last 12 months as given below. You have also downloaded NSE NIFTY 50 closing values for the From RBI's website you have found that the risk free rate for investment in T bills with 364 days maturity was 3.73% in Oct 2019.

Distinguish for past performance of the chosen schemes by assigning ranks based on

Sharpe Ratio

Treynor index

Jenson's Alpha

Axis Mutual Fund		Tata Mutual Fund		Taurus Starshare Fund		NSE NIFTY50 Index Closing Value	
Axis Growth Opportunities Fund - Regular Plan - Growth		Tata Value Fund Series 2 - Regular Plan-Growth		Taurus Starshare (Multi Cap) Fund			
				Taurus Starshare (Multi Cap) Fund -			
Date	NAV	NAV date	NAV	NAV date	Net Asset Value	Date	NSE NIFTY 50
31-Oct-19	11.74	31-Oct-19	10.02	31-Oct-19	115.13	31-Oct-19	11877.45
29-Nov-19	11.82	29-Nov-19	10.10	29-Nov-19	115.53	29-Nov-19	12056.05
31-Dec-19	11.86	31-Dec-19	10.11	31-Dec-19	116.39	31-Dec-19	12168.45
31-Jan-20	12.26	31-Jan-20	10.26	31-Jan-20	116.12	31-Jan-20	11962.1
28-Feb-20	11.8	28-Feb-20	9.65	28-Feb-20	109.59	28-Feb-20	11201.75
31-Mar-20	9.43	31-Mar-20	7.61	31-Mar-20	83	31-Mar-20	8597.75
30-Apr-20	10.6	30-Apr-20	8.44	30-Apr-20	93.54	30-Apr-20	9859.9
29-May-20	10.46	29-May-20	8.26	29-May-20	91.27	29-May-20	9580.3
30-Jun-20	11.12	30-Jun-20	8.89	30-Jun-20	96.82	30-Jun-20	10302.1

31-Jul-20	11.64	31-Jul-20	9.18	31-Jul-20	102.88	31-Jul-20	11073.45
31-Aug-20	12.43	31-Aug-20	9.50	31-Aug-20	104.43	31-Aug-20	11387.5
30-Sep-20	12.31	30-Sep-20	9.68	30-Sep-20	105.21	30-Sep-20	11247.55

P-IV



JAIPURIA INSTITUTE OF MANAGEMENT, NOIDA
PGDM
FOURTH TRIMESTER (Batch 2019-21)
END TERM EXAMINATIONS, OCTOBER 2020
Set-2

Course Name	Investment Management	Course Code	SM/M/FIN504
Max. Time	2 hours	Max. Marks	40

Roll number	
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- 1. This question paper has 4 questions with each question on a separate excel sheet in this file*
- 2. Solve each question below the data provided duly marking beginning and end of the answer*
- 3. Be brief and to the point in the response*
- 4. State assumptions made, if any*
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- 6. Marks are indicated against each question*

Q No.	1	2	3	4	Total
Maximum marks	10	10	10	10	40
Marks obtained					

Q 1

Analyse the investment prospects of Corporate bond as given below

Issuer	Housing Development Finance Copn.
Bond Type	Regular
Issue Description	HDFC 7.99% 2024
Issue Date	11-Jul-19
Maturity Date	11-Jul-24
Coupon Rate	7.99%
Face Value (Rs)	100
Credit Rating	AAA
Interest payment	Yearly

Analyse the investment in this bond by using following parameters as criteria, explaining meaning and implication of each parameter . Your expected rate of return on such bonds is 6.25% per annum.

- a
- c
- d
- e

Price of the bond
Dirty price
MACAULAY'S DURATION
MODIFIED DURATION
CONVEXITY

Akshay Kumar has been holding 500 Shares of Shree Cements Ltd.

He has sought your advice as an Equity Researcher whether he should hold, sell or buy more shares of the company based on EPS & intrinsic value of Shree Cements Ltd. as at 31.03.2021.

For forecasting intrinsic value as on 31st March 2021 you have assessed economic, industry and company analysis and made following presumptions:

- i GROSS SALES WILL GROW BY 20% OVER AVERAGE sales of last five years
- ii The other income is likely to go up by 5% over the income for 2019-20. The expenses are expected to increase by 18% over the last five years average except for Depreciation which is forecasted at Rs. 1900 Crore.
- iii
- iv There is no change in Equity & additional Fixed Assets of Rs. 58 Crore are acquired during 2020-21.
- v The Excise Duty is Nil.
- vi Current & other assets shall increase by 23% over the level of 31.03.2020.
- vii The current & Other liabilities are forecasted to decrease by 5% over the levels as at 31.03.2020.
- viii The tax rate is 25% for 2020-21.
- ix Earnings multiplier for 31.03.21 is assumed to be 47.13.

Financial figures(in Rs. Crore) from Balance Sheet and Profit & Loss statements of Shree Cements Ltd for the past five years are given below :

Estimate intrinsic value of Shree Cements Ltd share as on 31. March 2021

Give your opinion to Akshay Kumar whether he should sell, hold or buy more shares of the company.

Shree Cement Ltd

Balance Sheet as on year ending	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20
Equities & Liabilities					
Share Capital	34.84	34.84	34.84	34.84	36.08
Reserves & Surplus	6,810	7,663	8,861	9,635	13,133
Current Liabilities	1,161	1,989	2,969	2,128	3,407

Other Liabilities	1,456	1,479	3,277	3,695	3,366
Total Liabilities	9,462	11,166	15,142	15,493	19,942
Assets					
Fixed Assets	3,314	3,309	5,016	7,311	7,359
Current Assets	1,808	3,282	5,700	4,719	7,893
Other Assets	4,339	4,574	4,425	3,462	4,690
Total Assets	9,461	11,165	15,141	15,492	19,942
PROFIT & LOSS ACCOUNT					
	16-Mar	17-Mar	18-Mar	19-Mar	20-Mar
INCOME					
Sales [GROSS]	6,190	9,496	10,159	12,554	12,868
Less: Excise/Sevice Tax/Other Levies	676	1,067	326	0	0
Sales [NET]	5,514	8,429	9,833	12,554	12,868
Other Income	673	362	389	250	274
TOTAL REVENUE	6,186	8,791	10,222	12,804	13,142
EXPENSES					
Cost Of Materials Consumed	1,572	2,125	2,749	4,122	3,625
Employee Benefit Expenses	370	537	588	767	854
Finance Costs	76	129	135	248	291
Depreciation And Amortisation Expenses	828	1,215	899	1,472	1,808
Other Expenses	2,174	3,497	4,079	4,924	4,588
TOTAL EXPENSES	5,020	7,504	8,450	11,533	11,167
PROFIT/LOSS BEFORE TAX	1,166	1,287	1,772	1,271	1,976
TOTAL TAX	33	192	443	131	390
PROFIT/LOSS FOR THE PERIOD	1,132	1,095	1,329	1,140	1,586
OTHER ADDITIONAL INFORMATION					
Face Value of Share (Rs)	10	10	10	10	10
EPS (Rs.)	325.04	314.41	381.36	327.29	439.50
Market Price (Rs)	12420.5	17083.2	16094.7	18667.65	16935.45
P/E Ratio	38.21	54.33	42.20	57.04	38.53

Daily price candlesticks chart of Shree Cement Ltd as on 5th Oct 2020 is given below:



Mark the following Candlestick patterns in the given graph, explaining the features and implication on price behaviour as justified by the chart:

- 1 Marubozu
- 2 Doji
- 3 Spinning Top
- 4 Engulfing Pattern/Harami
- 5 Paper Umbrella

Analyse performance of the following mutual fund schemes with their NAV data on monthly basis provided below. Appraise each fund manager of the scheme for demonstrated investment skill by ranking performance on the basis of i) Sharpe Ratio. ii) Treynor Index and iii) Jensen's alpha.
You have found that the risk free rate of return in Oct 19 for a one year horizon was 3.73%.
Explain the meaning and interpretation of these rankings.

Canara Robeco Mutual Fund		ICICI Prudential Mutual Fund		Baroda Mutual Fund		NSE NIFTY50 Index Closing Value	
Canara Robeco Equity Diversified Fund		ICICI Prudential Balanced Advantage Fund		Baroda Dynamic Equity Fund			
Canara Robeco Equity Diversified Fund - Regular Plan - Growth		ICICI Prudential Balanced Advantage Fund - Monthly Dividend		Baroda Dynamic Equity Fund-Direct Plan-Growth Option			
Date	NAV	NAV date	NAV	NAV date	Net Asset Value	Date	NSE NIFTY 50
31-Oct-19	139.07	31-Oct-19	14.68	31-Oct-19	11.24	31-Oct-19	11877.45
29-Nov-19	140.12	29-Nov-19	14.75	29-Nov-19	11.31	29-Nov-19	12056.05
31-Dec-19	141.44	31-Dec-19	14.78	31-Dec-19	11.38	31-Dec-19	12168.45
31-Jan-20	144.95	31-Jan-20	14.74	31-Jan-20	11.53	31-Jan-20	11962.1
28-Feb-20	142.55	28-Feb-20	14.18	28-Feb-20	11.33	28-Feb-20	11201.75
31-Mar-20	112.45	31-Mar-20	11.69	31-Mar-20	10.11	31-Mar-20	8597.75
30-Apr-20	126.14	30-Apr-20	12.82	30-Apr-20	11	30-Apr-20	9859.9
29-May-20	123.15	29-May-20	12.8	29-May-20	10.88	29-May-20	9580.3
30-Jun-20	130.46	30-Jun-20	13.45	30-Jun-20	11.45	30-Jun-20	10302.1
31-Jul-20	138.81	31-Jul-20	14	31-Jul-20	12.28	31-Jul-20	11073.45
31-Aug-20	143.14	31-Aug-20	14.35	31-Aug-20	12.73	31-Aug-20	11387.5
30-Sep-20	144.56	30-Sep-20	14.19	30-Sep-20	12.78	30-Sep-20	11247.55

afm