

Exam. Code : 110105

Subject Code : 3770

Bachelor of Vocation (Banking & Financial Services)

5th Semester

SECURITY ANALYSIS

Paper—BVC-504

Time Allowed—3 Hours] [Maximum Marks—50

Note :— (1) Attempt any *ten* questions from Section A.
Each question is of 1 mark.

(2) Attempt any *two* questions from Section B.
Each question is of 10 marks.

(3) Attempt any *two* questions from Section C.
Each question is of 10 marks.

SECTION—A

1. Attempt *ten* questions :
 - (i) Define mutual funds.
 - (ii) Differentiate between speculation and investments.
 - (iii) Explain briefly yield to call.
 - (iv) What is primary market ?
 - (v) What is unsystematic risk ?
 - (vi) Differentiate between sweat equity and ordinary shares.
 - (vii) Name three variables used for economic analysis.

- (viii) What is the importance of fair market value in valuation of a company ?
- (ix) Write two impacts of interest rate risk on corporate earnings.
- (x) What is industry analysis ?
- (xi) Name any three active equity management techniques.
- (xii) What bond ratings indicates ?

SECTION—B

- 2. Risk and return are cornerstones on which an investment stands. Discuss the statement and bring out various sources of risk.
- 3. What are investment objectives of individuals ? Outline the important investment avenues available to individual investors in India.
- 4. What is nature and significance of new issue market ? Explain the functions of new issue market.
- 5. Describe basic characteristics of bonds. Explain, with examples, the various risks associated with bonds.

SECTION—C

- 6. How economic forecasting influences stock investment decisions ? What are various forecasting techniques ?
- 7. Discuss the importance of industry life cycle analysis in investment decisions. How such analysis is carried on ?

8. The following data were reported by ABC Ltd. for financial years 2011 and 2015 :

(Rs. in millions)	Year 2011	Year 2015
Total Assets	Rs. 415.3	Rs. 953.8
Net Income after Taxes	Rs. 44.0	Rs. 80.2
Net Sales	Rs. 455.0	Rs. 1,061.8
Income Taxes	Rs. 31.8	Rs. 52.2
Interest Charges	Rs. 4.1	Rs. 25.3
Dividend Payments	Rs. 4.0	Rs. 16.6
Equity Capital	Rs. 274.1	Rs. 557.5
Common Shares	Rs. 17.7	Rs. 18.6

From the data provided, what are the sources of sustainable growth in earnings per share ? Why are these sources of sustainable growth ?

9. Discuss the importance of equity valuation from the point of view of an investor. Critically evaluate the advantages and disadvantages of the discounted cash flow method compared to other methods.