

Plot No. 2, Knowledge Park-III, Greater Noida (U.P.) –201306

POST GRADUATE DIPLOMA IN MANAGEMENT (2023-25)
END TERM EXAMINATION (TERM -III)

Subject Name: **Security Analysis and Investment Management**

Time: **02.00 hrs**

Sub. Code: **PGF32**

Max Marks: **40**

Note:

All questions are compulsory. Section A carries 5 marks: 5 questions of 1 mark each, Section B carries 21 marks having 3 questions (with internal choice question in each) of 7 marks each and Section C carries 14 marks one Case Study having 2 questions of 7 marks each.

Kindly write the all the course outcomes as per your TLEP in the box given below:

- CO1-** Identify and understand core concepts of various investment opportunities for the investor's decisions
- CO2-** Evaluate the risk and return of a security and portfolio
- CO3-** Propose and manage investment strategies for investment portfolios.
- CO4-** Critically assess and analyze various models of investment management and perform technical and fundamental analysis for investment instruments.

SECTION - A

Attempt all questions. All questions are compulsory.

1×5 = 5 Marks

Questions	CO	Bloom's Level
Q. 1: (A). Examine the risk-return tradeoff across various asset classes. Q. 1: (B). Differentiate ex ante and ex post return. Q. 1: (C). Differentiate between callable and puttable bonds. Q. 1: (D). Differentiate between limit order and stop loss order. Q. 1: (E). Differentiate between top down and bottom up approach.	CO 1	L2

SECTION – B

All questions are compulsory (Each question have an internal choice. Attempt any one (either A or B) from the internal choice)

7 x 3 = 21 Marks

Questions	CO	Bloom's Level	
Q. 2: (A). Differentiate SENSEX with NIFTY. Also explain which methodology is applied for calculating SENSEX, using appropriate example. Or Q. 2: (B). How is “Book Building Process” applied while launching an IPO. Also, Differentiate between IPO and FPO.	CO 2	L3	
Q. 3: (A). Suppose you are required to evaluate given two stocks, Bharat Foods and Oriental Shipping on the basis of risk return tradeoff, which stock would you consider riskier and why. Use below data to build your analysis:	CO 3	L4	
Rate of Return (%)			
State of the Economy	Probability of Occurrence	Bharat Foods	Oriental Shipping
Boom	0.30	16	40
Normal	0.50	11	10

Recession	0.20	6	-20
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Or

Q. 3: (B). Anjani heads the portfolio management schemes division of Phoenix Investments, a well-known financial services company. Anjani has been requested by Arrow Technologies to give an investment seminar to its senior managers interested in investing in equities through the portfolio management schemes of Phoenix Investments. Manish, the contact person of Arrow Technologies, suggested that the thrust of the seminar should be on equity valuation. Anjani has asked you to help him with his presentation. To illustrate the equity valuation process, you have been asked to analyze Acme Pharmaceuticals which manufactures formulations and bulk drugs. In particular, you have to answer the following questions:

i) What is the required rate of return on the stock of Acme Pharmaceuticals? Assume that the risk-free rate is 7 percent, the market risk premium is 6 percent, and the stock of Acme has a beta of 1.2

ii) Assume that Acme Pharmaceuticals is a constant growth company which paid a dividend of Rs. 5.00 last year and the dividend is expected to grow at the rate of 10 percent per year forever. What is the expected value of the stock a year from now?

Q. 4: (A). You are attending a workshop at Namura Broking and during the workshop a document containing below information is provided to you. You are required to evaluate the information with respect to conducting industry analysis:

“Presenting the interim budget for 2024-25, FM Sitharaman said that the government will implement three major economic railway corridor programmes. She further said that government will convert 40,000 normal railway bogies to Vande Bharat standards. (PTI)

The finance minister announced that allocation for big infrastructure projects to be taken up in 2024-25 will be raised to Rs 11.1 lakh crore. "This would be 3.4 per cent of the GDP," she said. (PTI)

Sitharaman said that government will launch a new scheme to strengthen deep tech for the defence sector. The government has also increased the defence budget this year by Rs 6.2 lakh crore. (PTI)

During her budget speech, Sitharaman said that India is negotiating bilateral investment treaties with different countries to promote foreign inflows. "For encouraging sustained foreign investment, we are negotiating bilateral investment treaties with our foreign partners, in the spirit of 'first develop India'," she said. (PTI)

In a landmark announcement, Sitharaman highlighted government's ambitious plan to create a corpus of Rs 1 lakh crore to propel private investment in sunrise technologies. This corpus will herald what the Finance Minister described as a "golden era for our tech-savvy youth." (PTI)

The finance minister on Thursday proposed to extend the tax benefits for startups and investments made by sovereign wealth or pension funds for one more year till March 2025. "To provide continuity in taxation, I propose to extend the date to March 31, 2025," she said. (AP)

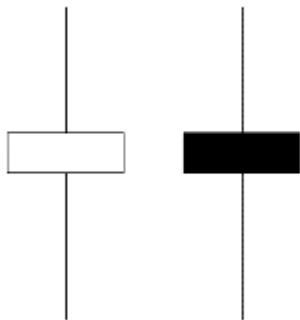
Putting a thrust on boosting domestic tourism, Sitharaman said that the tourism infrastructure and amenities will be taken up on our islands, including Lakshadweep. (AP)

PM Modi in his first post-budget remarks called the Interim Budget "inclusive and innovative". He said that the Interim Budget empowers the four pillars of Viksit Bharat. (PTI)”

CO L4, L5
3

Or

Q. 4: (B). While evaluating some stocks for a trader, you are studying the advanced charts of stocks under consideration. During your study, you observe below patterns:



Stock A



Stock B

On the basis of observed patterns using your technical analysis skills, what is your advised to the trader.

SECTION – C

Read the case and answer the questions

7×02 = 14 Marks

Questions

CO

Bloom's Level

Q. 5: Case Study:

The financials of Horizon Limited are given as below:

The financials of Horizon Limited			(Rs. In million)						
			20X1	20X2	20X3	20X4	20X5	20X6	20X7
Net sales			475	542	605	623	701	771	840
Cost of goods sold			352	380	444	475	552	580	638
Gross profit			123	162	161	148	149	191	202
Operating expenses			35	41	44	49	60	60	74
Operating profit			88	121	117	99	89	131	128
Non-operating surplus/deficit			4	7	9	6		-7	2
PBIT			92	128	126	105	89	124	130
Interest			20	21	25	22	21	24	25
Profit before tax			72	107	101	83	68	100	105
Tax			30	44	42	41	34	40	35
Profit after tax			42	63	59	42	34	60	70
Dividends			20	23	23	27	28	30	30
Retained earnings			22	40	36	15	6	30	40
Equity share capital (Rs. 10 par)			100	100	150	150	150	150	150
Reserves and surplus			65	105	91	106	112	142	182
Shareholders' funds			165	205	241	256	262	292	332
Loan funds			150	161	157	156	212	228	221
Capital employed			315	366	398	412	474	520	553
Net fixed assets			252	283	304	322	330	390	408
Investments			18	17	16	15	15	20	25
Net current assets			45	66	78	75	129	110	120
Total assets			315	366	398	412	474	520	553

Questions:

Q. 5: (A). Using the appropriate tools of company analysis evaluate the financial strength of the company 20X5, 20X6 and 20X7.

Q. 5: (B). Using the appropriate tools of company analysis evaluate the attractiveness of valuation of the company for year 20X5, 20X6 and 20X7.

CO
4

L5

Kindly fill the total marks allocated to each CO's in the table below:

COs	Marks Allocated
CO1	5 Marks
CO2	7 Marks
CO3	14 Marks
CO4	14 Marks

(Please ensure the conformity of the CO wise marks allocation as per your TLEP.)

Blooms Taxonomy Levels given below for your ready reference:

L1= Remembering

L2= Understanding

L3= Apply

L4= Analyze

L5= Evaluate

L6= Create