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SARDAR PATEL UNIVERSITY

T.Y. B.B.A. (I.S.M.) (VI Semester) (CBCS) EXAMINATION

Saturday, 11th April, 2015

10:30 A.M. TO 12:30 P.M.

UM06CBBS05- SECURITY ANALYSIS

Note: (1) Figures to the right indicate full marks to the question concerned.
(2) Show your workings clearly wherever needed.
(3) Total marks: 60

Q.1 (A)	What is investment? Is investment defferent from speculation? Explain.	10
Q.1 (B)	Short note on an Over the Counter Exchange of India.	05
	OR	
Q.1 (A)	What is meant by a stock exchange? What are the function of a stock exchange?	10
Q.1 (B)	Short note on a National Stock Exchange of India.	05
Q.2 (A)	What is meant by fundamental analysis? State the economic factors considered for this analysis.	10
Q.2 (B)	Explain the assumption of Technical analysis.	05
	OR	
Q.2 (A)	Explain in detail the Dow theory.	10
Q.2 (B)	How does technical analysis differ from the fundamental analysis?	05
Q.3 (A)	Keyur estimates that from investment on stock A he would get 15% dividend next year. It would continue to grow by 10% for the rest of the years. The selling price is Rs. 40. He needs a return of 20% per year for his son's educational expenses. Can he invest on stock 'A'?	05
Q.3 (B)	The per share dividend of Saagar Ltd. Remains constant indefinitely at 20%. Asuming a required rate of return of 8%, compute the value of the Saagar Ltd. Share. Assume the each share value is Rs. 10.	04
Q.3 (C)	The face value of a 10 year, 10% bond (with 10% coupon rate) is Rs. 1,000. The interest is payble semi-annually. Assuming 12% required rate of return of investors, compute the value of the bond. Whatice would an investoer be willing to pay, if the interest is payble annually.	06

OR

Q.3 (A)	The currently annual dividend paid by Shiv Ltd. Is Rs. 3 per share. An annual expected grow of 10% is expected over the next three year. At the end of 3 years the dividend growth rate would slow down to 5% for ever. Assuming 15% required rate of return, compute the current value of the shares of the Shiv Ltd.	05
Q.3 (B)	A bond has 3 years remaining until maturity. It has a par value of Rs. 1000. The coupon interest rate on the bond is 10%. Compute the yield to maturity at current market price of (i) Rs. 1,100 (ii) Rs. 1,000 (iii) Rs. 900, assuming interest is paid annually.	06
Q.3 (C)	Short note on valuation of Prefernce share.	04
Q.4 (A)	Define the portfolio management and explain in detail portfolio management process.	10
Q.4 (B)	Short note on Risk and Return.	05

OR

Q.4	Write a Short note on:	15

1. Mordern Portfolio Theory
2. Capital Assets Pricing Model
3. Arbitrage pricing Theory

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