III Semester M.Com. Examination, March/April 2021
(CBCS Scheme)
COMMERCE
Paper – 3.4 FB : Security Analysis

Time : 3 Hours

Max. Marks : 70

SECTION – A

1. Answer **any seven** questions of the following. (7×2=14)

   a) What is Systematic Risk ?

   b) Give the meaning of Beta.

   c) What is efficient frontier ?

   d) What are Optionally Convertible Bonds ?

   e) Give two reasons for Compulsory Delisting.

   f) What do you mean by Sovereign Risk ?

   g) What is Price to Book Value ratio ?

   h) What are SLR securities in Banks ?

   i) What is Support Level ?

   j) Write 2 features of close ended Mutual Scheme.

SECTION – B

Answer **any four** questions from the following. (4×5=20)

2. Elucidate the concept of Dow Theory.

3. An investor buys a bond with 4 years to maturity. The bond has a coupon rate of 9% P.A. and is priced at Rs. 1,000/- in the market. Find duration of the bond.

4. Compare and contrast Fundamental Analysis and Technical Analysis.

5. An investor is considering the purchase of a bond of face value of Rs. 1,000/-
   Coupon interest rate – 9.00%
   Maturity period – 4 years
   If the investor wants a yield of 10%. What is the maximum price should he pay ?

6. A share costs Rs. 50, pays no dividend. The estimated prices of the share at the end of the year and their probabilities are given below :

Year-end price (Rs.)	Probability
60	0.1
65	0.2
70	0.4
75	0.2
80	0.1

   a) Find the expected return

   b) Find the standard deviation of the returns.

7. Arvind owns Rs. 1,000 face value bond with five years to maturity. The bond has an annual coupon of Rs. 75. The bond is currently priced at Rs. 970. Given an appropriate discount rate of 10%, should Arvind hold or sell the bond ?

SECTION – C

Answer **any three** questions of the following.   **(3×12=36)**

8. Explain the types of derivatives used for hedging the position (exposure).

9. "Technical Analysis appears to be highly controversial approach to Security analysis" – Discuss.

10. Discuss the three forms of Market Efficiency. State its implications.

11. The following information is available on a bond :

   Face value – Rs. 100

   Coupon rate : 12% payable annually

   Years to Maturity : 6

   Current market price : Rs. 110

   a) What is the duration of the bond ?

   b) Calculate Yield to Maturity.

12. The return of Arnab Ltd., at present is 21%. This is assumed to continue for the next five years and after that it is assumed to have a growth rate of 10% indefinitely. The dividend paid for the year 2020-21 is 32%. The required rate of return is 20% and the present price is Rs. 57. What is the estimated price to the two-stage model ?

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