GL BAJAJ Institute of Management & Research Greater Noida

FIND YOUR SPARK

Roll No…………

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

POST GRADUATE DIPLOMA IN MANAGEMENT (2025-27)
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 12 marks: 6 questions of 2 marks each, Section B carries 18 marks having 3 questions (with internal choice question in each) of 6 marks each and Section C carries 10 marks one Case Study having 2 questions of 5 marks each.

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

CO#	**Statement of Course Outcomes**	**Bloom's Taxonomy**
CO1	To understand core concepts of various investment opportunities for the investor's decisions	Understand, L-2
CO2	To apply the role of security markets for different investment options with the application of digital tools	Apply-L-3
CO3	To apply and analyze the techniques for stocks valuation	Analyze, L-4
CO4	To apply and analyze the techniques for bonds valuation	Analyze, L-4
CO5	To evaluate the various fundamental and technical analysis tools	Evaluate, L-5
CO6	To create and analyze portfolio including the stocks from various sectors	Create, L-6

SECTION - A

Attempt all questions. All questions are compulsory. **2×6 = 12 Marks**

Questions	**CO**	**Bloom's Level**
Q. 1: (A). Define Alternative Investment Funds and their different categories. **Q. 1: (B).** Differentiate REITs and Physical real estate, stating two differences. **Q. 1: (C).** State one difference and one similarity between Exchange-traded funds and Mutual Funds.	CO1	L2
Q. 1: (D). What is short selling, and who makes money by short selling? **Q. 1: (E).** Differentiate the right issue and private placement, stating two differences. **Q. 1:(F).** Define buying on margin, stating an example.	CO2	L3

SECTION – B

All questions are compulsory (Each question has an internal choice. Attempt any one (either A or B) from the internal choice) **6 x 3 = 18 Marks**

Questions	**CO**	**Bloom's Level**

Questions	CO	Bloom's Level
Q. 2: (A). Discuss the trading and settlement cycle of equity shares in India, stating the involvement of intermediaries. **Or** **Q. 2: (B).** What is the book-building process in an Initial Public Offering, and how does the concept of grey markets apply to explain the sentiment of participants in an IPO?	CO2	L3
Q. 3: (A). The share of ACC Cements paid a dividend of Rs. 2.00 last year. The dividend is expected to grow at a constant rate of 6 per cent in the future. The required rate of return on this stock is considered to be 12 per cent. How much should this stock sell for now? Assuming the expected growth rate and required rate of return remain the same, at what price should the stock sell 2 years after the next year? **Or** **Q. 3: (B).** Analyze the scenario and state your decision about the equity share**.** a) A company has a low P/E ratio but declining earnings growth, while another has a high P/E with strong growth prospects. Which is a better investment and why? b) Two firms operate in the same industry: Firm A has a high P/B ratio and stable earnings, while Firm B has a low P/B ratio but volatile earnings. How would you evaluate them? c) A company shows a rising EPS but a falling market price. What does this indicate when compared with its P/E ratio? d) If two companies have identical earnings but different enterprise values, how would EV/EBITDA help in making a better comparison? e) A firm has a high P/E ratio but low return on equity (ROE). What does this suggest about its valuation? f) If a stock has a low P/E ratio compared to industry peers but weak earnings quality, would you invest? Justify.	CO3	L4
Q. 4: (A). A securitisation structure includes over-collateralization, a cash reserve fund, and generates excess spread. Analyse how these three features collectively enhance the credit quality of the instrument. **Or** **Q. 4: (B).** An investor is analysing a bond that pays annual coupons. The bond has a Macaulay Duration of 4 years. State the change in interest rate scenario in the following situations. A. If the bond price is increasing B. If the bond price is decreasing C. If the bond price remains unchanged	CO4	L4

SECTION – C

Read the case and answer the questions **5×02 = 10 Marks**

Questions	**CO**	**Bloom's Level**
Q. 5: Case Study: An equity research analyst at a leading brokerage firm is evaluating Reliance Industries Limited for a long-term investment recommendation. After summarising the data below, the valuation ratios and earnings ratios were calculated to make a recommendation.	CO-5	

Income Statement			**in Cr.**
Particulars	**FY2022**	**FY2023**	**FY2024**
Revenue	600000	700000	780000
EBITDA	90000	105000	120000
EBIT	70000	82000	95000

Interest	10000	11000	12000
Profit Before Tax	60000	71000	83000
Tax	15000	17750	20750
Net Profit	45000	53250	62250
Shares Outstanding (crore)	675	675	675

Balance Sheet			**in Cr.**
Particulars	**FY2022**	**FY2023**	**FY2024**
Total Assets	1200000	1350000	1500000
Equity	600000	670000	740000
Total Debt	300000	320000	350000
Cash	100000	110000	120000

Particulars	**FY2022**	**FY2023**	**FY2024**
Market Price per Share	2200	2400	2700

Questions:
Q. 5: (A). You are required to calculate EPS, P/E and P/B ratio to provide the recommendation to the analyst.
Alongside, a trader is looking to make an entry in the CCL stock. He is studying the technical chart from TrendCurve.com. He is observing that there is a formation of bullish engulfing patterns, with a hammer formation near the support level, Golden Cross (SMA 50 crosses above SMA 200) is visible, and RSI is at 65.
Q. 5: (B). Explaining each indicator and its significance help the analyst predict the trend in CCL stock prices.

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

Cos	**Marks Allocated**	**Questions**
CO1	6	Q1-A,B,C
CO2	**12**	**Q1-D,E,F and Q-2**
CO3	6	Q-3
CO4	6	Q-4
CO5	10	Q-5
CO6	0	N.A

(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