

INDIAN INSTITUTE OF TECHNOLOGY ROORKEE

NAME OF DEPARTMENT/CENTRE: Department of Management Studies

1. **Subject Code:** BMN-683 **Course Title:** Security Analysis for Investment
2. **Contact Hours:** **L:** 3 **T:** 0 **P:** 0
3. **Examination Duration (Hrs.):** **Theory:** 2 **Practical:** 0
4. **Relative Weightage:** **CWS:** 50 **PRS:** 0 **MTE:** 0 **ETE:** 50 **PRE:** 0
5. **Credits:** 1.5 **6. Term:** IV/V/VI/VII
7. **Pre-requisite:** Nil **8. Subject Area:** PEC
9. **Objective:** To provide a comprehensive view of Security Analysis for investment decisions.

10. Details of the Course

S.No.	Contents	Contact hours
1.	Financial Market Operations: Market infrastructure (trading system design, short-selling, etc.), money markets and capital markets, instruments and interest rates	3
2.	Measures of Risk and Return: Risk-return framework, standard deviation (variance), VaR, ES, etc.	3
3.	Financial Market Microstructure: Theories of market-microstructure: Limit order books and quote-driven markets; Market quality, price discovery, and liquidity;	3
4.	Fundamental valuation of securities: Cash flow discounting, estimating cost of equity and cost of firm (FCFF vs FCFE)	3
5.	Efficient Market Hypotheses and Behavioral Finance: Weak, semi-strong, and strong form of efficiency; Overreaction and Under reaction hypothesis; Effect of investor sentiment on security prices	3
6.	Introduction to Fixed Income Securities (Bonds, Notes, etc.): Yield-to-maturity computation, valuation of fixed income securities; Term structure of interest rates, introduction to forward contracts	3
7.	Introduction to Derivatives: Risk management with futures & options (Call, Put), pricing of derivatives; Put-Call parity, creation of synthetic options	3
Total		21

11. Suggested Books:

S.No.	Name of Authors/Book/Publisher	Year of Publication / Reprint
1.	Brealy, Myers, Allen; "Principles of Corporate Finance", McGraw Hill Education., 12 th Edition.	2018
2.	Elton & Gruber, "Modern Portfolio Theory", Wiley, 9 th Edition	2014
3.	Reilly, Frank, K., "Investment Analysis and Portfolio Management", Cengage, 10 th Edition.,	2017
4.	Mishkin & Eakins, "Financial Markets and Institutions" ", Pearson, 9 ^h Edition.	2018
5.	John C Hull, "Options, Futures, and other Deriavatives", Pearson, 10 th Edition	2018