

**K. J. SOMAIYA INSTITUTE OF MANAGEMENT STUDIES AND RESEARCH,**

**Vidyavihar, Mumbai- 400077**

**Subject: Financial Institutions and Markets**

**(End Term Examination)**

**Maximum Marks: 50**

**Date:19/11/2019**

**Duration: 3Hrs**

**Instructions: Answer any five questions 5\*10 =50 Marks**

**Q1:** a) A Rs 100 par value bond bearing a coupon rate of 12 percent will mature after 5 years.

What is the value of the bond, if the discount rate is 15%

b)The market price of a Rs 1000 par value bond carrying a coupon rate of 14% and maturing after 5 years is Rs 1050.what is the yield to maturity on this bond if required rate us 12%?

**Q2.i)** Ram invested in a mutual fund when NAV was Rs 12.65.

60 days later the Asset value per unit of the fund was Rs 12.25.

In the meantime, Ram had received a cash dividend of Rs 0.50 and a capital gain distribution of Rs 0.30. Compute the monthly return.

ii) Explain various mutual funds risks and returns diagrammatically

**Q3.** VIL Ltd earnings and dividends have been growing at a rate of 18% per annum.

This growth rate is expected to continue for 4 years. After that the growth rate will fall to 12% for the next 4 years. Thereafter, the growth rate is expected to be 6% forever. If the last dividend per share was Rs 2 and the investor's required rate of return is 15%, what is the intrinsic value of the share?

**Q4:** i) Explain Bill market in India and describe various instruments available in this market.  
ii) Differentiate between Commercial paper and Certificate of Deposit.

**Q5:** Monetary Policy Committee is working on various aspects of interest rates and inflation.

Write the factors that influence interest rates in India in general and then explain reasons for recent interest rate cuts in India with implications.

**Q6:** Explain the calculation of SENSEX and Nifty with a hypothetical example

**Q7.** a) Explain the process of IPO issue in India  
b) Explain the role of BRLM in IPO issue

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