PG-Ex-Batch 2017-19, Subject: Financial Institutions and Markets, End term Examination

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Maximum Marks: 50

Duration: 3 Hrs

Date: 19-04-2019

Instructions: Answer any five 5X10=50 marks

Q1. Explain index calculation of any one index in India

Q2.Explain Dutch auction book building method in IPO price discovery

Q3:Consider the share of XYZ Ltd, current dividend per share Rs6, duration of the period of super

Normal growth rate is 5yrs, growth rate during the period of super normal growth rate is 25%

Normal growth rate after super normal growth period is over is 9%, investor's required rate of

Return is 14% find the value of XYZ Ltd. Share and give your analysis.

Q4. From the following information apply P/E approach of equity valuation

Firm with no growth	0%
Firm with normal growth rate	6%
Firm with super normal growth	13%

the expected earnings per share and dividend per share of each of the above firms are Rs 6.00 and Rs 5.00 respectively The required rate of return from equity is 16%

calculate the stock price, dividend yield, capital gain yield and P/E ratio for all the above cases with the given information

Q5: Explain how interest rates are influenced during economy slowdown and economy in boom

Q6.Write in brief the structure of Indian financial system with details of Regulatory bodies and Instruments traded.

Q7.A bond with 11% coupon rate issued three years ago is redeemable after five years from now at a premium of 10%. The interest rate prevailing in the market currently is

13% .Calculate the duration of this bond which has a face value of 100 Rs and give your analysis. Explain in detail the concept of duration and how it is useful to investors. Explain interest rate risk in detail and also explain how it can be eliminated.

PVIF factors are as below for the five year period.

0.877

0.769

0.675

0.592

0.519

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