

Trimester: Jan-Apr 24		
Examination: End Term Examination		
Program code: 08 Program: MBA -Exe	Class: FY	Trimester: II (SVU 2023)
Name of the Constituent College: K. J. Somaiya Institute of Management		Name of the department/Section/Center: Finance
Course Code: 217P08C205	Name of the Course: Financial Markets and Institutions	

Maximum Marks: 50

Dates: 01-04-24

Notes:

1. Answer any five questions (5*10=50 Marks)

Question No.		Max. Marks																
Q1.	Explain the importance of Money markets in Indian Financial System. Also explain what kind of instruments corporates can use in this market.	10M																
Q2.	A bond with 9% coupon rate issued two years ago is redeemable after five years from now at a premium of 5%. The interest rate prevailing in the market currently is 12%. Calculate Macaulay's duration of the bond if the face value is Rs 1000. Comment how duration helps low risk appetite investors.	10M																
Q3.	<p>Information regarding two mutual funds and a market index are given below</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Fund</th> <th>Return (%)</th> <th>S.D. %</th> <th>Beta</th> </tr> </thead> <tbody> <tr> <td>Gold</td> <td>8%</td> <td>15%</td> <td>0.73</td> </tr> <tr> <td>Platinum</td> <td>15%</td> <td>34%</td> <td>1.33</td> </tr> <tr> <td>Market Index</td> <td>10%</td> <td>24%</td> <td>1</td> </tr> </tbody> </table> <p>Assuming the risk-free rate is 5%. Calculate the differential return, Sharpe and Jenson for the two funds.</p>	Fund	Return (%)	S.D. %	Beta	Gold	8%	15%	0.73	Platinum	15%	34%	1.33	Market Index	10%	24%	1	10M
Fund	Return (%)	S.D. %	Beta															
Gold	8%	15%	0.73															
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Market Index	10%	24%	1															
Q4.	Consider the shares of Alpha Ltd with current divided Rs 2, duration of the period of the super normal growth 5 years, growth rate during super normal growth period is 24%. Normal growth rate after super normal growth period is over 7%. Investor's required rate of return is 15%. Find the present value of Alpha Ltd share.	10M																
Q5.	Explain the steps in IPO issue process in India by emphasizing on the role of book running lead manager	10M																
Q6.	Explain different types of bonds with their features in brief	10M																
Q7.	Explain the factors influencing interest rates in India	10M																

