3rd/ 5th Semester Regular/Back Examination: 2022-23
FINANCIAL DERIVATIVES
BRANCH(S): MBA
Time : 3 Hour
Max Marks : 100
Q.Code : L349
Answer Question No.1 (Part-1) which is compulsory, any eight from Part-II and any two from Part-III.
The figures in the right hand margin indicate marks.

Part-I

Q1   Answer the following questions :   (2 x 10)
a) Why might individuals buy stock futures rather than buying the stock itself?
b) The one month Nifty futures are traded at Rs10200. The market lot is 100.An investor buys 4 lots. On settlement day the Nifty is 10,260. Find out his net position.
c) Is short selling different from short futures? Explain
d) How are financial derivatives different from commodity derivatives?
e) Distinguish backwardation from contago with example.
f) How does an interest rate swap work?
g) The value of a Nifty contract is Rs200,000. The value of the portfolio is Rs500,000 and the portfolio beta is 1.3. Find the number of futures contracts that should be bought / sold?
h) Explain long futures and Short futures payoffs through an example and diagrams
i) What is a cost – of - carry model?
j) What are exchange traded contracts?

Part-II

Q2   Only Focused-Short Answer Type Questions- (Answer Any Eight out (6 × 8)
of Twelve)
a) Enumerate the functions of clearing house.
b) What are the differences between forward markets and futures market?
c) What is the purpose of initial and maintenance margin? How does marking to market affect the amount of funds held in the futures investor's margin?
d) Name the major players in the derivative markets and their functions in brief.
e) "Options and futures are zero-sum games" Do you agree? Justify with examples.
f) Do you agree that every increase in spot price leads to an increase in intrinsic value? Justify.

g) A call with a strike price of Rs60 costs Rs6. A put with the same strike price and expiration date costs Rs4. Construct a table showing the profits or loss from a straddle.

h) What is a covered call strategy? Show its payoffs and profit functions.

i) Sunny Energy share is currently trading at Rs64.50. One month call option is trading with a strike price of Rs80 at Rs3. One month put option with a strike price of RTs55 is trading at Rs2. How strangle can be created? What is the payoff of this strategy? What are the investor's payoff, if the share prices are Rs95, 65, and Rs50?

j) Arian stock is currently priced at Rs19. Two call option at strike price of Rs17 and 21 are trading at Rs2 and Rs1. Create a bull call spread. The lot size is 200. What will be his profit, if the stock price is (a.) Rs23 and (b.) Rs18

k) Explain Binomial one period model with the help of an example,

l) Explain the put – call parity. Does it apply to American or European options?

Part-III
Only Long Answer Type Questions (Answer Any Two out of Four)

Q3 What are the common types of derivatives? What categories of investors and traders use derivatives? **(16)**

Q4 Write an essay on the growth of exchange traded derivatives in India. **(16)**

Q5 M/s Astha Venture capital raised Rs100 crores through issue of 12% bonds on 1st January, 2022. These bonds will mature after 10 years. In March 2022, the interest rate was declined to 11% due to the economic revival in the country. It is expected that there will be further decline in future. The company is currently facing financial burden due to higher cost of funding. Ti hedge this risk the company decided to have a swap agreement with the New Bank, Mumbai. The terms of the swap agreements are; **(16)**

Bank will pay fixed 10% and receive MIBOR as floating rate on the notional principal of Rs100 crores for next 10 years

At present the MIBOR is 10.5

Would it be advisable to go for swap contract at 10% fixed rate offered by New Bank
Advise.

Q6 Write short note on **(16)**
   a. Types of Swaps
   b. Indian Swap market

k) A security pays a dividend of Rs 4.25 and sells currently at Rs 85. The security is expected to sell at Rs98at the end of the year. The security has a beta of 1.15. The risk free rate is 6% and the expected return on market index is 15%. Assess whether the security is correctly priced?

l) What is differential return? Explain the ratio which deals with this.

Part-III
Only Long Answer Type Questions (Answer Any Two out of Four)

Q3 The returns and market portfolio for a period of 4 years are as follows: **(16)**

Year	Return of Stock B (%)	Return on market portfolio (%)
1	10	8
2	12	10
3	9	9
4	3	-1

For Stock B, you are required to determine
   i. Characteristic line
   ii. Systematic and unsystematic risk

Q4 Consider the following data of a fund **(16)**
Return on the market =40.58%
Standard deviation of market return = 18.57%
Breta of the portfolio = 1.121
Annual return on the stock =55%
Standard deviation of the stock return =32%
Risk free rate of return =8%
You are required to compute the Fama's measure of total selectivity and net selectivity on the above portfolio.

Q5 Describe the key economic variables that an investor must monitor as part of his fundamental analysis. **(16)**

Q6
   a. What factors necessitate portfolio revision? **(16)**
   b. Explain formula plans with appropriate examples.

3rd Semester Regular/Back Examination: 2022-23
SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT
BRANCH(S): BA,FM,FM&HRM,GM,HRM,IB,LSCM,MBA,MBA (M & F),MM,RM,
Time : 3 Hour
Max Marks : 100
Q.Code : L267
Answer Question No.1 (Part-1) which is compulsory, any eight from Part-II and any two
from Part-III.
The figures in the right hand margin indicate marks.
Part-I

Q1   **Answer the following questions :**   (2 x 10)

a)   You see an advertisement for a book costing Rs50 and that claims to show how
you can make Rs1.00 crores with no risk and with no down payment. Will you buy
the book?

b)   Infodisha is a start-up computer software development company. It owns computer
equipment worth Rs2.50 crores and a cash balance of Rs50 lakhs contributed by
its owners. The company made a transaction with TCS. The company sells
software product to TCS, which will market in the name of TCS and the company
receives 50000 equity shares of TCS. Identify if the company has created any
financial asset or real asset.

c)   Why is portfolio management a continuous process?

d)   Suppose investors can earn a return of 2% per 6 months on a treasury bills of
Rs1,00,000 with 6 months remaining until maturity. What price would you expect a
six month treasury bill to sell for?

e)   You are bullish on a stock. The current market price is Rs500 per share. You have
Rs50000 of your own to invest. You borrow an additional Rs50,000 from your
broker at an interest of 12% per year and invest Rs1,00,000 in the stock. What will
be your rate of return if the price of the stock goes up by 10% during the next
year? The stock does not pay dividend.

f)   The total return of an equity stock during the year was 16.75% and the rate of
inflation during the year was 4.82%. What is the inflation adjusted return?

g)   A portfolio manager invests in five stocks namely A,B,C,D and E in the ratio of
30%,20%,25%,15%, and 10% and respective returns are 12%, 14%, -20%, 10%
and 9%. What is the return of the portfolio?

h)   Stock Y has a perfect negative correlation with Stock X. The expected return on
stock X is 15.76% and stock Y is 3%. In order to achieve a risk free portfolio, you
allocate a weight of 0.7 to stock Y and 0.3 to stock X. What is the return on a risk
free asset in this economy?

i) The correlation between fund x and the market is 1.0. The expected return on the index is 11%. The expected return on the fund is 9% and the risk free return is 3%. Based on the analysis what is the implied beta of the fund?

j) A company has two divisions, X and Y. X division has a market value of Rs10 million and a beta of 1.3 and division Y has market value of Rs8 million with a beta of 0.8. What should be the beta of the company?

Part-II

Q2   **Only Focused-Short Answer Type Questions- (Answer Any Eight out of   (6 × 8) Twelve)**

a)   The data given below relates to companies X ltd and Y ltd

	X Ltd (Rs)	Y Ltd (Rs)
Expected dividend	5	8
Current Market price	60	120
Expected market price after one year		
Optimistic	100	175
Pessimistic	50	100

If an investor's holding period is one year, which stock he should buy?

b)   Stocks X and Y have the following parameters:
Find if there is any advantage of holding a combinations of X and Y. If yes, what should be the proportion of holding both the stocks to maximise return?

	Stock X	Stock Y
Expected return	10	15
Variance	64	25
Co-variance	40

c)   Suppose you have a project that has a 0.7 chance of doubling your investment in a year and a 0.3 chance of halving your investment in a year. What is the risk of the rate of return on this investment?

d)   An investor has Rs2,00,000 to invest in two stocks A and B. Stock A has an expected return of 18% and Stock B has an expected return of 11%. The investor has a goal to create a portfolio with an expected return of 16.5%. How much money he will invest in stock A and stock B?

e)   Explain the Markowitz model of portfolio selection.

f)   Draw a matrix showing clearly how you would compute the risk of a portfolio comprising 4 assets using the matrix.

g)   Discuss the important market indicators that are useful in studying the trend of the market.

h)   What is speculation? Who are the different types of speculators? Explain their style of functioning.

i)   Discuss the factors contributing to the systematic and unsystematic risk.

j)   Discuss the concepts of reward to variability and reward to volatility with example.

3rd / 5th Semester Regular/ Back Examination: 2022-23
SUBJECT: Advanced Management Accounting
BRANCH(S): BA,FM,FM&HRM,GM,HRM,IB,LSCM,MBA(M&F),MM.RM,MBA(PT)
Time: 3 Hour
Max Marks: 100
Q.Code : L491
Answer Question No.1 (Part-1) which is compulsory, any eight from Part-II and any two from Part-III.
The figures in the right-hand margin indicate marks.

Part-I

Q1   Answer the following questions: (2 x 10)
a)   What is the benefit of management accounting to the organization?
b)   What do you mean by fixed cost? Give suitable example.
c)   What do you understand by contribution?
d)   How do you calculate cost of production?
e)   What is marginal costing and its uses for organization?
f)   What is contract costing. Give suitable example.
g)   Briefly define direct and indirect costs with examples.
h)   What do you understand by fixed overheads? Give examples.
i)   Define cost unit and cost center. Give examples for both.
j)   List out few tools used for cost control.

Part-II

Q2   Only Focused-Short Answer Type Questions- (Answer Any Eight out   (6 × 8)
of Twelve)
a)   What is cost accounting? Discuss its important objectives in a business
entity.
b)   Distinguish between fixed cost and variable cost. Give suitable examples.
How these costs do affect the price of the goods?
c)   Distinguish between joint product and byproduct.
d)   How do you apportion the overhead expenses? Illustrate with examples.
e)   How do you treat Abnormal loss in process costing?
f)   Compare between Performance Budgeting and Zero-based Budgeting.
g)   Compare between FIFO and LIFO method of inventory valuation and their
implication.
h)   Briefly explain ABC method of material procurement and its advantages for
the organization.
i)   What are the problems associated with marginal costing?
j)   Given, Fixed cost is Rs 2 lakh, Profit volume ratio is 25%. Compute the
production quantity (in units) at which it reaches Break Even point.

k) Given, Quantity of Production= 100000 units, Fixed cost = Rs 200000, Variable cost = Rs 6 per unit, Compute Profit amount using technique of marginal costing.

l) Describe briefly the main features of Process Costing.

Part-III
Only Long Answer Type Questions (Answer Any Two out of Four)

Q3 Define EOQ. Explain the method of computing EOQ with the help of graph. What are the benefits of EOQ model in terms of cost, time and transparency in procurement of materials. **(16)**

Q4 Analyse and evaluate both Marginal Costing and Absorption Costing in relation to their appropriateness. **(16)**

Q5 Evaluate various methods of absorption of overhead expenses in a factory. Justify apportionment of common expenses into different heads giving appropriate reasons. **(16)**

Q6 Given, Fixed Cost = Rs 1,20,000. Variable Cost per unit = Rs 3. Selling price per unit = Rs 7. Quantity produced =50000 units. Determine the profit for following situations; **(16)**
   a) As per the data given above
   b) With 10% increase in production
   c) With 10% increase in Fixed Cost
   d) With 10% increase in Variable Cost.

3rd & 5th Semester Regular / Back Examination: 2022-23
PROJECT APPRAISAL AND FINANCING
BRANCH(S): BA, FM, FM&HRM, GM, HRM, IB, LSCM, MBA, MBA (M & F),
MM, RM, MBA(PT)
Time : 3 Hour
Max Marks : 100
Q.Code : L552
Answer Question No.1 (Part-1) which is compulsory, any eight from Part-II and any two
from Part-III.
The figures in the right hand margin indicate marks.

Part-I

Q1   Answer the following questions: (2 x 10)
   a)   What is project and its characteristics?
   b)   Explain the Zero based project formulation?
   c)   Write short notes on the 'Project execution plan'
   d)   What are the responsibilities of a modern project manager?
   e)   Explain how do project cost estimated for any project.
   f)   Write a note on social cost-benefit analysis
   g)   Write short notes on 'Technical appraisal of projects
   h)   What is project monitoring and control?
   i)   What are the reasons for project failure?
   j)   What is project termination?

Part-II

Q2   Only Focused-Short Answer Type Questions- (Answer Any Eight out of   (6 × 8)
        Twelve)
   a)   What are the factors determining the initial selection of Project ideas?
   b)   What are the components of a detailed feasibility report? Explain
   c)   Write a short note on UNIDO approach of social cost and benefit analysis.
   d)   Explain the factors to be considered for preliminary screening.
   e)   Explain the key drivers for project risk in project finance.
   f)   Evaluate the different stages in project financing. Also recommend the
        different methods of financing the project in India.
   g)   Briefly explain the techniques, with one example each, used in evaluating
        the investment proposals under uncertainty in order to the best project
   h)   Discuss in brief the techniques of Economic appraisal for an industrial
        project
   i)   What are the key steps in the monitoring and controlling process of a
        project?
   j)   "Viability test of a project is to be carried out by examining the project from
        various aspects". Discuss these aspects in brief.
   k)   Discuss the role of banks and financial institutions in financing infrastructure
        projects.
   l)   What is the difference between project control and project monitoring?

Part-III
Only Long Answer Type Questions (Answer Any Two out of Four)

Q3   What do you mean by project identification describe the process of   **(16)**
formulation of a project?

Q4   What are the steps taken by Financial Institutions while appraising the   **(16)**
project? How do the financial institutions monitor the projects financed by
them?

Q5   Define Project Appraisal. Discuss the various aspects of Project Appraisal.   **(16)**

Q6   What is Project evaluation? Explain the various project evaluation methods.   **(16)**