



Mapping of Course Outcomes with Question Papers

Academic Year	2019-20
Batch	2018-20
Program	MMS
Specialization	Finance
Semester	III
Course	Financial Markets & Institutes
Faculty	Prof. Jaideep Dasgupta

Course Outcomes:

CO1: To understand different components of the Indian Financial system and their functions.

CO2: To comprehend various products issued through different financial institutions in the primary and secondary markets.

CO3: To understand the fixed income market, the different instruments and concepts related to it.

Question Number	CO 1	CO 2	CO 3
Q1 a	*		*
Q1 b	*	*	
Q1.c	*	*	
Q1. d	*		*
Q2. a	*	*	
Q2. b	*		*
Q2. c	*	*	*
Q3. a	*		*
Q3. b	*	*	
Q3. c	*	*	
Q4. a	*		*
Q4. b	*	*	
Q4. c	*	*	
Q5. a	*		*
Q5. b	*	*	
Q5. c	*	*	
Q6. a	*	*	
Q6. b	*		*
Q6. c	*	*	
Q7. a	*	*	*
Q7. b	*		
Q7. c	*	*	



20/11/19

TIMSR/FRM/IP-04-08

REVISION: A

TIMSR

Program : MMS (Finance)

Semester : III

Seat No: _____

Duration : 3 hours

Month & Year : November 2019

Course: Financial Markets & Institutions

Marks: 60

Instructions:-

- Q. No 1 is compulsory.
- Attempt Any Four from the Remaining Six Questions.
- Figures to the right indicate marks in full.

Q. 1 ABC Aluminium Limited is an Indian Aluminium manufacturing company. In FY2018 the company sold 1000 tonnes of Aluminium at Rs. 6000 per tonne with a USD/INR exchange rate of Rs.65.50. However, in FY2019, the company sold 1000 tonnes of Aluminium at Rs. 6000 per tonne with a USD/INR rate of Rs.71.50. 20% of the sales of the company are exports to the US in FY2018 whereas 90% of the sales of the company are exports to the US in FY2019. 20

a.) Considering the above scenario, how would the depreciation of rupee affect the company considering:

Scenario 1: The Indian manufacturer charges USD 92 per tonne in both FY2018 and FY2019 for exports.

Scenario 2: The US importer asks for price cuts to USD 84 per tonne in FY2019. Also, would you cut the prices? Kindly justify the same.

Scenario 3: The company imports 100% of the raw materials at USD 97 per tonne in FY2018 and USD 78 per tonne in FY2019.

- b.) What could be the factors that led to depreciation of rupee?
c.) What are the advantages and disadvantages of rupee depreciation?
d.) How would the parties in the transaction handle the fluctuating currency rate?

(Note: You are free to make any additional assumptions in your solution, but with proper reasoning for the same.)

Moving forward, ABC Aluminium Limited plans to get listed in the Stock exchange.

a.) You are an investment banker in Morgan Sachs. You have been approached by ABC Aluminium Limited to assist in the IPO process.

- Explain the steps a company must undertake to go public via an IPO process in detail.
- Explain the underwriting arrangements available to the issuing company.



- Q. 2** Answer **Any two** from the following. **5x2 = 10**
- What is Venture Capital Funding? Explain the various stages involved in the same.
 - Explain Open-ended and Closed-ended Mutual funds and its types.
 - Differentiate between IPO and FPO with examples.
- Q. 3** Answer **Any two** from the following. **5x2 = 10**
- Elaborate Fixed Income Securities and how it is different from equities. Explain Embedded Options and its types with examples.
 - Explain FEMA and its importance.
 - Explain the roles played by Investment Bankers. Explain the differences between a Commercial Bank and an Investment Bank.
- Q. 4** Answer **Any two** from the following. **5x2 = 10**
- Explain the modes of investment in Mutual Funds with examples.
 - Explain the advantages, challenges and risks of bond issuance from an issuer's perspective.
 - In 2015, JD Ltd. has issued bonds of Rs.10,000 each due in the year 2035 with a 14% p.a. coupon rate payable at the end of each year during the life of the bond. Discount rate is 14%. Calculate the present value of the bond.
- Q. 5** Answer **Any two** from the following. **5x2 = 10**
- Explain the aims and objectives of RBI in the Indian economy. Prior to the formation of RBI, which bank(s) were responsible for issuance of currency? What is the current CRR and SLR rate prescribed by the RBI?
 - Mr. B is willing to purchase a 5 years Rs.1,000 par value PSU bond having a coupon rate of 9%.
His required rate of return is 10%.
How much Mr. Rohit should pay to purchase the bond if it matures at par?
[Given: PVIFA (10%, 5 years) = 3.791 and PVIF (10%, 5 years) = 0.621]
 - Explain the difference between Running Yield and Yield to Maturity with examples.
- Q. 6** Answer **Any two** from the following. **5x2 = 10**
- How would Invest in Real Estate Without Buying a Property?
 - Explain the following terms used in bonds using an example:
a.) Issuer, b.) Bondholder c.) Price d.) Par Value e.) Coupon f.) Coupon rate
Also, can par value and price differ? Justify with an example.
 - Why would a corporation issue bonds instead of just borrowing from a bank? Also, why not issue more stock?
- Q. 7** Short Notes(**Any two**) **5x2 = 10**
- Bullet Bonds (with example)
 - Zero Coupon Bonds (with example)
 - QIP (with example)

