4M1401

Roll No. ____________

Total No. of Pages: 2

4M1401

M.B.A. IV - Sem. (Main / Back) Exam., - 2025

M – 410 Financial Derivatives

Time: 3 Hours **Maximum Marks: 70**

Instructions to Candidates:

(i) The question paper is divided in three parts.

*(ii) **Part A** contains **10** questions which are compulsory. **Part B** contains **eight** questions out of which **five** are to be attempted. **Part C** contains **one** question which is compulsory.*

1. NIL ____________ 2. NIL ____________

PART – A [10×2=20]

Word limit 25 only

All questions are compulsory

Q.1 Differentiate between exchange-traded and OTC derivatives.

Q.2 Explain backwardation and contango.

Q.3 What are the possible modes of settlement of future contracts?

Q.4 What are the various assumptions of the Binomial Pricing Model?

Q.5 Distinguish between American Options and European Options.

Q.6 Describe Currency Swap.

Q.7 What are the benefits of Index Futures over Stock Futures?

Q.8 What do you mean by Put-call Parity?

Q.9 What is a Box Spread? Explain with a suitable example.

Q.10 What is Marking to Market?

PART – B [5×6=30]

Attempt any five questions

Q.1 What are derivatives? Discuss their types, functions and disadvantages.

Q.2 "Forward contracts are zero-sum games" explain. Also, discuss the relationship between futures prices, forward prices and spot prices with a suitable example.

Q.3 The price of an Infosys share at NSE is ₹ 1400, while a three-month future contract on Infosys is being traded at ₹ 1600. Suppose one can borrow at 12% and Infosys is not paying any dividend in the next three months. Is there an arbitrage opportunity available for price rulings in the spot market and futures market? If so, how can a profit be made? Assume the size of the future contract to be 400 shares.

Q.4 You have written a call on the US dollar to rupee exchange rate with a strike price of ₹ 85/\$, charging a premium of ₹ 2. Find the payoff for various exchange rates ranging from ₹ 80 to 90. At what level of exchange rate would you turn from profit to loss? Explain with the help of a payoff graph.

Q.5 What are Swaps? How would you convert a floating rate liability into a fixed rate liability using a swap? Draw a schematic diagram to explain your answer.

Q.6 Discuss the regulatory framework for the derivatives market in India.

Q.7 A treasurer is expecting to receive funds of ₹ 1.25 crore in the next three months; this amount would be in surplus for three months thereafter. A 3-month futures contract on T-bills expiring in 90 days is quoted at ₹ 89.50, indicating a yield of 10.50%. The treasurer is apprehensive about the yield falling in the days to come. What can the treasurer do to hedge against falling yields? Evaluate the position if, after three months, the yield (a) falls to 9.25%, and (b) rises to 11.00%

Q.8 Explain the procedure for valuation of Interest Rate swaps with an example.

PART – C [20]

(Compulsory)

Q.1 A stock price is currently ₹ 50. Over each of the next two three-month periods, it is expected to go up by 6% or down by 5%. The risk-free rate is 5% per annum with continuous compounding.

(a) What would be the value of a six-month put option with a strike price of ₹ 51? -9.35

(b) Verify the European Call and European Put option prices satisfy the Put-call Parity. 0.932

(c) If the put option were American, would it ever be optimal to exercise it early at any of the nodes on the tree?

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Total No. of Pages: 2

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M.B.A. IV - Sem. (Main / Back) Exam., - 2025

M-412 Mergers, Acquisitions and Corporate Restructuring

Time: 3 Hours **Maximum Marks: 70**

Instructions to Candidates:

(i) *The question paper is divided in three parts.*

(ii) ***Part A** contains **10** questions which are compulsory. **Part B** contains eight questions out of which **five** questions are to be attempted. **Part C** contains one question which is compulsory.*

1. NIL ____________ 2. NIL ____________

PART – A

[10×2=20]

Word limit 25 only

All questions are compulsory

Q.1 Define Corporate Restructuring.

Q.2 Mention two motives behind Mergers and Acquisitions.

Q.3 What is due diligence in the context of M&A?

Q.4 Define Intrinsic Value.

Q.5 Define Swap Ratio.

Q.6 What is meant by cultural compatibility in mergers?

Q.7 Define Takeover.

Q.8 State two benefits of International M&A deals.

Q.9 Differentiate between Friendly and Hostile takeovers.

Q.10 List two HR issues considered in Post-merger Integration.

PART – B

[5×6=30]

Attempt any five questions

Q.1 Explain the significance of corporate restructuring in today's business environment.

Q.2 Discuss the expectations of different stakeholders from Mergers & Acquisitions deals.

Q.3 Describe the process and importance of due diligence in M&A transactions.

Q.4 What are different Principles of business valuation methods?

Q.5 Explain the concept of swap ratio and its determinants in merger agreements.

Q.6 Discuss the key considerations in post-merger integration planning.

Q.7 Describe the defensive strategies employed against hostile takeovers.

Q.8 Assess the opportunities and threats involved in international mergers and acquisitions.

PART – C

[20]

(Compulsory)

Q.1 Company A, a tech firm, plans to acquire Company B, a smaller competitor. Analyze the possible motives behind this acquisition and the expectations of various stakeholders involved. In what ways could this acquisition help Company A expand its market share or enter a new market?

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M.B.A. IV - Sem. (Main / Back) Exam., - 2025

M-411 Financial System, Institutions and Instruments

Time: 3 Hours **Maximum Marks: 70**

Instructions to Candidates:

(i) The question paper is divided in three parts.

*(ii) **Part A** contains **10** questions which are compulsory. **Part B** contains **eight** questions out of which **five** are to be attempted. **Part C** contains **one** question which is compulsory.*

1. NIL ____________ 2. NIL ____________

PART – A [10×2=20]

Word limited 25 only

All questions are compulsory

Q.1 Define the Financial System.

Q.2 List any two components of the Indian Financial System.

Q.3 What is meant by a Well-functioning Financial System?

Q.4 Write any two functions of financial institutions.

Q.5 Name two types of Non-Banking Financial Companies (NBFCs).

Q.6 What is the role of Mutual Funds?

Q.7 Define the Money Market.

Q.8 What are Call/Notice money markets?

Q.9 List any two tools used to manage liquidity in the money market.

Q.10 What is a Treasury Bill?

PART – B [5×6=30]

Attempt any five questions

Q.1 Differentiate between banking institutions and NBFCs with examples.

Q.2 Explain the structure of the Indian Money Market.

Q.3 Analyze the role of money market instruments in managing liquidity.

Q.4 Examine the importance of Treasury Bill in the financial system.

Q.5 Discuss the differences between Commercial Papers and Commercial Bills?

Q.6 Evaluate the role of development of financial institutions in India.

Q.7 Explain the functions of the secondary market in India.

Q.8 Distinguish between public issue and private placement in the primary market.

PART – C [20]

(Compulsory)

Q.1 **Case study: The Liquidity Crisis at NBFCs and Its Ripple Effect on Indian Financial Markets**

Background:

In recent years, several Non-Banking Financial Companies (NBFCs) in India faced severe liquidity issues. A prominent case was the default by Infrastructure Leasing & Financial Services (IL&FS) in 2018, which triggered a credit crunch across the NBFC sector. Many NBFCs relied heavily on short-term borrowings to fund long-term assets like infrastructure and housing loans, creating a mismatch in Asset-liability Management (ALM). This raised concerns among investors and regulators, affecting mutual funds, banks, and the debt market.

The crisis exposed vulnerabilities in the financial ecosystem, including over-reliance on shadow banking, inadequate risk management practices, and insufficient regulatory oversight. It also led to increased scrutiny by SEBI and RBI, with new guidelines on liquidity norms, risk-weighted asset provisioning, and governance reforms.

Questions -

- What is asset-liability mismatch in financial institutions?
- Explain the role of NBFCs in the Indian Financial System.
- How can poor risk management in NBFCs impact mutual funds and the debt market?
- Analyze the causes and consequences of the IL&FS crisis on different financial market participants.
- Evaluate the response of RBI and SEBI in handling the liquidity crisis. Were the measures sufficient?
- Suggest a framework to prevent future liquidity crises in NBFCs. Include governance, regulatory, and financial aspects.
