

VPM's
DR VN BRIMS, Thane
Programme: PGDM (2018-20)
PGDM Trimester III Examination March 2019

Subject	Indian Financial System and Financial Markets		
Roll No.		Marks	60 Marks
Total No. of Questions	7	Duration	3 Hours
Total No. of printed pages	2	Date	27/03/2019

Note: Q1 is compulsory and solve any FOUR from the remaining SIX questions.

Q1) 20 Marks (Compulsory)

Jet Airways Crisis- Etihad Airways (Owns 24% Stake in Jet Airways has asked Jet Airways' top lender State Bank of India (SBI) to buy its 24 per cent stake in the cash-strapped airline. The Abu Dhabi airline (Etihad Airway) has sought Rs 400 crore for its 24 per cent stake in Jet Airways, valuing Jet shares at Rs 150 apiece.

- Comment on the offer given by Etihad Airways?
- Find and comment on Jet airways intrinsic value when current traded price is 223, EPS TTM is -373.62 and Industry PE is 21.48
- Explain role of SEBI and government with respect to this issue.

Attempt Any FOUR from the Remaining SIX Questions

Q2) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

G- SEC	Coupon rate	Purchase rate (FV -120)	Duration (Years)
G- SEC 2008	12	110	4
G- SEC 2010	8.20	106	7.5
G- SEC 2013	8	102	8.37
G- SEC 2020	8.30	118	9.20
G- SEC 2030	8.50	112	15

The face value of investment in each G- SEC is 10 crores.

- Calculate the actual investment in the portfolio
- What action will be taken in the following scenarios?
 - If the interest rates are increased by .50 basis points by RBI
 - If the interest rates are lowered by .40 basis points by RBI
- Explain the concept of Zero-Coupon Bond? Should an investor invest ZCB, if Yes Justify?

Q3) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

- What Exit option are adopted by Venture Capitalist in India?
- Explain the following terms- Repo Rate, Reverse Repo rate, CRR and SLR (Current % of each)
- Explain role of SEBI with respect to Capital Markets.

Q4) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

Mr. X on 1.7.2000, during the initial offer of some mutual fund invested Rs 10,000 units having face value of Rs 10 each. On 31.3.2001 the dividend operated by the MF was 10% and Mr. X found that his annualized yield was 153.33%. On 31.12.2002, 20% dividend was given. On 31.3.2003 Mr. X redeemed all his balance 11,296.11 units when his annualized yield was 73.52%

- What is the NAV as on 31.3.2001

- b) What is the NAV as on 31.12.2002
- c) What is the NAV as on 31.3.2003

Q5) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

- a) Calculate time weighted rate of return if value at time 0 is 100, year 1 is 150, year 2 is 200 year 3 is 250 and maturity is 150. The following quantity was purchase in each time period respectively 10, 20, 50 and 100. All the quantity was sold at maturity.
- b) Explain the role of RBI as a custodian with respect to Indian Economy.
- c) If exchange rate for \$ and Euro is 1.1206 and 1.0896 then calculate the appreciation and depreciation of currencies.

Q6) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

- a) Explain the difference between FII and FDI.
- b) Explain 3 different valuation methods.
- c) What are NBFC's

Q7) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

- a) Explain the concept of cross rates in currency markets with example.
- b) What are Corporate Bonds? Explain the decision-making process for an investor before buying these bonds.
- c) As per the current FDI policy - Pharmaceuticals (Brown Field) has FDI Automatic up to 74% and above 74% under Government route- **Comment**