Code: 17E00403

MBA IV Semester Regular Examinations May 2019

FINANCIAL DERIVATIVES

(For students admitted in 2017 only)

Time: 3 hours Max. Marks: 60

All questions carry equal marks

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SECTION – A

(Answer the following: 05 X 10 = 50 Marks)

1 Explain the types of derivatives and uses of derivatives.

OR

2 Explain the role of derivatives market in India.

3 Write a detailed note on hedging and its strategies.

OR

4 Write the structure of forward marketing and future marketing.

5 Elaborate merits and demerits of options and future market.

OR

6 Discuss in detail about binomial model.

7 Explain the various types of options.

OR

8 Briefly discuss about advanced option strategies.

9 Discuss the concept and nature of swaps.

OR

10 Write a note on the following:

(a) Commodity swaps.

(b) Credit risk in swaps.

SECTION – B

(Compulsory Question, 01 X 10 = 10 Marks)

11 **Case study:**

Dr. C. K. Ragul is the portfolio manager in UTI mutual fund company. He has a debt fund that has invested Rs.200 million in long term corporate debenture. He wants to convert the holding into a synthetic floating rate portfolio. The portfolio pays 9 percent fixed return. Assume that a swap dealer offer 9 percent fixed for MIBOR (Mumbai inter borrowing rate).

Questions:

(a) What should Dr. C. K. Ragul do?

(b) What will be the net payment?

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