4M1011

Roll No. ____________ Total No of Pages: 2

4M1011
M. B. A. IV Sem. (Main / Back) Exam., June-July 2016
Finance
M-410 Financial Derivatives
(Major–I)

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

Min. Passing Marks: 28

630

Instructions to Candidates:

(i) *The question paper is divided in two sections.*

(ii) *There are sections A & B. Section A contains **6** questions out of which the candidate is required to attempt any **4** questions. Section B contains short case study / application based question which is **compulsory**.*

(iii) *All questions carry **equal** marks.*

Delivery

client

SECTION – A

Q. 1 What is derivative market? Explain the types of derivatives used in India? [4+10=14]

Q. 2 What are elementary principles of derivative pricing? [14]

Compulsory

Q. 3 What is future markets? Explain the daily settlement & performance Guarantee regulations? [14]

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Q. 4 What do you understand by the term "option"? Describe in detail the trading strategy opted by options? [4+10=14]

Q. 5 What is hedging? State the risk measurement & management framework? [4+10=14]

forward
future
swap
option

Q. 6 Describe the structure of Global swap markets? [14]

SECTION – B

Q. 7 Consider the following information with regards to a call option on the stock of AUDACE ltd. [14]

Details	Price
Current share price	₹ 20
Exercise price	₹ 20
Time period	3 months
Std Dev of cc rfi	0.4
cc rfi	12 %

(i) Compute the value of the call using Black scholes model.

(ii) Calculate value of put.

(iii) Demonstrate the impact of change in input variables on option price.
