

Register No.: Name.:

SAINTGITS COLLEGE OF ENGINEERING (AUTONOMOUS)

(AFFILIATED TO APJ ABDUL KALAM TECHNOLOGICAL UNIVERSITY, THIRUVANANTHAPURAM)

THIRD SEMESTER MBA DEGREE EXAMINATION (Regular), DECEMBER 2022 (2021 Scheme)

Course Code : 21MBA279

Course Name: Financial Markets and Instruments

Max. Marks : 60

Duration: 3 Hours

PART A

(Answer all questions. Each question carries 2 marks)

1. List two advantages of informal financial system.
2. Define uniform price auction.
3. How does RBI use Repo Rate of as a monetary tool to control inflation?
4. Define Red Herring Prospectus.
5. Define Value at Risk margin.

PART B

(Answer any 3 questions. Each question carries 10 marks)

6. Explain the various components and function of the formal financial system
7. Describe the trading and settlement process of listed equity shares on stock exchanges.
8. Write short notes on:
 - a. Corporate debt market. (5 marks)
 - b. Government securities market. (5 marks)
9. Show how Greenshoe Option can be used for stabilizing price of a security after being listing?
10. Illustrate the margining mechanism of futures contract with a suitable numerical example

PART C

(Compulsory question, the question carries 20 marks)

11. HDPL is a large profitable Hydel Power generator with an elaborate capacity expansion plan. It requires Rs. 23,000 crores for setting up a 750 MW hydel plant. Its internal accruals will be able to fund Rs. 16,000 crores and the rest must be funded by external capital. The existing debt covenants allow the firm to raise up to Rs. 2,500 without adversely affecting the credit rating of the firm. The rest needs to be raised as equity or hybrid capital. The company is open to sourcing capital from the domestic and the international markets.

a) Explain how the company could raise the Rs. 2,500 crore debt from various sources. Elaborate each and highlight their advantages and disadvantages

Marks (8)

b) Identify the other forms of capital (equity and hybrid) that the company could leverage to raise the remaining 4500 crores. Elaborate each and highlight their advantages and disadvantages.

Marks (12)
