

Roll No



**PRESIDENCY UNIVERSITY
BENGALURU**

SET A

**SCHOOL OF MANAGEMENT
END TERM EXAMINATION - JAN 2024**

Semester : Semester III - 2022

Course Code : MBA3006

Course Name : Financial Markets and Services

Program : MBA

Date : 11 -JAN-2024

Time : 10:00AM - 1:00 PM

Max Marks : 100

Weightage : 50%

Instructions:

- (i) Read all questions carefully and answer accordingly.
- (ii) Question paper consists of 3 parts.
- (iii) Scientific and non-programmable calculator are permitted.
- (iv) Do not write any information on the question paper other than Roll Number.

PART A

ANSWER ALL THE QUESTIONS

10Q X 3M = 30M

1. A financial market is a market in which people trade financial securities. Recall any three financial instruments.
(CO1) [Knowledge]
2. Volatility is often associated with uncertainty and risk. Explain the term 'market volatility'.
(CO1) [Knowledge]
3. Billionaire Gautam Adani, approved raising as much as ₹20,000 crores through a follow-on public offering (FPO). Reproduce the significance of FPO
(CO2) [Knowledge]
4. Hedge fund managers have more flexibility in their investment strategies compared to traditional investment funds. What is a hedge fund?
(CO2) [Knowledge]
5. The sale of securities directly to an institutional investor such as bank, mutual funds is known as private placement. List the advantages of private placements
(CO3) [Knowledge]
6. SEBI approves the prospectus filed by the company. What is the purpose of a prospectus?
(CO3) [Knowledge]
7. Managing risk is a crucial aspect of asset management. Define 'asset management'.
(CO3) [Knowledge]
8. What does the term arbitrage mean in finance?
(CO4) [Knowledge]
9. Futures contracts are traded in stock market. What is a futures contract?
(CO4) [Knowledge]

10. Variability in the investment returns is associated with a high degree of risk. Define 'diversifiable risk'.
(CO4) [Knowledge]

PART B

ANSWER ALL THE QUESTION

6Q X 7Q = 42M

11. Emma, an investor, is intrigued by the potential of cryptocurrency and is considering allocating a portion of her investment portfolio to digital assets. She seeks guidance on understanding the cryptocurrency market and its associated risks. Provide Emma with insights and advice on navigating the cryptocurrency market, considering both opportunities and risks.
(CO1) [Comprehension]
12. ABC Bank has launched a new savings account targeted at young professionals. The bank aims to attract this demographic and promote the features of the new account. How can ABC Bank utilize marketing strategies to effectively reach and engage young professionals for its new savings account?
(CO2) [Comprehension]
13. Financial markets play a crucial role in the global economy, providing essential functions for efficient capital allocation, risk management, and economic development. They are interconnected and influence each other, impacting global trade, investments, and economic growth. In this regard, discuss the following
1. Types of Financial Markets
 2. Functions of Financial Markets
 3. Participants in Financial Markets
 4. Regulation of Financial Markets
- (CO3) [Comprehension]
14. Effectively managing assets and liabilities through ALM helps institutions navigate economic fluctuations, interest rate changes, and market uncertainties while maintaining a healthy balance between risk and return. Discuss the key components and strategies involved in ALM.
(CO3) [Comprehension]
15. John wants to buy machinery for his manufacturing business but prefers a payment plan rather than paying the full price upfront. Discuss hire purchase process. Highlight the difference between Leasing and Hire Purchase.
(CO4) [Comprehension]
16. Discuss the factors that have contributed to their growth and significance of NBFCs in comparison to traditional banks.
(CO4) [Comprehension]

PART C

ANSWER ALL THE QUESTIONS

2Q X 14M = 28M

17. TechSprint is a tech startup founded by a group of entrepreneurs aiming to revolutionize the e-commerce industry with an AI-powered recommendation engine. The platform offers personalized product recommendations to users based on their preferences and browsing behaviour. TechSprint estimated \$200,000 to develop its prototype, \$2 million to scale its platform and expand its user base, \$10 million to penetrate new markets, enhance AI algorithms, and strengthen its infrastructure, \$30 million for customer acquisition, international expansion, and further innovation. Highlight how TechSprint can navigate various funding rounds to fuel its growth, illustrating the significance of each stage of funding in supporting different phases of TechSprint startup's development, from inception to market dominance.
(CO3) [Application]

18. XYZ Manufacturing is a mid-sized company that specializes in producing custom machinery for industrial clients. Despite having a stable customer base, XYZ faces occasional cash flow challenges due to extended payment terms offered to clients. XYZ Manufacturing often experiences cash flow gaps while waiting for payments from clients. The company needs immediate funds to cover operational expenses, purchase raw materials, and invest in production.

1. How can XYZ Manufacturing address the cash flow challenge using factoring services?
2. XYZ Manufacturing is exploring financing options to manage its cash flow considering factoring and forfaiting for its receivables worth \$100,000. The factoring company charges a discount fee of 3% on the receivables. Forfaiting involves selling receivables at a discount rate of 4%. Which is the better option and why?

(CO4) [Application]