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**Presidency University**

**Bengaluru**

 **School of Management**

**Make-up End-Term Examination - July 2024**

**Date**: 01 July 2024

**Time**: 9:30am – 12:30pm

**Max Marks**: 100

**Weightage**: 50%

**Semester**: III

**Course Code**: MBA3006

**Course Name**: Financial Markets and Services

**Department:** SOM

 **Instructions:**

1. *Read the all questions carefully and answer accordingly.*
2. *Do not write any information on the question paper other than roll number.*
3. *Question paper consists of 3 parts.*

**PART A**

**Answer any 10 Questions. Each question carries 3 marks. (10Qx 3M= 30)**

1. You are an individual investor who wants to invest in the stock market but is worried about market volatility. How can you use mutual funds to mitigate this risk? (CO:01 Knowledge)
2. A company is planning an initial public offering (IPO). What steps should it take to ensure a successful IPO? (CO:01 Knowledge)
3. You are a financial advisor, and a client seeks a low-risk investment for their retirement fund. What financial product would you recommend and why? (CO:01 Knowledge)
4. A small business owner needs short-term financing to manage cash flow. What options are available in the money market? (CO:02 Knowledge)
5. A company has excess cash that it wants to invest in a low-risk, highly liquid financial instrument for a short period. What would you recommend? (CO:02 Knowledge)
6. An investor wants to hedge against potential declines in their stock portfolio. What financial instrument can they use? (CO:02 Knowledge)
7. A tech startup needs significant funding to scale its operations. What financial market should it consider and why? (CO:03 Knowledge)
8. An investor is interested in ethical investing. What type of mutual fund should they consider? (CO:03 Knowledge)
9. A retiree is looking for a stable income stream from their investments. Which financial product would be suitable? (CO:03 Knowledge)
10. An investor wants to benefit from rising commodity prices but prefers not to own the physical commodities. What investment vehicle should they use? (CO:04 Knowledge)
11. A corporation wants to protect itself against fluctuations in foreign exchange rates. What financial instrument can it use? (CO:04 Knowledge)
12. An investor notices a market downturn and wants to take advantage of lower prices. What strategy could they use in the stock market? (CO:04 Knowledge)

**PART B**

**Answer any 4 Questions. Each question carries 10 marks. (4Qx 10M= 40)**

1. A large manufacturing company, ABC Corp., needs to finance the construction of a new production facility, which requires Rs. 100 million. The company is considering issuing corporate bonds or securing a bank loan. Evaluate the advantages and disadvantages of each option, and recommend the best financing method for ABC Corp. (CO:01 Application)
2. Maria, a 45-year-old executive, has a balanced risk tolerance and a Rs. 200,000 portfolio comprising 60% stocks and 40% bonds. She wants to diversify her investments by adding alternative assets such as real estate and commodities. Discuss the benefits and risks of these alternative assets and recommend an allocation strategy for Maria's portfolio. (CO:02 Application)
3. A European tech company, TechInnovate, is expanding into the US market and anticipates earning significant revenue in US dollars. The company is concerned about exchange rate risk and its impact on financial performance. Analyze the use of currency futures, options, and natural hedging as strategies to manage this risk. Recommend the most effective strategy for TechInnovate. (CO:03 Application)
4. An investor, John, has a substantial portfolio primarily invested in US equities. He is concerned about potential market downturns and wants to diversify his investments to include international markets and fixed-income securities. Evaluate the benefits and risks of these asset classes and recommend a diversification strategy for John’s portfolio. (CO:04 Application)
5. A startup, GreenTech Innovations, is developing a new renewable energy technology and needs Rs. 5 million in funding to complete its project. The company is considering venture capital (VC) funding, crowdfunding, or a strategic partnership. Evaluate the advantages and disadvantages of each option and recommend the best choice for GreenTech Innovations. (CO:03 Application)
6. Jane, a 50-year-old professional with a conservative risk tolerance, has accumulated Rs. 500,000 in savings. She wants to ensure her capital is preserved while earning a stable income over the next 10 years. Discuss the suitability of investing in government bonds, dividend-paying stocks, and real estate investment trusts (REITs) for her portfolio. Recommend the best investment mix for Jane. (CO:04 Application)

**PART C**

**Answer the following Questions. (2Qx 15M= 30)**

1. GlobalTech Inc., a rapidly growing technology company, is considering expanding its operations into emerging markets in Asia. To fund this expansion, the company is evaluating three financing options: issuing equity, issuing debt, and entering into a joint venture with a local partner. Analyze the benefits and risks associated with each financing option. Based on the analysis, recommend the best financing strategy for GlobalTech Inc., considering its growth objectives and risk tolerance. (CO:01 Analysis)
2. A well-established retail company, RetailMart, is facing declining sales in its domestic market due to increased competition and changing consumer preferences. The company plans to revitalize its business by investing in e-commerce and expanding its product lines. RetailMart needs to raise Rs. 200 million and is considering three options: a private placement, a public bond issuance, and a rights issue. Evaluate the advantages and disadvantages of each option and recommend the best financing strategy for RetailMart, taking into account its current financial situation and future growth plans. (CO:04 Analysis)