

July-August 2016Master of Business Administration (MBA) Examination
IV Semester**Financial Engineering and Risk Management**

Time : 3 Hours]

[Max. Marks : 80

Note : Attempt any four questions from Section A (All questions carry 15 marks each) and Section B is compulsory and carries 20 marks.**Section A**

1. Explain the concept of risk and discuss the procedure of risk management.
2. Define Commodity Swaps and Equity Swaps. How do they differ to each other? Explain.
3. How future and forward contracts are helpful in minimizing the risk? Discuss.
4. What is Currency Swap? Differentiate Currency Swap and Interest Rate Swap.
5. Write short notes on the following :
 - (a) Basics of Stock Index Future.
 - (b) Commodity SWAPS.
 - (c) Hedging as Risk Minimization Tool.
6. What is Future Contract? Explain its types and differentiate with Option Contract.
7. What is Option Market? What are the different trading strategies in option market? Discuss.

Section B

8. At National Stock Exchange (NSE) following were the prices of 1-m call and put options on its index Nifty 15 June, 2009 when Nifty was at 4,500 :

Exercise Price	Call Option	Put Option
4450	165	75
4500	125	95
4550	100	125

- (a) How would you construct straddle at index value of 4500?
- (b) Find out its cost, payoff, break even point, and maximum loss.

□□□