

Goa Vidyaprasarak Mandal's
Gopal Govind Poy Raiturcar College of
Commerce and Economics, Ponda Goa.

M.Com. Semester -III End Examination, October-November 2024

COM 625: Treasury and Forex Management

Duration: 2 Hours

Total Marks: 40

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- Instructions:** 1) This paper consists of *six* questions carrying *equal* marks.
2) Question No. 1 consists of *5 compulsory* questions of *2 marks each*.
3) Answer *any three* questions from Q. No. 2,3,4,5 and 6.
4) Each question carries 10 marks.
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(Marks) (CO) (BL)

Q.1. Answer the following.

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|---|----------------|
| a) What are the objectives of the Treasury Management? | (02) (01) (02) |
| b) Briefly explain the stop loss limit and how it is used to manage risk. | (02) (02) (02) |
| c) What do you understand by interest rate parity? | (02) (04) (01) |
| d) Describe hedging as a risk management strategy. | (02) (03) (01) |
| e) Consider the following characteristics of govt. bond: | |
| a) Face Value (Par Value): ₹1,000 | |
| b) Annual Coupon Rate: 6% | |
| c) Time to Maturity: 5 years | |
| d) Current Price of the Bond: ₹950 | |
| Calculate YTM and provide your suggestion. | (02) (03) (02) |

- Q.2. Explain the treasury management process concerning its organizational structure.** (10) (01) (01)

Q.3. A. Solve the Following.

Mr. X got into a short position in Nifty 50 Future Contract on 9th October 2024 for ₹ and sold for ₹ 23456. The details are as follows:

| Dates | Closing prices |
|-------------------------------|----------------|
| 09 th October 2024 | 23400.36 |
| 10 th October 2024 | 23544.02 |
| 11 th October 2024 | 23445.96 |
| 12 th October 2024 | 23397.78 |
| 13 th October 2024 | 23350.67 |

Lot size is = 25 (He invested in 3 lots), Span Margin= 7.5% & Exposure Margin 6.0%. Calculate M2M of Mr. X from 9th oct. to 13th oct. and profit made by him on this contract.

(05) (04) (02)

B. You hold ₹ 2 lakh shares of Tata Steel Ltd and the market price standard Deviation is 28% P.A. Assuming 252 trading days a year determine the maximum loss level over a period of 1 trading day, 30 trading days, and 6 months with 99% confidence level. Interpret the result for the same.

(05) (04) (02)

Q.4.A. What is Foreign Exchange Risk, and what are the different types of Foreign Exchange Risks?

(05) (04) (02)

B. What is the role of treasury management in foreign exchange?

(05) (03) (03)

Q.5.A. What is covered interest rate arbitrage?

(05) (04) (02)

B. Discuss Currency Derivatives.

(05) (04) (02)

Q.6. Discuss the various money market instruments.

(10) (03) (02)