# SWARNANDHRA
## COLLEGE OF ENGINEERING & TECHNOLOGY
(AUTONOMOUS)

Accredited by National Board of Accreditation, AICTE, New Delhi Accredited by NAAC with "A" Grade – 3.32 CGPA Recognized under 2(f) & 12(B) of UGC Act 1956, Approved by AICTE, New Delhi Permanent Affiliation to JNTUK, Kakinada
Seetharampuram, W.G.DT., Narsapur-534280, (Andhra Pradesh)

## DEPARTMENT OF MASTER OF BUSINESS ADMINISTRATION

| Course Code | Course Title | Semester | Branches | Contact Periods /Week | Academic Year | Date of commencement of Semester |
|---|---|---|---|---|---|---|
| 19MB4E07 | Financial Derivatives | IV | MBA | 5 | 2024-25 | 09/01/2025 |

**COURSE OUTCOMES:** Students will be able to:
CO1: Outline the basic nature and types of Derivatives. (K1)
CO2: Illustrate with the concept of Value at Risk and Hedging Strategies using futures. (K3)
CO3: Analyze various trading strategies involving Options (K5)
CO4: Evaluate options using various Pricing models (K4)
CO5: Understand the structure of Swaps and their valuation methods. (K2)

| Unit No. | Outcome | | Topic/Activity | Ref. Text Book | Total Periods | Delivery Method |
|---|---|---|---|---|---|---|
| | | **UNIT I – INTRODUCTION** | | | | |
| I. | CO1: Outline the basic nature and types of Derivatives. (K1) | 1.1 | Introduction to Financial Derivatives-Meaning and Need. | T1,T2,R3 | 2 | Chalk & Talk, PPT Tutorial |
| | | 1.2 | Evolution and Growth of Financial Derivatives in India. | T1,T3,R3 | 1 | |
| | | 1.3 | Derivative Markets-Participants and functions | T1,T2,R3 | 2 | |
| | | 1.4 | Types of Derivatives-Forwards, Futures Options and Swaps. | T1,T3,R3 | 2 | |
| | | 1.5 | Introduction to Forwards and Futures | T1,T2,R1 | 1 | |
| | | 1.6 | Introduction to Options and Swaps | T1,T3,R1 | 1 | |
| | | 1.7 | Regulatory Framework of Derivatives Trading in India. | T1,T2,R2 | 1 | |
| | | **UNIT II – FUTURES** | | | | |
| 2 | CO2: Illustrate with the concept of Value at Risk and Hedging Strategies using futures. (K3) | 2.1 | Features of Futures | T1,T2,R1 | 2 | Chalk & Talk, PPT Tutorial, |
| | | 2.2 | Differences between Futures and Forwards | T1,T2,R | 1 | |
| | | 2.3 | Trading Mechanism of financial Futures on BSE & NSE -Types of Members and Margining system in India | T1,T2,R3 | 3 | |
| | | 2.4 | Currency futures | T1,T2,R3 | 1 | |

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|---|---|---|---|---|---|---|
| | | 2.5 | Interest rate futures | T1,T2,R3 | 2 | Active learning & case study |
| | | 2.6 | Pricing of Futures | T1,T2,R2 | 2 | |
| | | 2.7 | Hedging Strategies using Stock Index futures | T1,T2,R2 | 2 | |
| | | 2.8 | Case Studies | T1,T2,R1 | 2 | |
| 3 | CO3: Analyze various trading strategies involving Options (K52) | **UNIT III** | **OPTIONS** | | | |
| | | 3.1 | Option contracts-Meaning and Need | T1,T2,R1 | 1 | Chalk & Talk, PPT Tutorial, Active learning & case study |
| | | 3.2 | Options Vs Futures-Types of Option contracts | T1,T2,R1 | 1 | |
| | | 3.3 | Call options and Put Options | T1,T2,R1 | 1 | |
| | | 3.4 | Trading Strategies involving options | T1,T2,R1 | 1 | |
| | | 3.5 | Basic option positions-Margins | T1,T2,R1 | 1 | |
| | | 3.6 | Option Markets in India on NSE & BSE - Stock Index options | T1,T2,R1 | 2 | |
| | | 3.7 | Case Studies | T1,T2,R1 | 3 | |
| 4 | CO4: Evaluate options using various Pricing models (K4) | **UNIT IV** | **OPTION PRICING** | | | |
| | | 4.1 | Option Pricing – methods, Factors affecting option prices | T1,T2,R2 | 1 | Chalk & Talk, PPT Tutorial, Active learning & case study |
| | | 4.2 | Intrinsic Value and Time Value | T1,T3,R2 | 1 | |
| | | 4.3 | Pricing of Call options and Put Options | T1,T2,R2 | 1 | |
| | | 4.4 | Put- Call Parity theory | T1,T3,R2 | 1 | |
| | | 4.5 | Binomial Option Pricing Model | T1,T2,R2 | 1 | |
| | | 4.7 | Black-Scholes Option Pricing Model | T1,T3,R2 | 2 | |
| | | 4.8 | Case Studies | T1,T2,R1 | 3 | |

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| 5. | CO5: Understand the structure of Swaps and their valuation methods. (K2) | UNIT V | SWAPS | | | |
| | | 5.1 | Swaps-Meaning and Overview | T1,T2,R1 | 1 | Chalk & Talk, PPT Tutorial, Active learning & case study |
| | | 5.2 | The structure of swaps-Economic functions of swap transactions | T1,T3,R1 | 1 | |
| | | 5.3 | Interest rate Swaps- Currency swaps- Commodity Swaps | T1,T3,R2 | 1 | |
| | | 5.5 | Role Swap Dealer and other participants. | T1,T2,R1 | 1 | |
| | | 5.6 | Swap variant-Equity swaps | T1,T2,R1 | 1 | |
| | | 5.7 | Valuation of Swaps | T1,T2,R1 | 2 | |
| | | 5.8 | FRA's and swaps | T1,T3,R1 | 1 | |
| | | | **CASE STUDIES** | T1,T2,R1 | 5 | |
| | | | **REVISION** | | 5 | |
| | | | | **TOTAL** | 63 | |

**Text Books:**

T1 Hull.C.John-Option ,Futures and other Derivatives,Pearson Education Publishers,

T2 S.L. Gupta-Financial Derivatives- (Theory, concepts and problems) PHI, 2013

T3 N.D. Vohra and Baghi- Futures and Options,Tata McGraw- Hill.Publishing ,India, 2003

**Reference Books:**

R1 S.K. Parameswaran-Futures Markets: Thoery and Practice- Tata McGraw Hill.Publishing, India,2005.

R2 D.C. Patwariu,Financial Futures and Options,Jaico Publishing House.

R3 T. V. Somanathan, V. Anantha Nageswaran, Harsh Gupta, Derivatives, Cambridge University Press,

Websites: www.sebi.com, NSEindia.com,

| | | Name | Signature with Date |
|---|---|---|---|
| i. | Faculty | Dr. Grace Ganta | |
| ii. | Course Coordinator | Dr. O.V.A.M.Sridevi | |
| iii. | Module Coordinator | Ms. Haleena | Haleena |
| iv | Programme Coordinator | Dr. G. Grace | |

Principal.