(c) Wealth maximization

(d) Annuity and Perpetuity

(e) Exchange Rate Quotations

[This question paper contains 4 printed pages.]

Your Roll No..............

Sr. No. of Question Paper : 4712 **J**

Unique Paper Code : 2924000023

Name of the Paper : Introduction to Finance

Name of the Course : **Generic Elective**

Semester : IV/VI

Duration : 3 Hours Maximum Marks : 90

Instructions for Candidates

1. Write your Roll. No. on the top immediately on receipt of this question paper.

2. This paper contains **6** questions.

3. Attempt **ANY FIVE** questions.

3. All questions carry equal marks

1. What is financial market? Explain the characteristics and types of financial markets. (18)

2. (a) Explain how the scope of finance function has changed overtime. What role a finance manager plays in a modern firm? (9)

   (b) A sum of Rs. 3,500 is invested today in a bank account offering 6% interest per year. What will be the amount after 4 years if interest is compounded annually? Give three reasons that highlight the importance of considering time value of money before investing. (9)

3. Elaborate the economic- industry- company analysis framework as used in the fundamental analysis. (18)

4. (a) What is exchange rate risk in international finance?

   Suggest three strategies a company can use to manage exchange rate risk when doing business globally. (9)

   (b) Explain how currency exchange rates are determined in the international market.

   Discuss two major factors that cause currency appreciation and depreciation with real-world examples. (9)

5. (a) What are Retained Earnings? When and why do companies choose this as their source of finance? (9)

   (b) Calculate NAV per unit of a mutual fund scheme when the following information is provided:

Cash balance	4,00,000
Bank balance	2,00,000
10% Debentures	10,00,000
Equity shares (FV= Rs. 100)	10,00,000
Accrued expenses	1,00,000
Number of units outstanding	200000

   10% Debentures and Equity shares are currently trading in the market at 90% and 120% respectively. (9)

6. Write short notes on the following: ***(Attempt any three)*** (6×3)

   (a) Exchange traded funds (ETFs)

   (b) Bond yield curve