26 MAR 2025 (M)

	Re-Minor Examination Question Paper	Review Date:
THE NORTHCAP UNIVERSITY	THE NORTHCAP UNIVERSITY SCHOOL OF BUSINESS	Semester: II Session: JAN-JUNE 2025
	Program: MBA Course Name: Financial Management Course Code: BSL 504	Maximum Marks: 40 Duration: 90 minutes Sheet 1 of 2

Instructions

1. The paper has THREE Sections.
   a. Section A has 5 questions of 2 marks each.
   b. Section B has 5 questions of 3 marks each.
   c. Section C is Application Based and has 3 questions of 5 marks each.
2. There is **NO CHOICE** in this paper.
3. Attempt one section fully before starting with a new section.
4. Please show all steps for numerical questions in Section B & C apart from the answers.
5. This is an Open Book Examination and the students are allowed to carry text book, lecture notes, class notes, financial tables etc. Mobile phonies/smart watches are not allowed.
6. The students will be provided access to MS Excel in the examination hall.

Course Outcomes

CO1 Provide students the basic appreciation of Finance

CO2 Teach students the basic concepts & tools of Finance

SECTION A

Short Answer Type Questions

10 marks

Q#	QUESTION	Marks	CO#
1	How does RBI use Repo & Reverse Repo to manage liquidity in the economy?	2	1
2	Explain the statement "A Rupee in hand today is more valuable than a Rupee in future"	2	1
3	Explain the difference between fundamental analysis & technical analysis.	2	1
4	How are Bond Price & yield related?	2	1
5	What is yield curve? Can the shape of yield curve change over time?	2	1

SECTION B

Long Answer Type Questions

15 marks

Q#	QUESTION	Marks	CO#
6	Gati Limited stock currently sells for Rs.90. If investors require a rate of return of 14% and the growth rate of dividend is expected at 8%, what was the recent dividend paid per share?	3	2
7	If you deposit Rs.50000 with an investment company which pays 16 percent annual interest with quarterly compounding, how much will this deposit grow to in 5 years?	3	2

Issued by:	Approved by:
Date:	Date:

8	The price per share of PVR stock a year from now has the following probability distribution. Scenario Price Probability 1 20 0.4 2 22 0.4 3 26 0.2 What is the expected price per share a year hence?	3	2
9	The CFO of PVR has decided to create a Sinking Fund to replace the Projector machines after 10 years and it is estimated that the cost at that time will be Rs.1,00,00,000/-. It is proposed that a fixed sum will be set aside at the end of every year in the sinking fund. If the annualized returns on the pool of money is 8%, what is the amount that need to be set aside every year?	3	2
10	Ravi can save Rs.10000 a year for 5 years and Rs.15000 a year for 10 years thereafter. (i)What will these savings cumulate to at the end of 15 years if the rate of interest is 10% and the investments are made at the end of every year? -2 marks (ii) What will be the answer if the investments are made at the beginning of every year? – 1 mark	3	2

SECTION C

Application Based Question

15 marks

Q#	QUESTION	Marks	CO#
11	A Rs.100 par Bond carrying a coupon of 9% (payable annually at the end of year) and maturing after 4 years is available at Rs.90 now. If the coupons can be reinvested at 10%, what will be your yield to maturity if you buy the bond today?	5	2
12	10-year G-Sec 7% INGOVT 2035 is available today. The buyer will receive 20 semi-annual coupon payments and the FV of Rs.100 will be paid on maturity. If the market YTM is 6.72%, what is the price of the Bond?	5	2
13	What is the Macaulay Duration of the 10-year G-Sec INGOVT 2035 described in Question 11 if the market YTM is 6.72% - 4 marks? What is the Modified Duration? – 1 mark	5	2

Issued by:	Approved by:
Date:	Date: