



Name:

Enrolment No:

UNIVERSITY OF PETROLEUM AND ENERGY STUDIES

End Semester Examination, May 2022

Course: International Finance & Risk Management

Program: MBA CORE (FIN)

Course Code: FINC8011

Semester: IV

Time : 03 hrs.

Max. Marks: 100

Instructions:

**SECTION A
10Qx2M=20Marks**

S. No.		Marks	CO
Q 1	An investor committed money for a short period expect: a) Return from price fluctuation b) Dividend c) Benefit from both price variation and dividend d) None of these	2	CO1
Q 2	Which of the following have a positive effect on exchange rate of domestic currency: a) Higher inflation rate b) Lower interest rate c) Increase in exports d) Increase in imports.	2	CO1
Q 3	Where is the headquarter of National Stock Exchange: a) Mumbai b) Surat c) New Delhi d) Kolkata	2	CO2
Q 4	Total risk includes: a) Systematic risk only b) Unsystematic risk only c) Both a and b d) None of these	2	CO1
Q 5	Which among the following statements are true about unsystematic risk: a) It is diversifiable b) It is company specific c) Both a and b option d) None of these	2	CO3
Q 6	Currency swap is a method of a) Hedging against foreign exchange risk b) Speculation in foreign exchange. c) Leverage instrument by bank. d) Mode of payment in international trade.	2	CO2

Q 7	A foreign exchange risk involves the transaction exposure, the accounting exposure and a) The translation exposure b) The flexibility exposure c) The rigidity exposure d) The economic exposure	2	CO2
Q 8	CAMP stands for: a) Capital assessment pricing model. b) Capital asset pricing model. c) Capital asset placement model. d) None of these.	2	CO3
Q 9 is the amount left over after individual consumption: a) Investment b) Saving c) Surplus d) Money	2	CO1
Q 10	Find the odd one: a) Risk b) Return c) Standard deviation d) Tax evasion	2	CO1

SECTION B
4Qx5M= 20 Marks

Q 1	Foreign exchange market consist of various market participants, each having their own role. Briefly describe the various categories of foreign exchange market participants.	5	CO4
Q 2	Consider the following quotation: EUR/USD = 0.9430/0.9470 JPY/EUR = 117.40/118.10 INR/JPY = 0.4520/0.4530 You are required to convert EUR 50,000 into INR passing through JPY.	5	CO1
Q 3	Explain any 4 functions of International Monetary Fund.	5	CO3
Q 4	A range of hedging instruments are used to reduce the currency risk. Discuss any two Internal Techniques that are used to hedge currency risk.	5	CO1

SECTION-C
3Qx10M=30 Marks

Q 1	Calculate the expected return, standard deviation and covariance from the data given below:	10	CO1
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	Possible Returns (%)	Probability		
	20	0.20		
	30	0.20		
	40	0.40		
	50	0.10		
	60	0.10		
Q 2	<p>You as a banker has entered into a 3 month forward contract with your customer to purchase AUD 1,00,000 at the rate of Rs.47.25. However after 2 month your customer comes to you and request cancellation of the contract. On this date quotation for AUD in the market is as follows:</p> <p>Spot = 47.3000/47.3500 per AUD 1 month Forward = 47.4500/47.5200 per AUD</p> <p>Determine the cancellation charges payable by the customer.</p>		10	CO2
Q 3	<p>CHF/AUD = 6.4620/6.4690 CHF/ZAR = 0.5090/0.5110 ZAR/AUD = 10.4610/10.4680</p> <p>Show the process of arbitrage with CHF 1,00,000.</p>		10	CO4
<p>SECTION-D 2Qx15M= 30 Marks</p>				
Q 1	<p>On 15 January, 2015 you as a banker booked a forward contract for US \$2,50,000 for your import customer deliverable on 15 March, 2015. On due date customer request you to cancel the contract. On this date quotation for US\$ in the inter-bank market is as follows:</p> <p>Spot = 65.2900/65.2975 Spot/April = 65.3000/65.3100 Spot/May = 65.6000/65.6100</p> <p>The flat charges for cancellation is Rs.100 and exchange margin is 0.10%, then determine the cancellation charges payable by the customer.</p>		15	CO2
Q 2	<p>Mr. A purchased a 3 month call option for 100 shares in XYZ Ltd. at a premium of Rs.30 per share, with an exercise price of Rs.550. He also purchased a 3 month put option for 100 shares of the same company at a premium of Rs.5 per share with an exercise price of Rs.450. The market price of the share on date of purchase is Rs.500.</p> <p>Calculate the profit or loss that Mr. A would make assuming that the market price falls to Rs.350 at the end of 3 months.</p>		15	CO4