

Code: 14E00407

MBA IV Semester Regular & Supplementary Examinations May 2018
INTERNATIONAL FINANCIAL MANAGEMENT
(For students admitted in 2014, 2015 & 2016 only)

Time: 3 hours

Max. Marks: 60

All questions carry equal marks

SECTION – A

Answer the following: (05 X 10 = 50 Marks)

- 1 Explain the nature and scope of IFM.
OR
- 2 Differentiate between FM and IFM.
OR
- 3 Describe the structure of Forex markets.
OR
- 4 Discuss about the participants of Forex markets.
OR
- 5 Write in detail about management of Foreign exchange risks.
OR
- 6 Explain about various types of exposures.
OR
- 7 Give an overview on cross-border investment decisions.
OR
- 8 Briefly explain about NPV and IRR methods.
OR
- 9 Define cost of capital. Explain about determination of cost of preference share and equity share capitals.
OR
- 10 Write about inventory management techniques.

SECTION – B

(Compulsory Question)

01 X 10 = 10 Marks

- 11 **Case study:**
Company A wishes to borrow 10 million at a fixed rate for 5 years and has been offered either 11% fixed or six months LIBRO+1%. Company B wishes to borrow 10 million at floating rate for 5 years and has been offered either 10% fixed or 6 months LIBRO+5%.
Questions:
 - (a) How do they enter into a swap arrangement in which each benefit equally?
 - (b) What risks did this arrangement generate?

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MBA IV Semester Supplementary Examinations November/December 2017

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SECTION – A

Answer the following: (05 X 10 = 50 Marks)

1 Discuss the concept of IFM and differences between financial management and international financial management.

OR

2 Describe the role of IMF, funding facilities and SDRs by IMF.

3 What are the sources of supply and demand for foreign exchange? Discuss how do you measure international trade and investment.

OR

4 What is foreign exchange market? Explain the structure and types of transactions in foreign exchange market.

5 Discuss in detail the significance of theory of purchasing power parity in determining the rate of exchange.

OR

6 Give a light on various exchange rate regimes and Central Bank interventions in exchange rates.

7 Explain the methods under non-discounting criteria with their advantages and disadvantages which are used to evaluate the financial viability of a project.

OR

8 What risks are associated with cross-border investment decisions – Give an example for risks involved in a project evaluation?

9 Explain the objectives, advantages, importance and limitations of cash management.

OR

10 Explain the concept, significance and components of cost of capital.

SECTION – B

(Compulsory Question)

01 X 10 = 10 Marks

11 **Case study:**

An enterprise can make either of two investments at the beginning of 2000. Assuming required rate of return of 10% p.a., evaluate the investment proposals under (a) ARR. (b) NPV. (c) IRR.

The forecast particulars are given below:

Particulars	Proposal – A	Proposal - B
Cost of investment (Rs.)	20000	28000
Life (years)	5	5
Scrap value (Rs.)	2000	2800

Profit (after depreciation and tax)

Year	Rs.	Rs.
End of 2000	1000	1500
2001	2000	3900
2002	3600	4100
2003	2900	4300
2004	1700	4200

It is estimated that each of the alternative projects will require an additional working capital of Rs.2000 which will be received back in full after the expiry of each project life. Depreciation is provided under straight line method. Also offer your comments.

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SECTION – A

Answer the following: (05 X 10 = 50 Marks)

- 1 What is the IFM? Discuss its role in the world economy and various risks involved in IFM.
OR
- 2 Discuss the nature, scope and significance of International Financial Management.
- 3 It is fallacious to say that gold has no role in the functioning in International money and exchange markets – Discuss briefly.
OR
- 4 What are Forex markets? Explain the functions and structure of Forex markets.
- 5 Explain different types of exposures in foreign exchange market.
OR
- 6 Differentiate among Economic, Operating and Transaction exposures in foreign exchange market.
- 7 What is capital budgeting? Discuss various methods in capital budgeting for a project evaluation.
OR
- 8 Give a note on investment decisions, risks and opportunities in investment decisions.
- 9 What are the three main sources of financing for any firm – Discuss the advantages and limitations in each source of capital.
OR
- 10 Briefly explain the capital structure policies in practice in India with some examples.

SECTION – B

(Compulsory Question)

01 X 10 = 10 Marks

11 **Case study:**

The following details are available in respect of the cash flows of the two projects X and Y.

YEAR	PROJECT 'X' Rs.	PROJECT 'Y' Rs.
0	(800000)	(900000)
1	400000	200000
2	250000	400000
3	50000	300000
4	100000	300000
5	250000	50000

Compute Payback period for X and Y and also state which project would be accepted.

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MBA IV Semester Supplementary Examinations November 2016

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SECTION – A

Answer the following: (05 X 10 = 50 Marks)

1 Globalization is no more a choice for any country. Domestic markets of the economy are forced to integrate with the global markets. What are the factors that have contributed to the integration of financial markets across the world.

OR

2 How is international financial management different from domestic financial management?

3 Define forex market. Discuss the functions and the structure of forex market in India.

OR

4 Elaborately discuss about the major participants and transactions in the foreign exchange market.

5 What type of exchange exposures is a multinational enterprise subjected to.

OR

6 What is transaction exposure? How is it calculated?

7 Enumerate the various problems and issues in foreign investment analysis.

OR

8 Describe the various methods of capital budgeting that are normally adopted by multinational companies.

9 What are the components of short term assets? Explain the importance of international inventory management.

OR

10 What is capital structure? Distinguish between international capital structure and domestic capital structure.

SECTION – B

(Compulsory Question)

01 X 10 = 10 Marks

11 **Case study:**

Exchange rate : Can \$ 1.317 per US \$ (spot)

Can \$ 1.2950 per US \$ (6-months forward)

6-months interest rate:

US \$ 10 percent

Can \$ 6 percent

Work out the possibilities of arbitrage gain.
