Code: 14E00407

MBA IV Semester Supplementary Examinations November/December 2017

INTERNATIONAL FINANCIAL MANAGEMENT

(For students admitted in 2014 & 2015 only)

Time: 3 hours Max. Marks: 60

All questions carry equal marks

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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.