



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

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**SECTION – A**

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

- 1 Explain the nature and scope of IFM.
- 2 Differentiate between FM and IFM.
- 3 Describe the structure of Forex markets.
- 4 Discuss about the participants of Forex markets.
- 5 Write in detail about management of Foreign exchange risks.
- 6 Explain about various types of exposures.
- 7 Give an overview on cross-border investment decisions.
- 8 Briefly explain about NPV and IRR methods.
- 9 Define cost of capital. Explain about determination of cost of preference share and equity share capitals.
- 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 LIBOR+1%. Company B wishes to borrow 10 million at floating rate for 5 years and has been offered either 10% fixed or 6 months LIBOR+5%.

**Questions:**

- (a) How do they enter into a swap arrangement in which each benefit equally?
- (b) What risks did this arrangement generate?

