

Code: 14E00407

MBA IV Semester Regular Examinations June/July 2016

**INTERNATIONAL FINANCIAL MANAGEMENT**

(For students admitted in 2014 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 Why is it important to study IFM?

**OR**

2 Describe typical reasons due to which MNC's expand internationally.

3 Expand the activities of various market players in forex market.

**OR**

4 What do you know about foreign exchange market? Give a description of the various types of quotations in the forex market.

5 What is exchange risk? How can it be managed?

**OR**

6 Distinguish between transaction and economic exposure and give examples to elucidate your answer.

7 What additional factors deserve consideration in multinational capital budgeting that are not normally relevant for a purely domestic project?

**OR**

8 How does the adjusted present value differ from other techniques of discounting cash flow analysis used in multinational capital budgeting?

9 Discuss the major decisions to be taken for managing short term assets by a financial manager of an MNC.

**OR**

10 Briefly explain how an MNC can calculate its cost of equity capital.

**SECTION – B**

(Compulsory Question)

01 X 10 = 10 Marks

11 **Case study:**

Given the following data:

Spot rate: Rs.35.0020 = \$ 1

6-months forward rate: Rs.35,9010 = \$1

Annualized interest rate on 6-months rupee 12 percent.

Annualized interest rate on 6-months dollar 7 percent.

Workout the arbitrage possibilities.

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