

R19

Code No: 764AE

JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD

MBA IV Semester Examinations, February - 2024

INTERNATIONAL FINANCIAL MANAGEMENT

Time: 3 Hours

Max.Marks:75

- Note:** i) Question paper consists of Part A, Part B.
ii) Part A is compulsory, which carries 25 marks. In Part A, Answer all questions.
iii) In Part B, Answer any one question from each unit. Each question carries 10 marks and may have a, b as sub questions.

PART - A

(25 Marks)

- 1.a) Describe a overview of IFM. [5]
- b) Brief on fundamentals of BOP. [5]
- c) Write a note on Options market [5]
- d) Brief on interest rate parity and international arbitrage. [5]
- e) Describe the role of Export-Import Bank of India in financing. [5]

PART - B

(50 Marks)

- 2.a) Differentiate between Domestic Financial Management and International Financial Management.
 - b) Brief on the scope of IFM. [6+4]
- OR**
- 3.a) Explain the recent changes and challenges in International Financial Management.
 - b) Describe the international business [6+4]

- 4.a) Examine role of agencies that facilitate International Flow of Funds
- b) Brief on Indian BOP trends. [6+4]

OR

- 5.a) What are the factors affecting international trade flows?
- b) Discuss the flexible exchange rate regime [4+6]

- 6.a) ABC Ltd. Has purchased an equipment from an American firm for \$ 8,000,000 payable in 4 annual installments. The first installment is payable immediately. The U.S company allows credit at 7% per annum. The ABC Ltd, revenues are in pound sterling is at risk from an application of US dollar against sterling. The ABC Ltd. Shops around for forward contracts and finds that the UK subsidiary of a US bank is prepared to offer one, two, and three years forward contracts at British pound 1=\$1.57,1.54 and 1.51 respectively. The spot rate for British pound=\$1.60. Should the forwards to used to restructure the debt?
- b) Brief on international stock market. [6+4]

OR

- 7.a) Explain the structure and function of Forex markets.
- b) Brief on the type of transactions in Forex market. [5+5]

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8. Explain the impact of Government influence on exchange rates. [10]

OR

9. Explain in detail the factors affecting interest rates. [10]

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10.a) Examine EXIM policy changes aligned with India's broader economic goals and international trade agreements?

b) How are small and medium-sized enterprises (SMEs) affected by the recent amendments in the EXIM policy? [5+5]

OR

11. From the following details of TCL Ltd. Calculate the cost of capital

Foreign loan US \$ 100 million @ 6% nominal interest

Local currency loan Rs.3200 million @ 10% nominal interest

Expected depreciation of rupee: @5% per annum

Current exchange rate: Rs.35 per US \$

Bank guarantee for raising foreign capital: @ 1%

Equity capital: Rs: 3,500 million

Unlevered Beta: 0.6

Risk – free Rate: 5%

Market premium: 8%

The project expected to have an effective tax rate of 20%

[10]

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