MB-123-A

Sl.No. :

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IV Semester M.B.A. Degree Examination, May - 2025

(Non CBCS, SLM Scheme)

MANAGEMENT

Course - VI : International Financial Management (Elective-A)

Time : 3 Hours **Max. Marks : 80**

SECTION-A

Answer all the sub questions. Each question carries 3 marks. **[5×3=15]**

Q1) a) Mention any two agencies which facilitate international trade.

b) Mention any two objectives of World Bank.

c) Name the bankers bank in international transactions.

d) What is forward cross rate?

e) Which are the two International bonds?

f) Which is International financialist.

g) What is capital structuring.

SECTION-B

Answer any Four questions. Each question carries 5 marks. **[4×5=20]**

Q2) Why should a corporate finance manager monitor balance of payments development?

Q3) Explain the terms bid rate, offer rate and bid offer spread.

Q4) Differentiate between forword contract and future contract.

Q5) Enumerate the techniques of international capital budgeting.

Q6) Mention the problems of dividend decisions of a multinational corporation.

Q7) What are the factors influencing MNC's capital structure?

SECTION-C

Answer any three questions. Each question carries 10 marks. **[3×10=30]**

Q8) Bhaskar purchased a call option on British Pound for $.04 per unit. The strike price was $ 1.80 and spot rate at the time the Pound option was exercised was $1.59. Assume there are 31,250 units in the contract. Calculate the net profit on the option.

Q9) Infosys Company has 1 million dollars in cash available for 30 days. It can earn 1% on a 30 days investment in U.S. Alternatively, if it converts the dollars to Mexican Pesos, it can earn 1.5% on a Mexican deposit.The spot rate of Peso is $ 0.12. The spot rate 30 days from now is expected to be $ 0.10. Should the company invest it's cash in U.S.or in Mexico?

Q10)i) Calculate the operating cashflow on the basis of the following data.

Sales in domestic market = $ 10 million

Exports = $ 4 million

Replacement of parent to export = $ 2 million

Parent export of component to subsidiary = $ 3 million

Royalty payment by subsidiary = $ 0.5 million

Dividend flow to the parent = $ 0.5 million.

ii) Calculate Net Present value of on initial investment = $ 30 million, the net cash inflow = $ 16 million for 3 years. Discount rate = 10 %.

Q11)Explain the techniques of forecasting exchange rates.

Q12)Explain:-

a) Money market hedge,

b) Parallel loans and

c) Leads and Lags.

SECTION-D

Q13)Case (Compulsory)

Answer one question carrying15 marks. **[1×15=15]**

A Indian Company wants to establish a computer manufacturing unit in the United States with an investment of Rs.1.8 crores. The life is expected to 6 years. The variable cost including selling expenses is Rs. 20,000 per unit. Fixed cost estimated at Rs. 10,00,000 per annum. 20,000 units are estimated to sell every year at $ 10. The company will be paying a tax of 40%. The cost of capital is 12%. There is no salvege value of after the life. Advice the company regarding the acceptance of the project using discounted cash flow techniques. The dollar value is estimated as follows.

year

0 1 $ = Rs.48

1 1 $ = Rs.47.5

2 1 $ = Rs.49.0

3 1 $ = Rs.48.6

4 1 $ = Rs.48.

5 1 $ = 47.8

6 1 $ = 48.2.