

MBA IV Semester Regular &amp; Supplementary Examinations May 2024

**INTERNATIONAL FINANCIAL MANAGEMENT**

(Common to MBA, Fintech, Finance and B&amp;FS)

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  | (a) What do you understand by international finance?   | 5M |
|    | (b) Discuss the significance of international finance.   | 5M |
|    | <b>OR</b>  |    |
| 2  | (a) Distinguish between financial management and international financial management.                       | 5M |
|    | (b) Briefly state the nature of international financial management.  | 5M |
|    | <b>OR</b>  |    |
| 3  | (a) Explain the various forms of exchange rate arrangements.   | 5M |
|    | (b) List out the features of fixed parity system.  | 5M |
|    | <b>OR</b>  |    |
| 4  | (a) Discuss the methods of forecasting exchange rates.   | 5M |
|    | (b) Give a short note on mechanism of foreign exchange markets.  | 5M |
|    | <b>OR</b>  |    |
| 5  | (a) How can firms manage economic exposures?   | 5M |
|    | (b) Elucidate the techniques of managing translation exposure.   | 5M |
|    | <b>OR</b>  |    |
| 6  | (a) Explain the operating exposure.  | 5M |
|    | (b) How is transaction exposure different from translation exposure?                                       | 5M |
|    | <b>OR</b>  |    |
| 7  | (a) Give a detailed account of the importance of cross border investment.                                  | 5M |
|    | (b) What is capital budgeting? Analyze the factors considered during cash flow estimation.                 | 5M |
|    | <b>OR</b>  |    |
| 8  | (a) Distinguish between foreign projects and domestic projects in terms of cash flows.                     | 5M |
|    | (b) List out various risk handling techniques.   | 5M |
|    | <b>OR</b>  |    |
| 9  | (a) How is working capital management of Multinational Firms (MNCs) different from that of domestic firms? | 5M |
|    | (b) Explain the importance of financing decisions of MNCs.   | 5M |
|    | <b>OR</b>  |    |
| 10 | (a) What are the various methods of financing foreign subsidiaries?  | 5M |
|    | (b) Outline the concept and importance of cost of capital.   | 5M |

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**SECTION – B**

(Compulsory question, 01 X 10 = 10 Marks)

10M

11

**Case Study/Problem:**

An Indian company, NHS computers is involved in manufacturing of computer machines and spare parts. It imports raw materials from USA and exports the machinery to USA and receives the income in dollars. Machinery has to be imported on regular basis as per the definition of exposure. NHS Computers is exposed to currency risk.

In this case, the company is importing raw materials for which it is paying the money in dollars, and while exporting it is receiving the money in dollars. It is exposed to currency risk in the form of Transaction exposure, that is, dollar rupee exchange rate risk is prevalent only between the period when it needs to pay for its imports and when it realizes the dollar for its exports and the difference between the two amounts.

Thus, a company is exposed to currency risk when exchange rate movements directly affect its cash flows, it is equally important for the company to know the types of risk. It is exposed to and the origins of risk.

**Question:**

Workout the process which can be used by the company to hedge the currency risk.

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Code: 21E00402a

MBA IV Semester Supplementary Examinations November 2024  
**INTERNATIONAL FINANCIAL MANAGEMENT**  
(Common to MBA, Fintech, Finance & BFS)

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\*\*\*\*\*  
**SECTION – A**  
(Answer the following: 05 X 10 = 50 Marks)

- 1 (a) What is international finance? List out its objectives. 5M  
(b) Explain the differences between financial management and international financial management. 5M
- OR
- 2 (a) Write a short note on the scope of IFM. 5M  
(b) List out the advantages and disadvantages of international financial management. 5M
- 3 (a) Explain the absolute and relative versions of purchasing power parity. 5M  
(b) Examine the functions of foreign exchange market. 5M
- OR
- 4 (a) Who are major participants in foreign exchange market? Explain. 5M  
(b) List out the various types of transactions and settlements in foreign exchange market. 5M
- 5 (a) Discuss the concept of foreign exchange exposure and risk. 5M  
(b) Explain the management of operating exposure. 5M
- OR
- 6 (a) Define real exchange rate and nominal exchange rate from the perspective of foreign exchange exposure. 5M  
(b) Distinguish between transaction exposure and translation exposure. 5M
- 7 (a) Do you agree that the NPV rule is better than the IRR rules for international capital budgeting. 5M  
(b) Distinguish between foreign projects and domestic projects in terms of cash flows. 5M
- OR
- 8 (a) Illustrate the process of risk analysis in international investment decisions. 5M  
(b) What is the role of risk in cross border investment decision? 5M
- 9 (a) List out the considerations involved in formulating MNC working capital management policy. 5M  
(b) How cash need assessed for an international company? Analyze the investment criteria used by the MNCs. 5M
- OR
- 10 (a) Outline the methods used by MNCs to raise capital. 5M  
(b) Explain various methods of financing foreign subsidiaries. 5M

Contd. in Page 2

Code: 21E00402a

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