



CBCS SCHEME

MBAFM414

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Fourth Semester MBA Degree Examination, June/July 2026 International Financial Management

Time: 3 hrs.

Max. Marks: 100

- Note: 1. Answer any FOUR full questions from Q.No.1 to Q.No.7.
2. Question No. 8 is compulsory.
3. M : Marks , L: Bloom's level , C: Course outcomes.*

			M	L	C										
Q.1	a.	What are the goals of a Multinational Corporation?	3	L1	CO1										
	b.	Discuss recent changes in International Financial Management.	7	L2	CO1										
	c.	Prepare BOP statement for France from the following data : France exports goods worth FFR 5000 France imports goods worth FFR 4000 Expenditure of foreign tourist in France FFR2500 France makes interest and dividend to foreigners FFR 2000 A French working in USA sends cheque to his wife in Paris worth FFR 500 A Bangladesh immigrant working in France remits money to his account in Dacca FFR 1000 France Telecoms invest in India FFR4500 IBM invests in France FFR2000 A French resident buys a French treasury bond FFR300 A Swiss resident buys a French treasury bond FFR5000 A short term loan advanced by BNP to British resident FFR 4000 A France borrows FFR 3800 for short term	10	L3	CO1										
Q.2	a.	What is an Exchange Rate Quotation?	3	L1	CO1										
	b.	Compute the exchange rate of Rupee/Canadian \$ and the required information is as follows: ₹/US\$: ₹47.7568/47.9675 Canadian\$/US\$1.5142/1.5450	7	L3	CO1										
	c.	From the following calculate the forward premium and discount as the case may be of pound in terms of rupees : <table border="1"><tr><td>Particulars</td><td>Spot</td><td>1 months</td><td>3months</td><td>6 months</td></tr><tr><td>INR/GBP</td><td>77.9542/78.1255</td><td>78.211/4000</td><td>77.6055/7555</td><td>78.8500/9600</td></tr></table>	Particulars	Spot	1 months	3months	6 months	INR/GBP	77.9542/78.1255	78.211/4000	77.6055/7555	78.8500/9600	10	L3	CO1
Particulars	Spot	1 months	3months	6 months											
INR/GBP	77.9542/78.1255	78.211/4000	77.6055/7555	78.8500/9600											
Q.3	a.	Define Call Option and Put Option.	3	L1	CO2										
	b.	Discuss the methods of hedging against foreign exchange exposure.	7	L2	CO2										
	c.	Explain the Factors affecting International Capital Budgeting.	10	L2	CO2										

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Q.4	a.	Define a Floating Rate Note.	3	L1	CO3									
	b.	Examine the various types of international banking offices and evaluate their role in facilitating international business.	7	L4	CO3									
	c.	Discuss the various International Financial Instruments and their importance in international financial markets.	10	L2	CO3									
Q.5	a.	Define Locational Arbitrage.	3	L1	CO3									
	b.	Examine the International Fisher Effect and its relationship with interest rates and exchange rate movements.	7	L2	CO3									
	c.	USD/INR Rs 48.30 in Mumbai. GBP/INR 77.52 in London GBP/USD 1.6231 in New York The arbitrager has USD 1000000, Assuming that there are no transaction cost. Explain whether there is an arbitrage gain is possible from the following quoted spot exchange rate.	10	L3	CO3									
Q.6	a.	What is Covered Interest Arbitrage?	3	L1	CO4									
	b.	Discuss the factors affecting international capital budgeting decisions.	7	L2	CO4									
	c.	Suppose India is expecting 8% inflation rate during the next 1 year as compare to 3%inflation rate in USA, if the exchange rate in the beginning of the year is ₹40/US\$, what will be the value of Rupees or vice versa Suppose further at the beginning of the period interest rate is 7% as against 4% in USA, what will be the rise in interest rate in India?	10	L3	CO4									
Q.7	a.	Define Foreign Exchange Exposure.	3	L1	CO4									
	b.	Explain the objectives of International Capital Budgeting.	7	L2	CO4									
	c.	Examine the different types of foreign exchange exposure and suggest appropriate management strategies for each.	10	L3	CO4									
Compulsory Question:														
Q.8		Ranbaxy Ltd and Sun Pharma Ltd require Rs 10 Million for five years term and have been offered the following interest rates : <table><tr><td>Company</td><td>Fixed</td><td>Floating</td></tr><tr><td>Ranbaxy Ltd</td><td>12%</td><td>MIBOR+1.25%</td></tr><tr><td>Sun Pharma Ltd</td><td>15%</td><td>MIBOR+1.75%</td></tr></table> Ranbaxy ltd is interested in floating and Sun Pharma is Ltd in fixed rate loan. How do you design an interest rate swap which is equally attractive to both the firms? The swap is arranged through a swap dealer who charges 0.4%.	Company	Fixed	Floating	Ranbaxy Ltd	12%	MIBOR+1.25%	Sun Pharma Ltd	15%	MIBOR+1.75%	20	L3	CO4
Company	Fixed	Floating												
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