PVP 17

Code: 17BA4T5FA

II MBA - II Semester-Regular/Supplementary Examinations
August 2021

GLOBAL FINANCIAL MANAGEMENT

Duration: 3 hours   Max. Marks: 60

SECTION – A

1. Answer the following: 5 x 2 = 10 M

a) What are the implications of international financial management?
b) What is a flexible exchange rate regime?
c) Who are the major participants in the foreign exchange market?
d) Explain the significance of Euro currency and Euro bonds.
e) Explain about Inventory management.

SECTION – B

Answer the following: 5 x 8 = 40 M

2. a) Examine the nature and scope of international financial management.

(OR)

b) Categorize the accounting components and structure of Balance of Payments.

3. a) Build the advent and evolution of the international monetary system.

(OR)

b) Assess what is EMU. Explain its advantages and disadvantages.

4. a) Discover the types of transactions and settlement dates in foreign exchange market.

(OR)

b) Discover the factors influencing exchange rates and government influence on exchange rates.?

5. a) Select and explain about euro currency market, euro credit market and euro bond market.

(OR)

b) Discuss the advantages and disadvantages of International stock market.

6. a) Discuss the methods and techniques of international capital Budgeting?

(OR)

b) Identify the factors that affect the international capital structure.

SECTION-C

7. Case Study **1x10=10 M**

Multinational industries Co is an Indian firm conducting a financial plan for the next year. It has no foreign subsidiaries but a significant portion of its sales are from exports. Its foreign cash inflows to be received from exporting and cash outflows to be paid for imported supplies for the next year are given below.

Currency	Total Inflow	Total Outflow
US dollar($)	$ 42,000,000	$ 20,000,000
German Mark(DM)	DM 15,000,000	DM 10,000,000
French franc (FFr)	FFr 10,000,000	FFr 80,000,000
UK£	£ 24,000,000	£ 15,000,000

The spot rates and one year forward rates, as of today, are

Currency	Spot Rate One Year	Forward Rate
US $	Rs 42.50	Rs 43.20
DM	22.50	23.25
FFr	6.60	6.00
UK£	66.90	67.10

a) On the basis of the information given, determine the next exposure of each foreign currency in rupees.
b) Are any of the exposure positions offsetting to some degree?
c) Using today's spot rate as a forecast of the US dollar in 90 days, would you hedge the US dollar position?

d) If the inflows of the UK pound range from £20,000,000 to £30,000,000 for the next year, what will be the risk of hedging £25,000,000 in net inflow? How can the company avoid such risk?

e) Explain in brief the strategy which multinational industries should adopt for each of the four currencies.