

xerox

SVKM's NMIMS UNIVERSITY
School of Distance Learning

International Business Finance
ADITM

Date: 5.6.2007
Time: 11.00 am to 2.00 pm

Marks: 100

Note: Answer any Five questions
Each question carries 20 marks

1. a) What were the basic weaknesses of the Bretton Woods System?
b) What lessons can you draw from the breakdown of the Bretton Woods System?

2. What are Euro Bonds? What are its characteristics?

3. Define a loan syndicate. Explain the syndication process.

4. a) What are foreign exchange markets? What is their most important function?
b) The spot rate for the pound is \$ 1.1386 and 90 day forward rate is \$ 1.1352. What is the forward premium or discount on the pound.

5. a) Suppose prices start rising in the United States relative to prices in India. What would you expect to happen to the dollar – rupee rate?. Explain.
b) If a foreigner purchases Indian short term security, what happens to the supply and demand for rupees.

6. Distinguish between (Answer Any Two)
 - i) Currency swaps and Interest rate swaps.
 - ii) Forward market hedge and Money market hedge
 - iii) Translation and Transaction exposure
 - iv) "Balance of trade" and "Balance of payments"

7. a) "Interest rate parity and leading/lagging are related to forward contracts" - Explain with Illustration
b) Describe the various ways of assessing and managing political risk by multinational corporation

8. a) Define cost of equity.
b) If risk perceptions change what happens to cost of equity?.

9. Explain the procedures of forfeiting. How does it benefit the exporter.

10. a) What are the objectives of international cash management?
b) Why do capital structures adopted by different companies in different countries differ?. Discuss with examples.