

Code No: 744AD

**JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD****MBA IV Semester Examinations, March/April - 2021****INTERNATIONAL FINANCIAL MANAGEMENT****Time: 3 hours****Max.Marks:75**

**Answer any five questions**  
**All questions carry equal marks**

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1. Explain any two theories of International Business and discuss the recent challenges in IFM. [15]
- 2.a) Distinguish between Licensing and Franchising with suitable examples.  
b) Explain the nature and scope of International Financial Management. [7+8]
3. Discuss the trends in FDI and Portfolio investments in India. [15]
4. Explain Bretton wood's system in the international monetary system. [15]
5. Mike Suerth sold a call option on Canadian dollars for \$.01 per unit. The strike price was \$.76, and the spot rate at the time the option was exercised was \$.82. Assume Mike did not obtain Canadian dollars until the option was exercised. Also assume that there are 50,000 units in a Canadian dollar option. What was Mike's net profit on the call option? [15]
- 6.a) Discuss the structure of Indian Forex Markets.  
b) Compare and contrast PPP and the Interest Rate parity. [8+7]
7. Calculate the weighted average cost of capital when the capital structure shows:  
a) Existing debt of \$5.0 million at 10 percent for 6 years (tax rate is 30 percent).  
b) New debt of \$3.0 million at 8 percent for 10 years with a floating cost of \$ 2,00,000.  
c) Existing equity shares of \$7.0 million (\$15 per share), EPS \$ 4, growth rate of 5 percent and dividend pay-out ratio of 50 percent and  
d) Proposed equity share (1,00,000 shares) to be sold at 415 with \$2,00,000 floatation cost. [15]
8. Discuss the risks of the various international Payment methods to the exporter and the importer. [15]

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