

**GUJARAT TECHNOLOGICAL UNIVERSITY**  
**MBA – SEMESTER -III– EXAMINATION – WINTER 2021**

**Subject Code: 1539321****Date: 23-02-2022****Subject Name: Global Financial Management****Time:10:30 AM TO 01:30 PM****Total Marks: 70****Instructions:**

1. Attempt all questions.
2. Make suitable assumptions wherever necessary.
3. Figures to the right indicate full marks.

- Q.1** Explain the terms. **14**
- (a) FDI  
 (b) GDR  
 (c) Balance of Payment  
 (d) WACC  
 (e) EURO Market  
 (f) LIBOR  
 (g) Capital Budgeting
- Q.2** (a) Discuss major elements to consider while taking International Financing Decision. **07**
- (b) Discuss Money Market Instruments traded globally. **07**
- OR**
- (b) How Euro markets are different from Domestic Markets? Explain Euro banks and their Functions. **07**
- Q.3** (a) Write a note on different types of Bonds which offers various advantages in global market for short term and long term Funds requirement. **07**
- (b) Differentiate between NPV and APV as project evaluation techniques. **07**
- OR**
- Q.3** (a) Write long term borrowing options in International Capital markets. **07**
- (b) Write a note on bottlenecks in FDI flows to India. **07**
- Q.4** (a) Discuss Netting Exposure with suitable example as an important advantage for Centralized Cash Management. **07**
- (b) Discuss factors affecting Cost of Capital across countries and also differentiate between cost of capital related to project and MNCs. **07**
- OR**
- Q.4** (a) Write a note on Capital Budgeting approaches to assess cross border project appraisals. Why APV is considered as superior amongst all the techniques for project evaluation. **07**
- (b) Explain Centralized Cash Management and its advantages from MNC's Perspective. **07**

**Q.5**

**CASE STUDY:**

Wipro is planning to start a wholly own subsidiary in Bangladesh to produce and sale Computer. It is planning to invest BDT 60,000,000. The plant would be operational within one year and it would have production capacity of 200,000 units per year and it would continue for 5 year as the company kept a vision for this. The company is expected to sell computer in Bangladesh at a price of BDT 22,000 per unit. Operating cost per unit is BDT 18,000 and Wipro is expecting an Opportunity cost of 18% from the new investment. The company has fixed depreciation 20 % at straight-line method. The project further also provides following information

- The Company has accumulated balance BDT 2,000,000 in a local bank because of export to Bangladesh. Its withdrawal would attract a tax of 55%.
- Wipro domestic location would provide the Chips for the computer which cost BDT 4000 per piece which has variable cost of production BDT 2600.
- Bangladesh government permits 2% of sales as royalty payment it is tax deductible. This income in India considered as “technology export” and hence in place of 35% tax it would attract 20% tax.

- (a) Based on the above information calculate NPV. **7**
- (b) Carry out the appraisal for the project considering all the adjustments, calculate APV. **7**

**OR**

- Q.5** (a) Consider depreciation as 10% of SLM and tax rate 40% due to cash withdrawal in Bangladesh. Based on the above information calculate NPV. **7**
- (b) Carry out the appraisal for the project considering all the adjustments and information shared in 5 (a) option, calculate APV. **7**

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