

**GUJARAT TECHNOLOGICAL UNIVERSITY**  
**MBA– SEMESTER –III-EXAMINATION – WINTER-2023**

Subject Code:4539242

Date: 06-12-2023

Subject Name: International Finance Management

Time:10:30 AM TO 1:30 PM

Total Marks: 70

**Instructions:**

1. Attempt all questions.
2. Make suitable assumptions wherever necessary.
3. Figures to the right indicate full marks.
4. Use of simple calculators and non-programmable scientific calculators are permitted.

Q.No.		Marks
Q.1	Explain the following terms (a) Nominal Exchange rate (b) LIBOR (c) Hedging (d) LERMS (e) Translation Exposure (f) Eurocurrency market (g) Foreign Direct Investment	14
Q.2	(a) What do you mean by Globalization? Also explain the factors affecting Globalization. (b) What is letter of credit? Discuss its mechanism with diagram.	07 07
<b>OR</b>		
	(b) What is Forward contract? Discuss its benefits.	07
Q.3	(a) Write a short note on Classical Gold Standard. (b) Write a short note on ECGC.	07 07
<b>OR</b>		
Q.3	(a) Explain how Special drawing rights (SDR) are constructed? Also discuss circumstances under which SDR was created. (b) Briefly discuss the various types of international banking offices.	07 07
Q.4	(a) Write a short note on EXIM Bank . (b) Define Balance of payment, discuss various components of BPO and comment on India's current BPO position.	07 07
<b>OR</b>		
Q.4	(a) Write a Note on ADR and GDR. (b) What is meaning of exposure? Explain types of exposure.	07 07

**Q.5** Kanha Ltd. provides following details regarding their business.

Liabilities	Amount (Rs. Million)	Assets	Amount (Rs. Million)
Current liabilities	400	Cash	100
Share capital	1000	Marketable securities	100
Bonds	600	Debtors	200
Retained earnings	400	Inventory	300
		Land & Building	600
		Plant & machinery	800
		Furniture & Fixtures	300

Historical rate = Rs.40/ \$ and Current rate= Rs.46/\$

- (a) From the above balance sheet of Kanha Ltd., Calculate translation exposure of firm by using **Current-non current method** **07**
- (b) From the above balance sheet of Kanha Ltd., Calculate translation exposure of firm by using **Temporal method** **07**

**OR**

- Q.5** (a) From the above balance sheet of Kanha Ltd., Calculate translation exposure of firm by using **Current-non current method if current rate is Rs.50/\$** **07**
- (b) **Temporal method if current rate is Rs.50/\$** **07**

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