**June 2018**

Master of Business Administration (MBA) Examination
IV Semester

# International Strategic Finance

Time : 3 Hours ] [ Max. Marks : 80

**Note:** Attempt any four questions from Section A. Each question carries 15 marks. Section B is compulsory and carries 20 marks.

## Section A

1. Discuss the various facts on which you can differentiate domestic and international financial management.
2. Discuss the various exchange rate question for currency exchange What is spot and forward market?
3. How MNC' are more advantagious in minimising exchange rate risk? Discuss various options available to domestic company to minimise the exchange rate risk.
4. Write Short notes on the following:
   (a) Functional versus reporting Currency
   (b) Purchase Power Parity.
   (c) Components of Capital Structure of multi-national Firm.
   (d) Country Risk Analysis.
5. Describe the centralise cash flow analysis discuss techniques to optimize flow.
6. Why a eurocurrency market has a limited scope of transaction as compare to dollar as a currency? Discuss the advantages of issues.
7. Discuss the following with examples:
   (a) Interest Parity Theory.
   (b) Transaction Exposure.
   (c) Hedging Tools.

## Section B

8. (a) The cost of the subsidiary project is US $ 20 million. it is financed through different modes of funds. The parent unit makes and invesrment for $ 12 million A sum of $ 3 millon is drawn out of retained earnings and another sum of $ 2 million is drawn out of the blocked funds. The subsidary borrows $ 2 million from the





host country market. The remaining $ 1 million in in the from of free land and building supplied by the host country goverment. Find out the amount of intial inversrment from the viewpoint of the parent unit.

(b) Calculate the operating cash flow (US $) on the basis of the following data:

(i) Sales in the domestic market = US $ 2 million.
(ii) Export = US $ 4 million.
(iii) Replacement of parent's Export = US $ 2 million.
(iv) parent's export of components to subsidiary = US $ 3 million.
(v) Royalty payment by subsidiary = US $ 0.5 million.
(vi) Dividend flow to the parent = US $ 0.5 million.

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