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MASTER OF BUSINESS ADMINISTRATION (M.B.A.)
EXAMINATION: MAY - 2025
SEMESTER - III
Sub.: International Financial Management (MFM307)

Date : 30/05/2025**Total Marks : 60****Time: 10.00am to 12.30pm**

Instructions: 1) All questions are compulsory.
 2) Figures to the right indicate full marks.

- Q. 1. Write Short notes on (Any Three) (15)**
1. Exchange Rate
 2. Asset Market Model
 3. International Financial Instruments
 4. Surplus in Balance of Payment
 5. Interest Swaps
- Q. 2. Answer in detail (Any One) (10)**
1. What are the main objectives of international finance management for multinational corporations?
 2. How does the balance of payments approach contribute to understanding exchange rate dynamics?
- Q. 3. Answer in detail (Any One) (10)**
1. Elaborate the key features of the international monetary system, and how do they contribute to global economic stability?
 2. Explain the role of government policies, such as monetary and fiscal policies, in affecting exchange rates.
- Q. 4. Answer in detail (Any One) (10)**
1. Justify the statement “factors such as market share, profitability, and operational efficiency contribute to the evaluation of multinational groups.”
 2. Discuss the roles and responsibilities of different participants in international project financing, such as lenders, investors, project sponsors, and governments.
- Q. 5. Trionix Healthcare Ltd., a pharmaceutical firm of a moderate size based in India, is currently investigating the possibility of expanding its operations into overseas markets, notably in the regions of Latin America and Eastern Europe. Due to the growing need for generics that are more economical and India's competitive advantage in the production of bulk drugs, Trionix believes that expanding their business internationally is both timely and strategic. However, this move involves complex international finance challenges. The CFO must assess: (15)**
- a) The foreign exchange risks due to currency volatility in Brazil and Poland.
 - b) The impact of different exchange rate regimes on profitability.
 - c) The feasibility of raising capital through international financial institutions such as ADB and IMF initiatives.
 - d) The implications of recent changes in the global financial markets, including rising interest rates in the U.S. and evolving LIBOR to SOFR transition.
 - e) Structuring currency derivatives like forwards and swaps for hedging purposes.
 - f) Navigating exchange rate models to forecast the value of INR against other currencies.

- g) Evaluating Balance of Payments (BoP) trends of potential markets and their macroeconomic environment.

To mitigate financial risks, Trionix is also considering forming a joint venture with a multinational group to manage financing and operational exposure collaboratively.

Questions:

1. Explain the significance of foreign exchange markets and different types of exchange rate regimes. How can knowledge of these systems assist Trionix Healthcare in managing its international operations?
 2. Analyze how the recent trends in the international monetary might influence Trionix's financing strategy for its global expansion. What are the implications for raising capital or borrowing internationally?
 3. Evaluate the potential risks associated with international project financing and propose a suitable risk management strategy using currency derivatives. Should Trionix opt for currency forwards, swaps, or futures? Justify your answer with respect to market conditions and project timelines.
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