

[A-2]

**SARDAR PATEL UNIVERSITY**  
**BBA (ITM) SEMESTER-VII EXAMINATION**

2016

SATURDAY, 3<sup>rd</sup> DECEMBER

10:00 A.M. TO 12:00 P.M.

**FUNDAMENTALS OF INTERNATIONAL FINANCE-I [UM07EBBI03]**

Total Marks: 60

NOTES: 1. Figures to the right marks of the respective questions.

2. All questions carry equal marks.

Q-1 (A) Define International Financial Management and describe the recent changes occurring in the global financial markets. [10]

(B) Write a note on Risk Management and Wealth Maximization. [05]

OR

Q-1 (A) Elaborate the need to study international finance. [08]

(B) Explain the function of controller and treasurer in international context. [07]

Q-2 Discuss the international parity relationships at length. [15]

OR

Q-2 (A) Explain major determinants of exchange rate. [09]

(B) i. Calculate forward premium or discount as the case may be from the following data in relation with US \$ to Indian Rupee. [06]

	Spot Rate	6 month forward
Rs/\$	Rs. 68 / Rs. 68.5	Rs. 70 / Rs. 70.40

ii. A dealer in Ahmedabad quotes US \$ 1= Rs. 68/Rs. 68.5. Calculate Bid-Ask Spread from the above quote.

Q-3 Discuss various types of foreign risks which are faced by international firm and explain the techniques available to companies to hedge against foreign exchange risk. [15]

OR

Q-3 (A) Describe the foreign exchange risk management internal techniques. [09]

(B) Write a note on: 1. Forward Contract 2. Option Contract [06]

Q-4 Write a note on following: [15]

1. International Equity Financing

2. Floating Rate Notes (FRNs)

OR

Q-4 (A) Discuss Bond Financing with different types of Bond. [10]

(B) Write a note on: Other Sources of Financing [05]

**ALL THE BEST**