

Seat No. : _____

AG-126

April-2016

5th Year MBA Integrated

INTERNATIONAL FINANCIAL MANAGEMENT

Time : 3 Hours]

[Max. Marks : 100

1. Answer any **four** from the following : **20**
- (1) What is FEDAI ? What role it plays in Indian forex market ?
 - (2) Why forex dealers give two-way quote in terms of Bid-Ask spread ?
 - (3) Balance of Payments always balances. Explain with example.
 - (4) What is the difference among Hedgers, Speculators and Arbitrageurs ?
 - (5) Discuss, with examples, the operational aspect of Gold Standard.
2. (A) Answer and explain the following with any **five**. **10**
- (1) The value of the Australian dollar (A\$) today is \$0.73. Yesterday, the value of the Australian dollar was \$0.69. The Australian dollar _____ by _____%.
 - (2) If the Euro/INR is equal to INR 70.25 and Euro/BTK exchange rate is BTK99.18, the cross rate INR/BTK rate is _____
 - (3) Explain call and put options. If a call option has a strike price of INR 42.35/USD. If the spot rate on the maturity date is INR 43.35/USD. The call option is a _____ And If a put option has a strike price of INR 42.35/USD. If the spot rate on the maturity date is INR 43.35. The put option is a _____
 - (4) If spot rate on Day T is INR43.50/USD. Suppose the contract is for 4 months. Interest rate in India is 8% per annum while in USA is 5% per annum. Compute forward rate in INR/USD.
 - (5) If USD fixed deposit rate for 1 year is deposit rate is 3% per year while Pound Sterling fixed deposit rate is 6% per year, by how much Pound Sterling is expected to devalue in the coming year?
 - (6) In Indian importer receives the following quotes of dollar from a banker.
Spot : ₹ 48.8750
1 month forward : ₹ 48.9300
6 months forward : ₹ 49.1050
What is the discount/ premium of the dollar forward prices ?

2. (B) (1) Explain Fisher's effect of nominal and Real Exchange rates. **10**
(2) What are forward contracts? Illustrate them.

OR

- (1) Explain Purchasing power Parity theory and law of one price.
(2) What are options contract ?
3. Answer any **two** from the following :

- (A) Explain Interest rate swaps. And solve the following : **10**

July 31, 2015, Company A and Company B enters into a five-year swap with the following terms:

- Company A pays Company B an amount equal to 8 % (fixed interest rate) per annum on a notional principal of \$300,000 .
 - Company B pays Company A an amount equal to one-year LIBOR + 2% per annum on a notional principal of \$300,000. Decide the pay off for both the parties.
- (B) An Indian garment exporter, as on 20th January 2015, had exported US\$ 1,60,000 worth of garments to US on 3 month credit basis when the US\$ was equivalent to ₹ 64.5500. The payment would be made in 3 installments due on 20th April (25% payment), 15th May (65% payment) and rest on 20th June 2015. In the meantime, rupee-dollar exchange rate changed and it was ₹ 64.75 on 20th April, ₹ 64.4500 on 15th May and Rs. 65.05 on 20th June 2015 per US \$. Estimate the transaction exposures. **10**
- (C) An Indian Garment exporter will be receiving £ in September 30. Since the delivery of £ will be after one month, the garment exporter is facing transaction exposure for £ against Indian Rupee. He wanted to book a forward sell contract for £ against Indian Rupee. If the exchange rates, as on 1st August, are as follows, what rate the Bank would quote to him. **10**

Mumbai Inter-bank Market :

Spot: US\$1: Rs.57.2825/3275

Forward: Spot/August: 2500/2700

Spot/September:5200/5500

Spot/October.7700/8200

London Market

Spot: £ 1: US\$ 1.6184/6191

Forward: Spot August: 16/15

Spot September :34/32

Spot October :53/50

(D) Answer the following:

- (1) Explain the meaning and sources of operating exposure. **5**
(2) What do you mean by Translation Exposure ? **5**

4. (A) Inflation in US is 6.50% and that of Euro-zone is 3.75%. The current spot rate is Euro 1= US\$1.26. Expected opportunity cost for the MNC in dollar term is 12%. Evaluate the project if the after tax cash flows are in the following pattern : **10**

Year	Cash flow (EURO)
0	-1450
1	350
2	575
3	725

OR

- (A) The Indian subsidiary of an American MNC has raised Rs. 50 million to finance its investment requirements by issuing 8 year, 12% Debentures in the Indian market. While interest is to be paid annually, the debentures are to be redeemed at the end of 8th year, at 4 % premium. Floatation costs are estimated at 2%.

Assume that :

- (1) Tax in India allow full amortization of flotation costs in the first year itself,
(2) Payment of premium in the year in which it is paid.
(3) Corporate tax of 35%.

Determine the effective cost of debt of the Indian subsidiary.

- (B) An US based Company is planning to invest ₹ 600 Crore of FDI to produce 20000 unit of cars every year. The plant would be operational within one year and it would continue for 5 year as the company kept a vision for this. The company is expected to sell car in India at a price of ₹ 7,000,000 per car. Operating cost per car is ₹ 3,000,000 and company is expecting an opportunity cost of 18% from the new investment. The company has fixed depreciation 20% at straight-line method. Assume tax 35%. The project further also provides following information : **10**

- (1) The Company has accumulated Blocked Funds ₹150 crore in a local Indian bank and its withdrawal would attract a tax of 55%.
(2) The company would import the engine for the car from its parent location which cost ₹ 2,000,000 per piece which has variable cost of production ₹ 1,500,000.
(3) Indian government permits 2% of sales as royalty payment and it is tax deductible. This income in US considered as "technology export" and hence in place of 38% tax it would attract 20% tax.
(4) The Sovereign Risk Cost is 6%

Work out total NPV of FDI project.

5. Write a note on the following :

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- (1) Features of Letter of Credit.
 - (2) Double taxation Avoidance Agreement.
 - (3) Foreign Bonds and Euro Bonds.
 - (4) Incoterms.
 - (5) Types of Depository Receipts.
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5th Year MBA Integrated

Seminar on Contemporary Issues in Marketing

Time : 3 Hours]

[Max. Marks : 100

1. (A) Which are the major online marketing Domains? Explain in detail with examples. **5**
(B) Define CRM. Explain the application of CRM in e-marketing. **5**
(C) Write a detailed note on various types of digital marketing used by firms. **10**

2. (A) Explain the Brand Asset Evaluator Model and Brand Dynamics pyramid in detail. **10**
(B) Write a detailed note on various brand elements used in the process of branding. **10**

OR

(B) Explain the types of Extensions used in branding. Why do you think some of these brand extensions fall in the market ? **10**

3. (A) Write a detailed note on 'Types of Industrial Goods'. **10**
(B) Explain the major pricing policies used in B2B Marketing. **10**

OR

(B) Explain the steps involved in organizational Buying process. **10**

4. (A) Discuss the problems and challenges that prevail in rural markets. **10**
(B) Differentiate between the Urban and Rural Markets. **10**

5. Write short notes on : (any **four**) **20**
 - (1) Green Marketing
 - (2) Viral Marketing/Buzz Marketing
 - (3) Cause Related Marketing
 - (4) Direct Marketing
 - (5) Institutional Marketing

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Seminar on Contemporary Issues in Human Resource

Time : 3 Hours]

[Max. Marks : 100

1. Write a brief note on the following : **20**
 - (1) HRM in Education / Knowledge Industry.
 - (2) HRM practices in Life Insurance Corporation.

2. (A) “Instead of using physical strength with a restrictive motion & time directed work environment, Knowledge workers must make greater use of their intellectual faculties within a problem solving decision making work environment”.
Comment on this statement and show how knowledge workers are different from other workers. Also throw light on the strategies to retain these knowledge workers. **10**

- (B) The stepping ladder to organization excellence is using People's Capability Maturing Model (PCMM). Explain the model and justify the statement accordingly. **10**

3. (A) Tata Motors of India acquiring Jaguar & land Rover from Ford Motors of USA in 2008 had its own HR issues. Discuss the issues that crop up during mergers and acquisitions with special attention to this acquisition. **10**

- (B) Recession is the time to hire talent rather than fire talent. Discuss. **10**

4. Answer any **two** : **20**
 - (A) Work life balance is gender biased. Explain.
 - (B) The more diverse the workforce, the greater the creativity and productivity of the organization.
 - (C) Quality of work life and productivity are interrelated & interconnected. Explain.

5. (A) “Master your strengths and outsource your weakness”. Discuss this statement in relation with advantages and areas of business which can be outsourced. **10**
- (B) Is there any need for HR professionals to take up CSR activities on their shoulders ? How would you evaluate CSR activities in an HR Portfolio ? **10**
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