

(2½ Hours)

(Total Marks : 75)

Note: All questions are compulsory while marks are indicated on the right hand side.

Q.1) A) Match the following options correctly (Any Eight)

(8m)

GROUP A	GROUP B
1. International Finance	a) Adjoining of two different companies
2. International Equity Markets	b) Overtaking one company with another
3. International Money Markets	c) Zero-coupon Bond
4. Acquisition	d) Transaction risk
5. Merger	e) Equity risk
6. Depository Receipts	f) International Financial Management
7. Offshore Markets	g) Cross listing
8. Euro bond	h) Commercial Bills
9. Foreign Exchange risks	i) Euro- Currency Markets
10. Investment Risks	j) Indian Depository Receipts

Q.1) B) State whether following statements are true or false (Any Seven)

(7m)

1. International finance concerns with exchange rate, FDI and others.
2. International financial management concerns with the sound decision making for MNCs.
3. Capital budgeting is the process of allocating resources for capital expenditures.
4. LIBOR refers to London Inter-Bank Offer Rate
5. Offshore Markets implies to markets outside national boundary of a given entity.
6. International Equity Markets involve only MNCs.
7. The concentration risk of investment is similar to credit risks
8. Reinvestment risks is risk associated Credit Rating Agencies.
9. Currency risks are associated with only US Dollar.
10. GDRs are investment options available only in America.

Q.2) Answer either A&B OR C&D

(15m)

- a) What do you understand the term, "International Finance"? What are the challenges associated with International Finance in today's global context?
- b) What do you mean by Global Financial Markets? What are its functions?

OR

- c) What do you mean by Capital Budgeting? What is the process of capital budgeting?
- d) What do you mean by Mergers and Acquisitions? Why do firms engage in cross border merger and acquisitions?

Q.3) Answer either A&B OR C&D (15m)

- a) What do you mean by International Money Market? Write about various instruments of the International Money Market?
- b) Write in brief about the American Depository Receipts and its types?

OR

- c) Write a note about the major stock markets around the world.
- d) What are Depository Receipts? Explain the mechanism of Global Depository Receipts?

Q.4) Answer either A&B OR C&D (15m)

- a) What are the reasons for the growth of Eurocurrency market?
- b) What are various types of markets in Eurocurrency Markets?

OR

- c) What are various types of bonds in the Eurocurrency Market?
- d) What do you mean by foreign currency convertible bonds and foreign currency exchangeable bonds?

Q.5) Answer either A&B OR C (15m)

- a) What are the various foreign exchange risks in the international investments?
- b) What is different market risks associated with international Investments in the present markets?

OR

- c) Choose any 3 of the following (ANY THREE) (5m*3=15m)

- i. Cost of Capital
- ii. Information barrier in investments
- iii. Risks associated with bond investments
- iv. Promissory Notes
- v. International Financial Management