

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA-SEMESTER-IV-EXAMINATION-SUMMER-2025

Subject Code: 4549221**Date: 29/05/2025****Subject Name: International Finance****Time: 10:30 AM TO 01:30 PM****Total Marks: 70****Instructions:**

1. Attempt all questions.
2. Make suitable assumptions wherever necessary.
3. Figures to the right indicate full marks.
4. Use of simple calculators and non-programmable scientific calculators are permitted.

Q. No.	Question Text and Description	Marks
Q.1	Define following terms? (a) Indirect Quote (b) Balance of Payment Surplus (c) EURO (d) GDR (e) Foreign Exchange Rate (f) Interest Rate Parity (g) Money Market	14
Q.2	(a) What is Letter of Credit? What is the use of Letter of Credit? Discuss the mechanism of Letter of Credit in detail?	07
	(b) What is Foreign Exchange Market? Discuss the various participants of Foreign Exchange Market?	07
OR		
	(b) An airline company expects to purchase 100,000 gallons of jet fuel in 3 months. With current prices at \$2.50/gallon, how would you hedge against potential price increases?	07
Q.3	(a) What are International Bonds? Discuss various types of International Bonds with examples?	07
	(b) What is meaning of Economic Exposure? How transaction exposure is different from translation exposure?	07
OR		
Q.3	(a) Discuss Foreign Exchange Rate Mechanism in detail with the help of one suitable example?	07
	(b) There are three currencies INR (Indian Rs.) USD (US Dollar) and SGD (Singapore Dollar). From the following details of Currencies find the cross-currency rates. 1 USD = Rs.40.00 1USD = 1.40 SGD 1 SGD = Rs. Find the currency rate between Singapore Dollar and Indian Rupees	07
Q.4	(a) Discuss various financial options available to the company at international level? Support your answer with help of example(s)?	07

OR

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| Q.4 | (b) | What is the need of International Finance? Discuss the importance of International Finance in present scenario? | 07 |
| Q.4 | (a) | What are Forward Exchange Contracts? How the Forward Exchange Contracts executed and cancelled? | 07 |
| Q.4 | (b) | How does inflation and interest rate dynamics affect the international trade? Justify your answer with suitable examples? | 07 |
| Q.5 | | CASE STUDY: | |

Alibaba's Global Expansion Plan:

Alibaba Group, China's e-commerce leader, made history with a \$25 billion initial public offering (IPO) on the New York Stock Exchange (NYSE) in 2014. This strategic move allowed Alibaba to tap into international equity markets, diversify its shareholder base, and increase global visibility.

The NYSE listing provided Alibaba with access to a broader investor base, improved liquidity, and enhanced credibility. This enabled the company to compete effectively with global peers like Amazon and eBay. Alibaba's international investor base grew significantly, with institutional investors from the US, Europe, and Asia participating in the IPO.

The listing facilitated Alibaba's expansion into new markets, including Southeast Asia, Europe, and Latin America. The company's global strategy focused on e-commerce, digital payments, and cloud computing. Alibaba's diversified business model enabled it to capitalize on growing demand for digital services. Alibaba's NYSE listing marked a significant milestone in the company's global expansion plans. By leveraging international equity markets, Alibaba solidified its position as a leading global e-commerce player.

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| | | (a) What motivated Alibaba Group to list on the New York Stock Exchange (NYSE), and what benefits did the company derive from this listing? | 07 |
| | (b) | How did Alibaba's international equity market expansion impact its global business strategy and competitiveness? | 07 |
| OR | | | |
| Q.5 | (a) | Analyse the risks and opportunities associated with listing on international equity markets for Chinese companies like Alibaba? | 07 |
| Q.5 | (b) | What lessons can other emerging market companies learn from Alibaba's successful international equity market expansion. | 07 |
