

Enrollment No./Seat No.:

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA - SEMESTER - III EXAMINATION - WINTER 2025

Subject Code: MB03095011

Date: 18-12-2025

Subject Name: International Finance and Risk Management

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.**

	Marks
Q.1 ALL 7 Questions must be Compulsory.	14
(a) Liquidity Risk	
(b) LIBOR	
(c) Speculation	
(d) Transaction Exposure	
(e) Currency Forwards	
(f) In The Money Option	
(g) Option Holder	
Q.2 (a) What is Risk Management? How Risk management is done by using derivatives?	07
(b) Discuss various elements of International Equity Market? How do you see the future of intentional equity market? Give the justifications of your answer?	07
OR	
(b) Discuss the impact of foreign exchange rate fluctuations on the financial performance on Indian importing companies? Would you suggest hedging strategy to these companies to mitigate the risk	07
Q.3 (a) What is Foreign Exchange Market? Discuss various participants of foreign exchange Market in brief?	07
(b) What is a forward Contract ? Discuss major differences between Future and Forwards?	07
OR	
(a) What is International Money market? Discuss various Instruments of money Market	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. 07
- 1 USD = Rs.40.00
 1USD = 1.40 SGD
 1 SGD = Rs.
- Find the currency rate between Singapore Dollar and Indian Rupees

- Q.4** (a) What are forward exchange contracts? Discuss various kinds of forward exchange contract ? 07
- (b) What is moneyness of the option? Discuss the concept of ITM, OTM & ATM with the help of one one example example? 07

OR

- (a) What do you understand by Economic Exposure? Discuss in brief transaction exposure and translation exposure? 07
- (b) What is Option Contract? Discuss various factors that affect option premium 07

- Q.5** Sun Agro, an Indian exporter, agreed to sell 10,000 kg of mangoes to FreshMart (UAE) for ₹1,00,00,000. To secure payment, they opted for an irrevocable L/C at sight, issued by Emirates Bank (UAE) and advised by SBI (India). The terms required air shipment from Delhi to Dubai within 15 days, with documents like the invoice, airway bill, health certificate, and packing list.

After shipping, Sun Agro submitted the documents to SBI, which verified and forwarded them to Emirates Bank. The bank approved payment and transferred ₹1 crore to SBI, crediting Sun Agro's account. FreshMart later repaid Emirates Bank with charges.

Key point: The L/C guaranteed payment even if FreshMart delayed or refused.

- (a) Why did Sun Agro use an L/C? 07
- (b) What if the mangoes arrived *damaged?* 07

OR

- (a) Can FreshMart *cancel the L/C?* 07
- (b) What if *docs had errors?* 07
