2. Explain the role of WTO in promoting world trade.

3. What is capital account in the BOP? Explain its importance relating to India’s trade deficit.

4. Give a brief account on international bond market instruments.

5. What is transaction exposure? Explain with suitable examples.

6. Distinguish between foreign bond and international bond.

Answer any FIVE questions out of Eight questions.

PART A — (5 x 6 = 30 marks)

Maximum: 100 marks

Time: Three hours

GLOBAL FINANCIAL MANAGEMENT

Finance

Fourth Semester

M.B.A. DEGREE EXAMINATION, JUNE 2014

MBFM 4002

Finance Requirements

(b) Suggest your model of Finance Sara Lee's debt financing structure.

What things do you have about Sara Lee's 9.45 percent $78 million of bonds maturing in 2004, to yield 5.90 percent. Australian division sold $1 million British pounds at 200 million Dutch guilders ($127 million) in 1994.


In July 1994, Sara Lee's Netherlands division sold

9.45 percent.

Standard and Poor's Corp. and "AA" one notch lower, by Moody's Investors Service.

Sitting price of bond more or less than its B.D. price is $100.000 bond (range within a $500 range on a $100.00 bond) is worth $101.45 on a yeasear U.S. Treasury note, BPV and aliases points more than they can get on the benchmark.
7. Give a brief account on the functions of IMF.

8. What is the purpose of overseas investment and state its forms?

PART B — (5 x 10 = 50 marks)

Answer any FIVE questions out of eight questions.

9. What is currency risk? What are the types of exposure in global financial management?

10. Trace the growth and recent development in European Monetary System.

11. Discuss the methods of short term financing for multinational business firms.

12. State the advantages and disadvantages of FDI to a host country.

13. BOP problems have their direct impact on exchange rates between countries. Comment with Indian perspective.

14. Discuss the nature of political risk and state the methods for measuring and managing political risk.

15. Give a detail account on the birth and collapse of Bretton woods system.

16. What is meant by operating exposure? How do you hedge real operation exposure?

PART C — (1 x 20 = 20 marks)

Case Study — Compulsory

17. Sara Lee Corp. is serving up a brand name and a shorter maturity than other recent corporate borrowers to entice buyers to its first-ever dollar Eurobonds. The U.S. maker of consumer products, from Sara Lee cheesecake to Hanes pantyhose and Hillshire Farm meats, is selling $100 million in bonds with a 6 percent coupon. These are three-year bonds; other corporate bond sellers including Coca-Cola Co., Unilever NV, and Wal-Mart Stores, Inc. have concentrated on its five-year maturities.

"It is a well-known name and it is bringing paper to a part of the maturity curve where there is not much there," said Noel Dunn of Goldman Sachs International. Goldman Sachs expects to find most buyers in the Swiss retail market, where "high-quality American corporate paper is their favourite buy," Dunn said. These are the first bonds out of a $500 million Eurobond program that Sara Lee announced in August 1995, and the proceeds will be used for general corporate purposes, said Jeffery Smith, a spokesman for the company.

The bond is fairly priced, according to Bloomberg Fair Value analysis, which compared a bond with similar issues available in the market. The bond offers investors a yield of 5.881 percent annually or 5.797 percent semi-annually. That is 22 basis