**International Finance**

**December 2022 Examination**

**1. An Indian company is in the process to acquire land overseas for setting up a manufacturing plant in Europe. This helps in the reduction of the company's production cost by 30%. For this, the company needs an investment of USD 50 million. The company has approached an ABV Bank to suggest a plan for capital borrowing at least for the time frame of five to six years. Assume yourself in the role of senior manager of ABV Bank. Suggest the mix of different international sources from which where company can raise the capital. Make the necessary assumptions, if required. (10 Marks)**

**Ans 1.**

**Introduction**

New opportunities and avenues have been made available by globalization. Companies' operations are not constricted to a particular nation or region. Furthermore, any place there is a service task, money is entailed.

Organizations can raise money from a range of sources. Among them is global money raising. Since it manages finance on a global scale, worldwide financing is additionally referred to as international macroeconomics. Because of the globalization of economies and commercial procedures, Indian ventures currently have access to It is only half solved

Buy Complete from our online store

<https://nmimsassignment.com/online-buy-2/>

NMIMS Fully solved assignment available for**session December 2022,**

your**last date is 29th November 2022**.

Lowest price guarantee with quality.

Charges**INR 299 only per assignment.**For more information you can get via mail or Whats app also

Mail id is [aapkieducation@gmail.com](mailto:aapkieducation@gmail.com)

Our website [www.aapkieducation.com](http://www.aapkieducation.com/)

After mail, we will reply you instant or maximum

1 hour.

Otherwise you can also contact on our

whatsapp no 8791490301.

Contact no is +91 87-55555-879

**2. A forex trader from Mumbai collects the below information regarding the exchange rate between INR and EURO:**

**Bid Price: INR / EURO = 80.8300**

**Ask Price: INR / EURO = 80.8400**

**You are required to help him with the below questions he has:**

**(a) What is the direct exchange rate of INR-EURO for the trader?**

**(b) What is the indirect exchange rate of INR-EURO for the trader?**

**(c) What is a cross rate? If the bid and ask rate for EUR-USD are available as EUR 1.0200-1.0300/USD, what would be the bid-ask rates for INR/USD, using the cross rate method. (10 Marks)**

**Ans 2.**

**Introduction**

The Exchange rate can be specified as an n rate at which one currency is converted into one more currency. The exchange rate is crucial when determining the worth of different currencies and products. Especially when a person is carrying out a company on worldwide online forums such as businesses related to imports and exports, various things are impacted due to changes in the exchange rate. A few of the essential things that are impacted most as a result of the exchange

**3. A US company has exported goods worth Eur 100 million, receivable after 3 months, to a Germany based company. The forward rates are expressed as:**

**EUR-USD Spot 1.0973 – 1.0974**

**Three months Forward 75.5 – 76.0**

**a. Is the EUR quoting at a discount or premium to the USD? What is the forward rate applicable at which the US Company will enter into a forward contract? (5 Marks)**

**Ans 3a.**

**Introduction**

The forward interest rate can be defined as an interest rate in which the business male can deal with the interest rate for any future date for transmission of any company purchase. As the interest rates are unpredictable and can transform on a routine basis, this subjects the business to several dangers and dangers. To avoid such threats, businesses can fix the interest rate for the

**b. Suppose USD is depreciating. Should the US exporter go for hedging the risk? If he hedges the risk with a forward contract and the actual spot rate after 3 months turns out to be the same as the currency spot rate, what is his notional profit/ loss? (5 Marks)**

**Ans 3b.**

**Introduction**

A forward rate of interest can be identified as a rate of interest in which the finance supervisor can deal with the rate of interest for any future date for the transmission of any deal. The interest rates are incredibly unpredictable and can alter on a regular premise. This opens up the business