

FIN623:INTERNATIONAL FINANCIAL MANAGEMENT

Course Outcomes: Through this course students should be able to

CO1 :: understand a complex body of knowledge relating to international financial management

CO2 :: analyze the alternative sources of international finance and investment opportunities and their suitability.

CO3 :: evaluate the nature of financial risk in international business

CO4 :: discuss foreign currency hedging strategies

Unit I

Introduction & components : Importance of international finance, Goals for international financial management, Major trends of globalization of the world economy

Overview of Multinational Financial Management : theories of international business, methods of international business, valuation model for an MNC

Unit II

Long Term Financing : cost of debt financing, reducing exchange rate risk, interest rate risk from debt financing

Short Term Financing : sources of foreign financing, criteria considered in the financing decisions

Unit III

Country Risk Analysis : country risk factors, techniques to assess country risk, measuring country risk, incorporating risk in capital budgeting, preventing host government takeovers

Unit IV

Multinational Cost of Capital and Capital Structure : domestic versus MNC cost of capital, cost of capital across countries, cost of capital of foreign projects, the MNC's capital structure decision, subsidiary versus parent capital financing

Unit V

Multinational Capital Budgeting : subsidiary versus parent perspective, factors affecting multinational capital budgeting, adjusting project assessment for risk

Unit VI

Managing Transaction Exposure : hedging exposure to payables, hedging exposure to receivables, limitations to hedging, hedging long term transaction exposure, alternative hedging techniques

Text Books:

1. INTERNATIONAL FINANCIAL MANAGEMENT by P G APTE, MCGRAW HILL EDUCATION

References:

1. INTERNATIONAL FINANCIAL MANAGEMENT by CHEOL S EUN, BRUCE G RESNICK, MCGRAW HILL EDUCATION
2. MULTI FINANCIAL MANAGEMENT by ALAN C SHAPIRO, WILEY