

THE OHIO STATE UNIVERSITY
Fisher College of Business

BUSFIN 7250
International Finance

Professor Vikram Airi
Spring Term 1 2019

1. Outline

This course provides students with a framework for making corporate financial decisions in an international context. The course will discuss a spectrum of topics in the area of international financial management. Examples include: how to measure currency exposure; how to structure financial and operational hedges for currency risk; how to structure a global financing program; how to raise capital in international equity and bond markets; how to structure capital budgeting analyses for foreign direct investment; how to incorporate strategic aspects in the globalization process; and how to value target firms for cross border acquisitions. The course discussions primarily focus on solving problems facing a corporate financial manager dealing with today's global environment. However, we also consider the challenges facing a portfolio manager or an investor allocating a global portfolio.

2. Target Audience

The course is targeted primarily to second-year MBA students who are specializing in Finance and to students in the SMB Finance program. Also second-year MBA students majoring in International Business and other non-Finance majors will find this course an excellent complement to their required course work. PhD students need to have the instructor's permission to enroll.

3. Logistics

Class Meets: Wednesdays, 6:15 – 9:30 pm
Class Room: Gerlach 315
Office Hours: By appointment
Instructor: Professor Vikram Airi
Phone: (614) 256-2445
e-mail: airi.3@osu.edu; vikram.airi@olentangyadvisors.com

4. Instructor

Vikram Airi has over 20 years of leadership experience in direct investments, private equity, investment banking and structured finance, and the development, structuring and financing of energy, infrastructure and real estate projects and businesses in emerging and international markets while residing in Singapore, Dubai and Doha.

He started his career with the Structured Finance Group of GE Capital in Stamford CT and Singapore and focused on direct investments in the first Independent Power Producers in India and Southeast Asia. Most recently he held the position of Head of Corporate Finance at Amwal LLC, the first professional and foremost investment manager in Qatar, leading their efforts to develop a private capital investment business. His professional evolution went from a debt advisor / investor to an equity investor / advisor.

Vikram continues to leverage his experience of structuring and executing complex financings in international markets to develop viable, profitable models for infrastructure financing and investments with a focus on mobilizing private capital to support public initiatives. Currently he is advising an Icelandic asset manager in the development and formation of green / geothermal power private equity investment funds.

Vikram has a BA from Brown University and an MBA from Columbia University.

5. Pedagogy

This course uses a combination of cases, assignments, classroom lectures and discussions to convey the material. Each student is expected to contribute regularly to classroom discussion. This is particularly true when we work with cases, but also during lectures and general discussions.

6. Requirements

The prerequisite or concurrent registration: MBA 6221 (810) and 6222 (MBA), or BUSFIN 6220 (SMF). Not open to students with credit for BUSFIN 825.

7. Course Evaluation

The final course grade will be allocated according to the following formula:

One Problem Set	10%
Individual Class Participation	20%
Five Group Case Write-Ups	50%
Final – Take Home Individual Case Write-Up	20%

8. Course Material

The required textbook is Cheol S. Eun and Bruce G. Resnick, 2015, *International Financial Management 7th, edition*, McGraw-Hill, Boston. Slides and other materials will be distributed via Carmen / Canvas.

9. Class Participation

A substantial portion of your grade (20%) will be based on class participation. Class participation will mainly be graded based on your contributions to case discussions, but general participation in the form of questions and comments during lectures is also welcome and will be rewarded. A combination of cold-calling and soft-calling will be used to maximize participation. Each student will be given ample opportunity to contribute to the classroom discussion. I will monitor contributions during each lecture, and will cold-call students who need encouragement to speak up in class.

10. Group Work and Case Write-Ups

Students are strongly encouraged to form study groups to work on the cases that are assigned in the course. A study group may consist of 3 or 4 students. All groups should come fully prepared to present their case solution to the rest of the class. In addition, I require all groups to hand in type-written solutions to five (5) cases as outlined in the attached schedule. Case write-ups should be handed to the instructor at the beginning of the class when the case discussion is scheduled to take place and should not exceed five (5) pages excluding exhibits.

11. Other Policies

Accommodation

Students who request help will be given reasonable accommodation through the advice and assistance of the University Office of Disability Services (614-292-3307).

Academic misconduct

It causes failing the course and triggers quite unpleasant university-mandated procedures that result in further sanctions. Faculty Rule 333-5-487 requires alleged academic misconduct to be reported to the department and the Committee on Academic Misconduct. Academic misconduct includes, but is not limited to, giving or receiving information during an exam and submitting plagiarized work for academic requirements.

Appeals

Grading errors should be corrected. Appeals must be in writing, within 1 week after the graded work is returned—not the date you first look at it. The appeal should include a description of the question(s) that need to be reexamined as well as an explanation of

why the original grade was incorrect. In general, the entire document will be checked for grading errors, and correcting these could either raise or lower the overall score.

Attendance

If you are unable to attend a particular class, please notify the instructor of your absence *prior* to that class. Failure to notify the instructor of absences, or missing more than five (5) sessions during the course, might result in a failing grade.

Business Finance 7250 Tentative Schedule

1/9 **Week 1: Introduction to International Finance**

- Globalization and the Multinational Firm (E&R chapter 1)
- International Monetary System (E&R chapter 2)
- Balance of Payments (E&R chapter 3)

1/16 **Week 2: Foreign Exchange**

- The Market for Foreign Exchange (E&R chapter 5)
- Parity Conditions (E&R chapter 6)
- Futures and Options on Foreign Exchange (E&R chapter 7)

Case: Kennedy and the Balance of Payments (US, 1985)

1/23 **Week 3: Foreign Exchange Exposure Management**

- Transactions Exposure (E&R chapter 8)
- Economic Exposure (E&R chapter 9)
- Translation Exposure (E&R chapter 10)

Case: Hedging Currency Risks at AIFS (UK – world, 2004)

1/30 **Week 4: World Financial Markets and Institutions**

- International Bond Markets (E&R chapter 12)
- International Equity Markets (E&R chapter 13)
- Interest Rate and Currency Swaps (E&R chapter 14)

Case: Hedging at Porsche (Germany – world, 2015)

2/6 **Week 5: Corporate Strategy and Foreign Investment Analysis**

- FDI and Cross-Border Acquisitions (E&R chapter 16)
- International Capital Structure (E&R chapter 17)

Case: Nestlé and Alcon – the Value of a Listing (Switzerland – US – Europe, 2001)

2/13 **Week 6: International Capital Budgeting**

- International Capital Budgeting (E&R chapter 18)

Case: Globalizing the Cost of Capital and Capital Budgeting at AES (US – world, 2003)

2/20 **Week 7: [TBD]**

2/25 **Final Exam – Take Home Individual Case Write-Up**

Case: [TBD]

Cases maybe substituted at a later date.