

Code No. 9090

FACULTY OF MANAGEMENT**M.B.A. II – Semester Examination, May / June 2017****Subject: Financial Management****Course No. 2.3****Time: 3 Hours****Max.Marks: 80****Note : Answer all the questions.****PART – A (10x2 = 20 Marks)**
[Short Answer Type]

1. Write short notes on the following.

- Objectives of Financial Management.
- Profit maximization
- Project Management
- Sensitivity analysis
- Optimal capital structure
- EBIT-EPS analysis
- Types of working capital
- ABC analysis
- Dividend policy V/s Share value
- Motives for mergers

PART – B (5X12 = 60 Marks)
[Essay Answer Type]**Answer all the questions.**

2.(a) Discuss the significance and implications of Finance functions.

OR

(b) What is time value of money and state its utility in the management of finances.

3.(a) Explain the relative merits and demerits of various discounted cash flow techniques.

OR

(b) From the following information, suggest which machine is acceptable based on pay-back method, IRR and Net present value with 10% cost of capital.

Year	1	2	3	4	5
Machine-A	15,000	20,000	25,000	15,000	10,000
Machine-B	5,000	15,000	20,000	30,000	20,000

Investment on Machine-A = Rs. 60,000, Machine-B Rs. 50,000.

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4.(a) Discuss the assumptions and applicability of capital structure theories.

OR

(b) Following are the details regarding the capital structure of a company.

Type of Capital	Book Value (Rs.)	Market Value (Rs.)	Specific Cost (%)
Debentures	40,000	38,000	5
Preference capital	10,000	11,000	8
Equity capital	60,000	1,20,000	13
Reserves	20,000	--	9

You are required to determine the weighted average cost of capital using book value and market value as weights and state which is preferable.

5.(a) Discuss the significance and determinants of working capital requirements of a company.

OR

(b) Examine the policies and recent trends in payment of Dividends of Indian Companies.

6.(a) How to evaluate financial implications in respect of corporate mergers and take overs.

OR

(b) Discuss the essentials for good corporate governance in Indian business environment.
