

Code No. 12041

**FACULTY OF MANAGEMENT**

**M.B.A. II – Semester (CBCS) Examination, November / December 2020**

**Subject: Financial Management**

**Paper – MB – 202**

**Time: 2 Hours**

**Max. Marks: 80**

**PART – A**

**Note: Answer any four questions.**

**(4x5 = 20 Marks)**

- 1 What is time value of money?
- 2 State the investment decision process
- 3 How to determine the weighted average cost of capital?
- 4 What are factors determining working capital?
- 5 State the motives for mergers.

**PART – B**

**Note: Answer any four questions.**

**(4x15 = 60 Marks)**

- 6 Discuss the role of Finance Manager under changing business environment of today.
7. Describe the advantages and limitations of wealth maximization approach.
8. Explain the application of various capital budgeting techniques.
9. From the following data, state which project is better?

Project	A	B
Cash flows:		
Year 0	-10,000	-10,000
1	4,000	5,000
2	4,000	6,000
3	2,000	3,000

Risk less discount rate is 5%. Project A is less risky than Project B. The management considers risk premium rates at 5% and 10% respectively appropriate for discounting the cash inflows.

10. Discuss the factors influencing for determination of capital structure of a company.

11. A Co Ltd has the following capital structure

Equity (12% Dividend)	Rs. 10,20,000
10% Preference Capital	5,00,000
8% Debentures	15,00,000

You are required to calculate the weighted average cost of capital assuming 50% as the rate corporate tax, before and after tax.

12. Describe the factors determining working capital of a manufacturing company.
13. From the following details, you are required to calculate the value of shares of each of the following companies under the following situations.
- When no dividend is paid
  - When dividend is paid at Rs. 10 per share

A Ltd	B Ltd	C Ltd
$r = 15\%$	$r = 10\%$	$r = 8\%$
$K_e = 10\%$	$K_e = 10\%$	$K_e = 10\%$
$E = \text{Rs. } 10$	$E = \text{Rs. } 10$	$E = \text{Rs. } 10$

14. Explain various types of Mergers and Acquisitions.
15. Discuss the significance of Corporate Governance.

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