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MBA 2 Yr. 2nd Semester New Scheme
2019-20 Examination – July, 2021

FINANCIAL MANAGEMENT

Paper : 19IMG22C1

Time : Three hours] [Maximum Marks : 80
Before answering the questions, candidates should ensure that they have been supplied the correct and complete question paper. No complaint in this regard, will be entertained after examination.

Note : All question of Section 'A' are compulsory. Attempt four questions from section 'B' selecting at least one question from each unit.

SECTION – A

1. Explain in brief :

(a) Time value of money.

(b) Capital rationing.

(c) Operating leverage.

(d) NOI approach.

(e) Average rate of return.

(f) Elaborate ROE.

(g) Break-even point.

(h) What is project evaluation ?

SECTION – B

UNIT – I

2. Critically evaluate various approaches to the financial management.

3. What is meant by security financing ? Explain the various sources of financing.

UNIT – II

4. Your company share is quoted in the market at Rs. 40 currently. The company pays a dividend of Rs. 5 per share and the investors market expects a growth rate of 7.5% per year:

(i) Compute the company's equity cost of capital.

(ii) If the anticipated growth rate is 10% p.a. Calculate the indicated market price per share.

(iii) If the company's cost of capital is 15% and the anticipated growth rate is 10% p.a. Calculate the indicated market price if the dividend of Rs. 5 per share is to be maintained.

5. What are the stages of capital budgeting process ? Explain needs and importance of capital budgeting.

UNIT – III

6. What is meant by capital structure ? Give the theories of capital structure ?

7. Give the argument for and against the relevance of dividend pay-out ?

UNIT – IV

8. Discuss the objectives of inventories. Explain various inventory control techniques.

9. Briefly explain factors that determine the working capital need of a firm.