

EXECUTIVE MBA  
(EXMBA)

Term-End Examination

June, 2013

MCT-059 : FINANCIAL MANAGEMENT

Time : 3 hours

Maximum Marks : 100

Note : Attempt any five questions. All questions carry equal marks.

1. Explain the role of Finance Manager in corporate world. 20
2. Explain the concept of time value of money giving relevant examples. 20
3. Explain what factors impact the dividend decisions. 20
4. What are the factors on which the requirement of working capital for a company depends ? Explain. 20
5. What is meant by capital structure ? Explain how financing decisions affect capital structure. 20

6. Explain the different approaches to the valuation of firms. 20

7. Write notes on the following : 20

(a) Role of term lending institutions

(b) Internal Rate of Return

8. Band-Box is considering the purchase of new wash and dry equipment in order to expand its operations. Two types of options are available : a low-speed system (LSS) with a Rs. 20,000 initial cost and a high speed system (HSS) with a Rs. 30,000 initial cost. Each system has a fifteen year life and no salvage value. The net cash flows after taxes (CFAT) associated with each investment proposal are :

	Low Speed system (LSS)	High Speed system (HSS)
CFAT for years	Rs.4,000	Rs.6,000
1 through 15		

Which speed system should be chosen by Band-Box, assuming 14% cost of capital ?

$Df @ 14\% = 6.142$