MMPC–014

M. B. A. ONLINE (MBAOL)

FINANCIAL MANAGEMENT

Time : Three Hours

Maximum Marks : 100

I) Write short notes on any five questions from the following. Each question carries 4 marks. (5×4=20)

1. Profit Maximisation Concept

2. Future Value of Money

3. Unsystematic Risk

4. Net Present Value

5. Operating Cycle

6. Money Market

7. Leasing

II) Attempt any five questions from the following. Each question carries 10 marks. (5×10=50)

1. Explain the different categories of financial decisions that a firm takes in conducting its operations.

2. Explain the different techniques/methods of effectively managing the cashflows in an organization.

3. Discuss the role and functions of Financial Markets.

4. What is 'Factoring"? Discuss the advantages and disadvantages of Factoring as a tool to better manage the receivables of a firm.

5. What is 'Combined Leverage'? Describe how it is calculated.

6. Briefly, explain the Walter's dividend model bringing out its relevance and limitations.

7. What is Buyback of Shares? Discuss the provisions of Companies Act, 2013, with regard to buyback of shares.

III) Attempt any two questions from the following. Each question carries 15 marks. (2×15=30)

1. Discuss the different types of Business Valuation Approaches.

2. What is Equity Capital? Explain the different methods of computing the cost of Equity Capital.

3. A company is considering two mutually exclusive projects. The finance director thinks that the project with higher NPV should be chosen as both projects have the same initial outlay and length of life. The company anticipates a cost of capital of 10% and the net after tax cash flows are as follows:

Year   Cash flows in Rs. PV Factor

                                                          @ 10%

Year	Project X	Project Y	PV Factor @ 10%
0	–2,10,000	–2,10,000	—
1	40,000	2,22,000	0.909
2	80,000	10,000	0.826
3	90,000	10,000	0.751
4	75,000	6,000	0.683
5	25,000	6,000	0.621

Compute the NPV of each project and state which project you would recommend.