

**MASTER OF BUSINESS
ADMINISTRATION/MASTER OF BUSINESS
FINANCE (BANKING/FINANCE) (MBA/MBF)**

Term-End Examination

December, 2022

MMPC-014 : FINANCIAL MANAGEMENT

Time : 3 hours

Maximum Marks : 100

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

1. Discuss different types of Financial Decisions that are taken in an organisation.
2. What is the meaning of Investment Risk ? Explain briefly the various sources of risk in investments.
3. Explain the need for 'Valuation'. Describe the Three-Step (EIC) Valuation Process.
4. What is 'Cost of Capital' ? What are the basic characteristics of 'Cost of Capital' ? Discuss the different classes of Cost of Capital.

5. What is 'Money Market' ? What is its significance ? Discuss different participants in the Money Markets.
6. Why is Dividend decision important for a firm ? Discuss different forms of Dividends.
7. What is Financial Restructuring ? Discuss 'Buy-back of Shares' as a method of financial restructuring.
8. Cimbla Ltd. is considering investing in a project. The expected original investment in the project will be ₹ 2,00,000, the life of the project will be 5 years with no salvage value. The expected net cash inflows after depreciation but before tax during the life of the project will be the following :

Year	1	2	3	4	5
₹	85,000	1,00,000	80,000	80,000	40,000

The project will be depreciated at the rate of 20% on original cost. The company is subjected to 30% tax rate.

Required :

- (a) Calculate Payback Period.
- (b) Calculate Net Present Value and Profitability Index, if cost of capital is 10%.

The P.V. factors at 10% are :

Year	1	2	3	4	5
	0.909	0.826	0.751	0.683	0.621