

MBA 2nd Semester Examination, December 2018(DDE)

[Session: Jan 2016-Dec 2017, Jan 2017-Dec 2018]

Subject- Financial Management

Paper-MBD-203

Time-3 Hours

Full Marks: 80

The figures in the margin indicate full marks.

Candidates are required to give their answers in their own words

as far as practicable

Group-A

Answer any six questions

5x6=30

1. Which are 5 key decision areas of financial Management?
2. What are the merits and demerits of ratio analysis?
- 3 Distinguish between present value and future value.
4. Distinguish between equity share and debenture .
5. How is risk related to return?
6. What do you understand by portfolio? What is portfolio beta?
7. What is internal rate of return? How does it help to take decision in capital budgeting decisions?
8. Distinguish between operating and financial leverage.

Group B

Answer any six questions

10X5=50

9. What is dividend? How Gordon's model is different from Walter's model in valuation of firm based on dividend?

10. How does changing credit period affect sales and credit related costs?
11. Explain the concepts of (i) synergy, (ii) economies of scale, (iii) swap ratio, (iv) target firm & (v) cross border merger & acquisition in relation to merger and acquisition.
12. How each of the following cases will affect value of bond?
- (i) Increasing face value; (ii) increasing coupon rate; (iii) increases the periodicity of coupon; (iv) increasing the term to maturity and (v) decreasing yield to maturity?
13. Why do you think the CAPM-based approach is superior to dividend capitalization approach in order to determine cost of equity?
14. Which factors would you consider while devising a target capital structure for (a) a current plant, (b) a software development firm, (c) a call centre and (d) a toll bridge company?
15. Write short notes on the following:
- (a) Weighted average cost of capital
 - (b) Floatation cost
 - (c) P/E ratio
 - (d) Marginal cost of Capital &
 - (e) Preference capital.
