	Reg. No.				
	Question Paper Code13259				
MBA - DEGREE EXAMINATIONS, NOV / DEC 2024					
Second Semester					
Master of Business Administration					
20MBT201 - FINANCIAL MANAGEMENT DECISION AND APPLICATION					
Regulations - 2020					
Ι	Duration: 3 Hours	Max. Marks: 100			
	PART - A $(10 \times 2 = 20 \text{ Marks})$ Answer ALL Questions	Marks ^{K–} Level CO			
1.	What do you understand by present value?	2 K1 CO1			
2.	What do you mean by wealth maximization?	2 K1 CO1			
3.	State any tow advantages of pay-back period method.	2 K2 CO2			
4.	What is capital budgeting?	2 K1 CO2			
5.	Indicate the names of three theoretical approaches to capital structure.	2 K2 CO3			
6.	What is right issue?	2 K1 CO3			
7.	Define permanent working capital.	2 K1 CO4			
8.	What do you mean by trade credit?	2 K1 CO4			
9.	Define venture capital.	2 K1 CO5			
10.	What is ADR?	2 K1 CO5			

PART - B ($5 \times 13 = 65$ Marks)

Answer ALL Questions

11. a) What do you understand by financial management? Explain the functions of ¹³ K4 CO1 financial management.

OR

- b) At the time of retirement Mr. Sai is given a choice between two alternatives: ¹³ K4 CO1 An annualpension of Rs.20000 as long as he lives or a lump sum amount of Rs.1,10,000. If Mr. Sai expects to live for another 15 years and the prevailing interest rate is 15%, which option appears to be more attractive.
- 12. a) Suppose you are responsible for determining the cost of capital of a project. ¹³ K4 CO2 How should your approach differ if the firm is a small, one-owner firm, as compared to a large, publicly held corporation?

OR

b) How is the cost of different types of capital measured? Explain in detail. ¹³ K4 CO2

13. a) Give a critical appraisal of the 1) Net Income Approach and 2) Net ¹³ K² CO3 Operating Income approach to the theory of capital structure.

OR

b) Explain the factors that influence the planning of capital structure in ¹³ K2 CO3 practice.

14. a) i) Discuss in detail about the factors determining working capital.	6	K2	CO4
 ii) Prepare an estimate of working capital requirement from the following details of a company which has a paid up share capital of Rs. 10,00,000, 6% debentures of Rs. 1,00,000 and fixed assets of Rs. 7,50,000. (a) The monthly production and sales will be 5,000 units to be sold at Rs. 15 each. (b) The per unit costs will be: Materials Rs. 6.00, Wages Rs. 4.50, and expenses Rs. 1.50. (c) Raw materials and finished goods will remain in stock for 1.5 month and 2 months respectively. (d) The process time will be 1 month. 	7	K2	<i>CO4</i>
(e) The credit allowed to debtors and received from creditors will be 2 months and 1 month respectively.			
OR			
b) i) State the consequences of inadequate working capital.	6	K2	<i>CO4</i>
ii) Write a short note on the inventory management techniques.	7	K2	<i>CO4</i>
15. a) i) Write down the features of new issues market.	6	K2	CO5
ii) Differentiate leasing and hire purchases.	7	K2	<i>CO5</i>
OR			
b) i) Discuss the various stages of venture capital financing.	6	K2	CO5
ii) What are the primary sources for raising long-term capital for your proposed automobile industry in India, and how will these long-term funds contribute to the sustainability of your business?	7	K2	<i>CO5</i>

PART - C (1 × 15 = 15 Marks) (Compulsory)

16. a) Analyze the role of venture capital financing in fostering entrepreneurship in ¹⁵ K4 CO5 India. How do venture capitalists assess risk, and what factors contribute to the growth of a venture capital ecosystem in India?