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Question Paper Code	14162
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M.B.A - DEGREE EXAMINATIONS, NOV / DEC 2025

Second Semester

Master of Business Administration

24MBT201 - FINANCIAL MANAGEMENT DECISION AND APPLICATION

Regulations - 2024

Duration: 3 Hours

Max. Marks: 100

PART - A (10 × 2 = 20 Marks)

Answer ALL Questions

	<i>Marks</i>	<i>K- Level</i>	<i>CO</i>
1. Draw the Financial Department.	2	K1	CO1
2. "As a Treasurer, suggest two major Functions for your Business Efficiency".	2	K1	CO1
3. Why do you use IRR techniques in capital budgeting?	2	K2	CO2
4. Vodafone Idea has issued 11% debenture of ₹20 lakhs, the corporate tax is in 40% bracket. You are required to calculate cost of debt.	2	K3	CO2
5. Distinguish between financial structure and capital structure.	2	K3	CO3
6. Tamil Nadu Petrochemicals Limited has raised 16% preference share capital of ₹100 each, preference shares issued at 10% premium, underwriter charged at 3%, the share redeemable at the end of 5th year. You are required to calculate the cost of preference share capital.	2	K3	CO3
7. Classify the various components of working capital.	2	K2	CO4
8. Calculate net working capital from the following. Cash Rs.50, 000, Stock 75,000, Book debts 70,000, Land Rs 1, 00,000, Sundry creditors Rs, 10,000.	2	K3	CO4
9. Determine the various sources of short term finance.	2	K2	CO5
10. Measure the difference between ADR and GDR.	2	K2	Co5

PART - B (5 × 13 = 65 Marks)

Answer ALL Questions

11. a) Define Financial Management and discuss its various importances for Financial Decision making.	13	K2	CO1
OR			
b) Discuss – Profit Maximization is more than the Wealth Maximization in financial decision of business.	13	K2	CO1
12. a) Why do you use capital budgeting analysis for your newly established business?	13	K2	CO2

OR

- b) ABC Limited has raised 12% debentures of Rs. 10,00,000 each Rs. 100. The brokerage cost is to be charged at 2%. You are required to calculate the cost of debenture. 13 K2 CO2
1. Issued at par value.
 2. Issued at 10% premium.
 3. Issued at 10% discount.

13. a) Explain the different theories of capital structure and its assumption for effective financial decision. 13 K4 CO3

OR

- b) Following are the details regarding the capital structure of Xiomi India Ltd: 13 K4 CO3

Sources of capital	Book Value	Market value	Specific Cost
Equity shares	8,00,000	10,00,000	10%
Preference Capital	3,00,000	3,00,000	9%
Bond	500,000	500,000	11%
Retained Earnings	1,00,000	-----	10%
Total	17,00,000	1800000	

Determine the WACC using (i) book value weights and (ii) market value weights and also find out the difference between book value weight and market value and why?

14. a) Discuss the different importance factors of determining working capital in beverage sector. 13 K3 CO4

OR

- b) As a Finance Manager of Thanjavur Dolls start up venture estimate the working capital finance from the following. The cost break-up for one unit of output as follows: 13 K3 CO4

Elements of cost	Amount per unit (Rs.)
Raw material	40
Direct labour	30
Overheads	10

Total cost	80
Profit	40

Selling price	120

Raw materials are in stock on an average-one month. Materials are in process on an average-half-a-month. Finished goods are in stock on an average-6 weeks. Credit allowed by suppliers is two month. Lag in payment of wages is 3 weeks. Lag in payment of overheads is 35 days. Cash in hand and at bank is expected to be Rs. 1, 00,000. Credit allowed to dealers is one months. The company followed that production is carried on evenly during the year and wages and overheads accrue similarly. Determine optimal working capital finance for the production of 10,000 units of Dolls. Comment the working capital position of the company.

15. a) How the dividend policy influence in value of your firm and explain various factors determining Dividend policy in Indian corporate. 13 K2 CO5

OR

- b) Write short notes on
- (i) Project Finance. 5 K2 CO5
- (ii) Venture Capital and Seed Capital. 8 K2 CO5

PART - C (1× 15 = 15 Marks)

(Compulsory)

16. As a Global finance manager-How to raise International sources of funds and what are the sources of funds for your Singapore business Unit. 15 K3 CO5