

( Net Profit before depreciation and after tax.)

Year	Project-X ₹	Project-Y ₹
1	1,000	2,000
2	2,000	4,000
3	4,000	6,000
4	5,000	8,000
5	8,000	-

Justify your Answer.

Register Number :

Name of the Candidate :

**6 6 1 6**

**M.B.A. DEGREE EXAMINATION, 2012**

**( HUMAN RESOURCE MANAGEMENT )**

( FIRST YEAR )

( PAPER - V )

**150 / 120 / 140. FINANCIAL  
MANAGEMENT**

*( Common with*

*M.B.A. [ Marketing Management ] &*

*M.B.A. [ Financial Management ] )*

December ]

[ Time : 3 Hours

Maximum : 75 Marks

**SECTION – A** (5 × 3 = 15)

*Answer any FIVE questions.*

*ALL questions carry EQUAL marks.*

1. (a) Who are the financial intermediaries?

(b) Write the disadvantages of equity shares.

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- (c) What is sensitivity analysis?
- (d) What is the need for working capital?
- (e) Distinguish between merger and acquisition.
- (f) What do you mean by the term liquidation?
- (g) What is underwriting of shares?
- (h) How will you design inventory control system?
- SECTION – B** (3 × 10 = 30)
- Answer any THREE questions.*  
*ALL questions carry EQUAL marks.*
2. Finance function of business is closely related to other functions of business – Discuss.
3. Explain the long term sources of finance.
4. Explain the various appraisal methods of capital expenditure.
5. How will you evaluate the new projects?
6. Write the factors determining capital expenditure.

7. What is stable dividend policy? Why should a firm follow such a policy?

**SECTION – C** (1 × 15 = 15)

*Answer any ONE question.*

8. Debentures occupy a very important place in financial plan. Discuss the statement and point out the limitations of debenture financing.
9. Explain the CAPM approach for computing the cost of equity.
10. Explain the significance and Limitations of the ratio analysis.

**SECTION – D** (1 × 15 = 15)

*(Compulsory)*

There are two Projects X and Y. Each project requires an investment of ₹ 20,000. You are required to rank the projects according to the pay back period with the following information.

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