

Code: 9E00202

MBA II Semester Supplementary Examinations February 2014

FINANCIAL MANAGEMENT

(For students admitted in 2010, 2011 and 2012 only)

Time: 3 hours

Max. Marks: 60

Answer any FIVE questions
All questions carry equal marks

- 1 Define the scope of financial management. What role should the financial manager play in a modern enterprise?
- 2 There are two projects available in the market namely Sony and Ericson. The details of those two projects are under:

Particulars	Sony	Ericson
C0	Rs. 5,00,000	Rs. 6,00,000
C1	Rs. 1,20,000	Rs. 1,30,000
C2	Rs. 1,20,000	Rs. 1,30,000
C3	Rs. 1,20,000	Rs. 1,30,000
C4	Rs. 1,20,000	Rs. 1,30,000
C5	Rs. 1,20,000	Rs. 1,30,000

Based on the above information suggest which project is more feasible by using IRR.

- 3 Explain in brief:
 - (a) Risk and uncertainty
 - (b) Certainty equivalents
 - (c) Sensitivity analysis
- 4 What is optimum capital structure? State the different factors which influence optimum capital structure.
- 5 Explain in detail the relevance models of dividend theories.
- 6 What is the importance of working capital for a manufacturing firm? What shall be the repercussions if a firm has:
 - (i) Paucity of working capital.
 - (ii) Excess working capital.
- 7 What is a merger? Explain various types of mergers.
- 8 Explain in detail the principles of good corporate governance.
