

M.Phil/Pre Ph.D Regular & Supplementary Examinations – OCTOBER, 2023
R180305

Paper –III: FINANCIAL MANAGEMENT.
Commerce & Management

Time : 3 hrs

Maximum Marks : 100

Answer One Question from Each Unit
All Questions Carry Equal Marks

UNIT - I

1. (a) Do you support the concept of Profit Maximization or Wealth Maximization? Give reasons. 10 M
(b) What are the functions of Finance? 10 M
(or)
2. (a) What are the advantages and disadvantages of NPV method? 10 M
(b) The following are two mutually exclusive projects : 10 M

Cash Flows (Rs.)					
Projects	C ₀	C ₁	C ₂	C ₃	C ₄
I	-25,000	+30,000	-	-	-
II	-25,000	0	0	0	43,350

Assume a 10% opportunity cost of capital. Compute the NPV and IRR for each project. Comment on the results.

UNIT - II

3. (a) Examine the process involved in measurement of Cost of Capital. 10 M
(b) Distinguish between Equity Shares and Preference Shares. 10 M
(or)
4. (a) Outline the factors which are influencing Capital Structure of a large scale financial organization. 10 M
(b) What are the problems of Over Capitalization? 10 M

UNIT - III

5. (a) Define 'Dividend'. Write any one of the theories of Demand. 10 M
(b) Outline the factors which are determining Dividend Policy. 10 M
(or)
6. (a) Write in detail about Bonus shares and Rights Issue. 10 M
(b) The Asbestos Company belongs to a risk class of which the appropriate capitalization rate is 10 per cent. It currently has 1,00,000 shares selling at Rs. 100 each. The firm is contemplating the declaration of a Rs. 6 dividend at the end of current fiscal year, which has just begun. Answer the following questions based on Modigliani and Miller model and the assumptions of no taxes.
(i) What will be the price of the shares at the end of year, if a dividend is not declared? What will it be if it is declared?
(ii) Assuming that the firm pays dividend, has a net income of Rs.10,00,000 and makes new investments of Rs. 20,00,000 during the period, how many new shares must be issued?

PTO

UNIT - IV

7. (a) Define 'Working Capital'. What are the various components of Working Capital? 10 M
(b) Elucidate the determinants of Working Capital needs. 10 M
(or)
8. (a) What are the Recommendations of Tandon and Daheja Committee on Working Capital? 10 M
(b) Distinguish between Fixed Capital and Working Capital. 10 M

UNIT - V

9. (a) What are the issues involved in Management of Current Assets? 10 M
(b) What are the strategies available for Cash Management? 10 M
(or)
10. (a) Examine the characteristics of Marketable Securities. 10 M
(b) Outline the problems involved in Management of Inventory. 10 M
