



JK Lakshmipat University, Jaipur

Institute of Management

END TERM EXAMINATION, APRIL-2018

MBA (FT) Semester II

Course: Financial Management

MM: 50 Marks

Subject Code: FN01

Time: 3 Hours

Attempt any three questions from Section A. Section B is compulsory. All questions and their sub-parts carry equal marks unless specifically stated. Financial Tables would be provided on demand.

Section A

- Q1. Discuss the goals of financial management, viz. profit maximization versus wealth maximization. Elaborate on the long term and short term sources of finance for a company.
- Q2. Discuss the terms used in bonds, viz., par value, coupon rate, market value, market rate and yield. State the bond equations.
- Q3. What is the concept of Gross Working Capital and Net Working Capital? Explain the various components of the Operating Cycle and Cash Cycle besides their relevance for the corporate.
- Q4. (i) After 25 years, Mrs. Shikha will start receiving a pension of ₹15,000 per year. The payment will continue for next 30 years. How much is the pension worth today, assuming money is worth 10 per cent per year? [04]
- (ii) Due to an investment of a particular Amount (A1) made today in a 25 years money back scheme, Mr. Devang will receive ₹10,000 for the next 10 years, ₹5,000 for the subsequent 8 years and ₹3,000 for the remaining period. What is the amount A1 if the money earns 12 percent over time consistently? [06]
- Q5. Find the Yield To Maturity (YTM) of a 10 percent, 10-year, Rs.1000 face value bond which is quoting at Rs.906 in the market and will be redeemed at a premium of 5 percent in 5 years.

Section B

Q6. Write short notes on Any Four of the following:

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|-------------------------------|---------------------------------|
| (i) YTM versus YTC | (iv) Dividend Policy & Strategy |
| (ii) Leverage Analysis | (v) Cash Management |
| (iii) Financial Distress Cost | (vi) Behavioral Finance |

OR

(Continued.....2)

Q6. (i) Compute the beta of Asian Chemicals Ltd. from the following information: [06]

Return of Market Index	14.5	16.6	12.4	18.6	2.4	5.6	4.8	8.8
Return of Asian Chemicals Ltd.	4	8	10	14	10	16	18	14

(ii) The expected cash flows of a project are as follows: [14]

Year	0	1	2	3	4	5
Cash Flow (₹)	(8,50,000)	300,000	350,000	250,000	150,000	100,000

The cost of capital is 13 percent. Calculate the following: (a) Payback Period and Discounted Payback Period, (b) Net Present Value, (c) Benefit Cost Ratio & Net - BCR, (d) Internal Rate of Return, and (e) Modified Internal Rate of Return.

ALL THE BEST!!!