



QP CODE: 25802919



25802919

Reg No :

Name :

M.B.A. DEGREE EXAMINATION, JUNE 2025

Second Semester

Faculty of Management Science

MASTER OF BUSINESS ADMINISTRATION

Core - MB010201 - FINANCIAL MANAGEMENT

2023 Admission Backwards

2B386BC1

Time: 3 Hours

Maximum Marks: 60

Part A

*Answer any **five** questions. Each question carries **2** marks.*

1. Define wealth and write a note on wealth maximisation.
2. What is Cash Budget?
3. List out the objectives of ploughing back of earnings.
4. What are the techniques for computing time value of money?
5. Define Optimal capital structure.
6. Distinguish between bond dividend and stock dividend.
7. What do you mean by Merger?

(5×2 = 10 Marks)

Part B

*Answer any **five** questions. Each question carries **6** marks.*

8. What is agency conflict? Discuss the ways to mitigate it.
9. Discuss the different concepts of working capital.
10. Briefly discuss direct and indirect sources of funds for corporate entities.
11. What is weighted average cost of capital? Examine the rationale behind the use of WACC.
12. Discuss the different methods for the computation of Time Value of money.
13. How do you differentiate stock split from reverse split ?
14. Briefly discuss the scope and mode of Corporate Restructuring

(5×6 = 30 Marks)





Part C

Answer any **two** questions. Each question carries **10** marks.

Question number 17 is compulsory .

15. How would you assess the working capital requirement for seasonal industries? What are the special considerations to be noted for?
16. A company is considering an investment proposal to install new milling controls at a cost of Rs.1,00,000. The facility has a life expectancy of 5 years and no salvage value. The tax rate is 50% . Assume firm uses straight line depreciation and same is allowed for tax purposes . Estimated cash flow before depreciation and tax from proposal are :
Year 1 – 10,000 ; year 2- 11,812; year 3- 13,644; year 4 – 15,264 ; and year 5 – 21,611.

Compulsory Question

17. The board of Hindustan Petroleum Corp Ltd (HPCL) approved a Rs 2,500 crore share buyback plan in November ,2020 as the company management feels the share price is lower than the value it deserves. HPCL is the nation's third-biggest oil retailer after Indian Oil Corp (IOC) and Bharat Petroleum Corp Ltd (BPCL). It owns two refineries a 7.5 million tonnes unit in Mumbai and another 8.3 million tonnes facility at Visakhapatnam in Andhra Pradesh. It also owns half of the 11.3 million tonnes Bathinda refinery in Punjab and is a 16.95 per cent owner of the 15 million tonnes a year Mangalore Refinery. It owns and operates 17,171 out of 71,843 petrol pumps in the country.
India's corporate bigwigs tried their luck with buy back offers; the relatively smaller companies are also to join the bandwagon. It is believed that value is a matter of perception and market is the best judge of a stock's intrinsic value. However, market does, sometimes, behave irrationally. If a company's stock is perceived to be undervalued by the market, should the company management intervene to correct the anomaly, in that case? A company is sitting on a cash pile. It explores various alternative investment avenues but finds nothing suitable. What should it do with the excess cash? A company is facing takeover threat from a hostile raider? How could it protect itself? Is there a way out?. It is the most popular strategy in the developed markets of the US and Europe to meet challenges arising out of such scenarios. In India, share buy-back phenomenon has started gaining momentum. Some of the big companies like Reliance Industries, Bajaj Auto, AV Birla group, Tatas, and FMCG major HLL have either entered the fray Companies might mistakenly believe that, after a repurchase, their core value has increased simply because the share price has risen. Shareholders have to be careful that buy-back are done for valid reasons and are essentially aimed at achieving long-term benefits rather than any short-term gains.
 - What will be the impact of share repurchases activity on the shareholder's value of HPCL
 - Do you think buy back of shares is becoming increasingly common among Indian corporates?





- What is driving these companies to go for share buy-back? Are they all driven by similar factors? Importantly, is share buy-back a useful strategy?

(2×10 = 20 Marks)

