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GIET UNIVERSITY, GUNUPUR – 765022

Ph.D. (First Semester) Examinations, January – 2024

23SPPEMB1011 - Advanced Financial Management (Management)

Time: 3 hrs

Maximum: 70 Marks

The figures in the right hand margin indicate marks.

Answer ANY FIVE Questions

(14 x 5 = 70 Marks)

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| 1.a. What do you mean by optimal capital structure? Critically examine various approaches of capital structure. | 4 |
| b. Suppose that Black & Decker's interest rate on newly-issued debt is 7.5% and the firm's marginal federal-plus-state income tax rate is 40%. This implies a 4.5% after-tax component cost of debt. Also assume that the firm has decided to finance next year's projects by selling debt. Does this mean that next year's investment projects have a 4.5% cost of capital? | 10 |
| 2.a. Suppose that your college roommate has approached you with an opportunity to lend \$25,000 to her fledgling home healthcare business. The business, called Home Health Care, Inc., plans to offer home infusion therapy and monitored in-the-home healthcare services to surgery patients in the Birmingham, Alabama, area. Funds would be used to lease a delivery vehicle, purchase supplies, and provide working capital. Terms of the proposal are that you would receive \$5,000 at the end of each year in interest with the full \$25,000 to be repaid at the end of a ten-year period. | 14 |
| A. Assuming a 10% required rate of return, calculate the present value of cash flows and the net present value of the proposed investment. | |
| B. Based on this same interest rate assumption, calculate the cumulative cash flow of the proposed investment for each period in both nominal and present value terms. | |
| C. What is the payback period in both nominal and present-value terms? | |
| D. What is the difference between the nominal and present-value payback period? | |
| a) Can the present-value payback period ever be shorter than the nominal payback period? | |
| 3.a. Describe various bench marking practices applicable to business. | 7 |
| b. What are various funding strategies of pharmaceutical companies with suitable example? | 7 |
| 4.a. What are the various programs and policies to reward various stakeholders? | 7 |
| b. How RBI policies effects on the operations of commercial banks? | 7 |
| 5.a. Critically examine the recent reforms in banking sector. | 7 |

- b. Differentiate the terms Infrastructure Finance and Micro Finance.
- 6.a. What is the procedure of listing of Scrips in stock market? 4
- b. Write a short note on the following:
- i) On-Line Trading
 - ii) Investor Grievances
 - iii) Inside Trading
 - iv) Circular Trading
 - v) Price Rigging
- 7.a. Critically examine the term Vendor finance. 7
- b. Write a brief note on emerging trends in banking. 7
- 8.a. Explain the role of SEBI in capital market. 7
- b. Explain the role of MFs and Investment Bankers in the Stock market. 7

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