

**M.B.A. (GEN.) SEM-II / M.B.A.(HR) SEM-II (2016 Course) CBCS :  
SUMMER - 2019**

**SUBJECT: FINANCIAL MANAGEMENT**

Day: Saturday  
Date: 27/04/2019

**S-2019-2188**

Time: 02.00 PM TO 05.00 PM  
Max. Marks: 60

**N.B.:**

- 1) Answer ANY THREE questions from Section I. Each question carries 10 Marks
- 2) Answer ANY TWO questions from Section II. Each question carries 15 Marks.
- 3) Answers to Both the sections to be written in SAME answer books
- 4) Use of Non Programmable Calculator is allowed.

**SECTION - I**

Q.1) Answer the following: Attempt ANY ONE (10 Marks X 1 = 10 Marks)

- a) Define Financial Management. Explain Objectives of Financial Management.
- b) Explain the Concept and Techniques of Capital Budgeting under risk and uncertainty.

Q.2) Answer the following: (10 Marks X 1 = 10 Marks)

“The requirement of Working Capital depends upon various factors” Discuss the statement with examples.

Q.3) Answer the following: (10 Marks X 1 = 10 Marks)

Write a note on “Equity Shares” as a source of finance.

Q.4) Answer the following: Attempt ANY ONE (10 Marks X 1 = 10 Marks)

- a) Which factors affect the formation of Capital Structure?
- b) Explain any two techniques of Financial Statement Analysis.

Q.5) Write short notes on the following: Attempt ANY TWO (5 Marks X 2 = 10 Marks)

- a) Steps to calculate Internal Rate of Return
- b) Fund Flow
- c) Preference Shares
- d) Profitability Ratio

**SECTION - II**

Q.6) Answer the following: (15 Marks X 1 = 15 Marks)

Beta Co. Ltd. is considering purchase of a new machine. Two alternative machines P and Q are available in the market. The cost of each machine is Rs. 80,00,000. The expected Cash Flows are as follows:

Year	Machine P (Rs.)	Machine Q (Rs.)
Year 1	22,00,000	24,00,000
Year 2	24,00,000	32,00,000
Year 3	32,00,000	40,00,000
Year 4	48,00,000	34,00,000
Year 5	32,00,000	16,00,000

The company has target of return on capital of 10%. You are required to compute Net present Value and Profitability Index for both machines and state which machine would be preferable?

Q.7) Answer the following: (15 Marks X 1 = 15 Marks)

Leena Ltd. sells its products on a gross profit of 20% on sales. The following information is extracted from its annual accounts for the current year ended on 31<sup>st</sup> March, 2017.

Particulars	Amount (Rs.)
Sales at 3 months credit	80,00,000
Raw materials	24,00,000
Wages paid average time lag 15 days	19,00,000
Manufacturing Expenses paid (One Month arrears)	25,00,000
Administrative Expenses paid (One Month arrears)	9,20,000
Sales Promotion Expenses paid (Half Year in advance)	4,00,000

The company enjoys one month's credit from the suppliers of raw material and maintains 2 months stock of raw materials. The company maintains 2 month stock of finished goods. The cash balance is maintained at Rs. 2,00,000. Assuming 10% contingency, find out Working capital requirement of the company.

Q.8) Answer the following: (15 Marks X 1 = 15 Marks)

Rohan Ltd. has following Capital Structure as on 31<sup>st</sup> march, 2017.

Particulars	Amount (Rs.)
13% Debentures	6,00,000
10% Preference Shares	4,00,000
Equity (8,000 shares of Rs. 100 each)	8,00,000
<b>Total</b>	<b>18,00,000</b>

The equity shares of company are quoted at Rs. 120 and expected dividend is Rs. 16 per share. A growth rate of 9% was registered in the past which is expected to be maintained. The Tax Rate applicable to the company is 30%. You are required to calculate Weighted Average Cost of Capital (WACC).

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