

S.D.E.
M.B.A. Sem-II (2013 Course) : SUMMER - 2019
SUBJECT: FINANCIAL MANAGEMENT

Day : Saturday
Date : 04/05/2019

S-2019-5019

Time: 02.00 PM TO 05.00 PM
Max Marks: 70

N.B

- 1) Attempt any **THREE** questions from Section –I and any **TWO** questions from Section – II.
- 2) Figures to the right indicate **FULL** marks.
- 3) Answer to both the sections should be written in the **SAME** answer books,
- 4) Use of calculator is **ALLOWED**.

SECTION - I

- Q.1** What is ‘Financial Management’? Explain the function of financial Management. (14)
- Q.2** What do you mean by ‘Working Capital’? Discuss the factors affects the working capital requirement. (14)
- Q.3** Write a detained note on any two techniques of capital Budgeting. (14)
- Q.4** Explain any two long term sources of finance with advantages and disadvantages. (14)
- Q.5** Write short notes on ANY TWO of following: (14)
- a) Wealth Maximization
 - b) Venture Capital
 - c) Cost of Debt

SECTION - I

- Q.6** A company is considering an investment proposal to install a new machine. (14)
The machine will cost Rs, 5,00,000/-. The corporate tax rate is 50% and firm uses straight line depreciation method. The estimated profit before tax from the investment proposal are as under :

Year	Profit Before Tax (Rs)
1	100000
2	110000
3	140000
4	150000
5	250000

Compute the following

- i) Pay – back period
- ii) Average Rate of Return
- iii) Net present value at 10% discount rate.
- iv) Profitability index at 10% discount rate.

- Q.7** The company has the following specific cost of capital with the indicated book value and market value weights (14)

Type of Capital	Cost	Book Value Weight	Market Value Weight
Equity	16%	0.50	0.50
Preference Shares	12%	0.20	0.15
Long-term Debt	8%	0.30	0.35

- i) Calculate Weighted Average Cost of Capital considering both values separately
- ii) Calculate Weighted Average Cost, if given cost of Debt is before tax and corporate tax rate is 40%

- Q.8** Explain with example any two techniques of Financial Statement Analysis. (14)