M.B.A. (GEN.) (2012 COURSE) / M.B.A. (IT) (2012 COURSE) SEMESTER - II / M.B.A. (FM) SEMESTER - II (2013 COURSE)(CHOICE BASED CREDIT SYSTEM) : SUMMER - 2018

SUBJECT : FINANCIAL MANAGEMENT

Day : **Friday**
Date : **27/04/2018**

S-2018-1865

Time : **02.00 PM TO 05.00 PM**
Max. Marks : 100

N.B.

1) Attempt any **FOUR** questions from Section – I and any **TWO** questions from Section – II.
2) Answer to both the sections should be written in the **SAME** answer book.
3) Figures to the right indicate **FULL** marks.

SECTION – I

Q.1 What do you mean by Capital Structure? Explain the importance of Capital Structure and elaborate on the factors affecting it. **(15)**

Q.2 Explain various techniques of Financial Statement Analysis. **(15)**

Q.3 Explain in details the scope and objectives of Financial Management. **(15)**

Q.4 Distinguish between Fund Flow Statement and Cash Flow Statement with suitable examples. **(15)**

Q.5 Write short notes on any **THREE:** **(15)**

a) Factors affecting working capital
b) Cost of retained earning
c) Time value of money
d) Profit vs Wealth Maximization

SECTION – II

Q.6 Calculate the amount of Working Capital requirement for Sai Ltd. From the following information. **(20)**

Particulars	**Rs. (Per Unit)**
Raw Material	160
Direct Labour	60
Overheads	120
Total Cost	**340**
Profit	60
Selling Price	**400**

Raw material are held in stock or an average for one month. Materials are in process on an average for half a month. Finished goods are in stock or an average for one month.
Credit allowed by suppliers is one month and credit allowed to debtors is two months.
Time lag in payment of wages is 1 ½ weeks.
Time lag in payment of overhead expenses is one month. One fourth of the sales are made on cash basis.
Cash in hand and at bank is expected to be Rs. 50,000 and expected level of production amount to 1,04,000 units for a year of 52 weeks.

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Q.7 No project is acceptable unless the yield is 10%. Cash inflows of a certain project along with cash outflow are given below: **(20)**

Year	Outflow Rs.	Inflow Rs.
0	1,50,000	-
1	30,000	20,000
2		30,000
3		60,000
4		80,000
5		30,000

The salvage value at the end of 5^{th} Year is Rs. 40,000/-. Calculate NPV and PI.

Q.8 Satija Company has the following capital structure. **(20)**

Equity shares	80,00,000
400000 share @ Rs. 20 per share	
10% Preference Shares	20,00,000
14% Debenture	60,00,000
	1,60,00,000

The shares of the company currently sells for Rs. 25. It is expected that the company will pay a dividend of Rs. 2 per share which will grow at 7% forever . Assume a 50% tax rate. You are required to compute a weighted average cost of capital on the existing capital structure.

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