

S.D.E.

M.B.A. SEM-II (2013 COURSE) : SUMMER - 2018

SUBJECT : FINANCIAL MANAGEMENT

Day : Thursday
Date : 14/06/2018

S-2018-4382

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) Answers to both the sections should be written in the SEPARATE answer books.
- 3) Use of non programmable CALCULATOR is allowed.
- 4) Figures to the right indicate FULL marks.

SECTION – I

- Q.1 Define Financial Management. Explain Profit Vs. Wealth Maximization as objectives of Financial Management. [14]
- Q.2 Explain the following sources of Long Term Finance: [14]
a) Equity Shares b) Debentures.
- Q.3 Write a detailed note on Venture Capital Financing. [14]
- Q.4 What are the factors affecting Capital Structure of a company? [14]
- Q.5 Write short notes on ANY TWO of the following: [14]
a) Internal Rate of Return
b) WACC
c) Dividend Decision

SECTION – II

- Q.6 Prepare a statement showing Requirement of Working Capital of Bharat Ltd., [14]

Particulars	Cost per unit
Raw Material	Rs. 120
Direct Labour	Rs. 80
Variable Overheads	Rs. 30

Projected sales for 2015 are 80,000 units at Rs. 250.

Additional Information:

- a) Raw material is in stock for 4 weeks.
- b) Wages are paid after 2 weeks.
- c) Finished goods are in stock for 2 weeks.
- d) Production and Processing time 4 weeks.
- e) Debtors pay after 6 weeks.
- f) Creditors are paid after 4 weeks.
- g) Assume Cash balance Rs. 2,50,000.
- h) Assume 52 weeks in a year.

P.T.O.

- Q.7** Nihar Ltd., wants to invest in a project. The following details are available for Project P and Project Q. [14]

Year	Project P Cash Flow Rs.	Project Q Cash Flow Rs.
0	(20,00,000)	(22,00,000)
1	9,50,000	10,75,000
2	8,20,000	9,50,000
3	5,90,000	7,80,000
4	7,50,000	9,20,000
5	6,25,000	8,30,000

Evaluate the projects by following techniques and suggest the company in which project the company should invest.

- a) Pay Back Period.
- b) Net Present Value.
- c) Profitability Index.

The cost of capital of the company is 10% and Discounting Factors are 0.909, 0.826, 0.751, 0.683 and 0.621.

- Q.8** Explain the following techniques of Financial Statement Analysis.: [14]

- a) Fund Flow Statement
- b) Cash Flow Statement

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