

S.D.E.
B.B.A. (2006 Course) Sem- IV : WINTER - 2018
SUBJECT: FINANCIAL MANAGEMENT

Day : Tuesday
Date : 11/12/2018

W-2018-4463

Time : 10.00 AM TO 1.00 PM
Max. Marks: 80

N.B.

- 1) Attempt **ANY FIVE** questions from **Section-I**
 - 2) Attempt **ANY TWO** questions from **Section-II**
 - 3) Figures to the **RIGHT** indicate full marks.
 - 4) Use of Non programmable **CALCULATOR** is allowed.
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SECTION - I

- Q.1** Explain in detail concept and significance of Leverage. (10)
- Q.2** Explain the following: (10)
a) Debentures
b) Time value of Money
- Q.3** What do you mean by Capital Budgeting? Discuss the Significance of Capital Budgeting. (10)
- Q.4** Write detailed note on the concept of capital Structure. (10)
- Q.5** Explain in detail concept and nature of Financial Management. (10)
- Q.6** What do you mean by Dividend Policy? Discuss factors affecting Dividend decisions. (10)
- Q.7** Write Short notes on **ANY TWO** of the following: (10)
a) Payback Period
b) Shares
c) Cost of Capital

P.T.O.

SECTION-II

Q.8 Discuss the functions of Chief Financial Officer (CFO) in Globalized Environment. (15)

Q.9 Calculate the Operating leverage, Financial leverage and Combined Leverage from the following details. (15)

Selling price per Unit	Rs. 180
Variable cost per Unit	Rs. 120
Fixed Cost	Rs. 8,00,000
Sales	20,000 Units

The Capital Structure of the company under alternative Financing Plan is as follows:

Particulars	Plan I (Rs.)	Plan II (Rs.)
Equity Capital	30,00,000	20,00,000
15 % Debentures	10,00,000	20,00,000
	40,00,000	40,00,000

Q.10 A firm whose cost of capital is 10 % is considering two mutually exclusive proposals X and Y, the details of which are as follows. (15)

Particulars	Proposal X	Proposal Y
Initial Investments	10,00,000	10,00,000
Projected Cash Inflows		
1 st Year	1,00,000	1,50,000
2 nd Year	2,50,000	3,50,000
3 rd Year	4,00,000	5,00,000
4 th Year	5,00,000	6,00,000
5 th Year	7,50,000	7,50,000

The discounted rate Selected by the firm are-

Year	1	2	3	4	5
DCF	0.909	0.826	0.751	0.683	0.620

Calculate:
 Pay Back Period
 Profitability Index
 Net Present Value

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