

M.B.A. (GEN.) (2012 COURSE) / M.B.A. (IT) (2012 COURSE) M.B.A. (FM)
SEMESTER - II (2013 COURSE)(CHOICE BASED CREDIT SYSTEM) :
WINTER - 2017
SUBJECT : FINANCIAL MANAGEMENT

Day : **Friday**
Date : **10/11/2017**

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

W-2017-1749

N.B.:

- 1) Attempt **ANY FOUR** questions from Section – I and **ANY TWO** questions from Section – II.
- 2) Answers to both the sections should be written in **SEPARATE** answer books.
- 3) Figures to the right indicate **FULL** marks.

SECTION – I

- Q.1** What do you mean by Financial Management? Explain the objective of Profit Vs Wealth Maximization. (15)
- Q.2** Explain the various long-term sources of finance available in India. (15)
- Q.3** “Ratio Analysis facilitates Financial Statement Analysis”. Comment. (15)
- Q.4** Explain the concept and principles of Capital Structure. Elaborate on factors affecting Capital Structure. (15)
- Q.5** Short Notes on (Any Three) (15)
- a. Determinants of Working Capital
 - b. Venture Capital financing
 - c. Pay Back Period and NPV
 - d. Debentures
 - e. Fund Flow Statement

SECTION – II

- Q.6** The following information has been extracted from the records of a company (20)

Product Cost Sheet.

Particulars	Cost per unit (Rs.)
Raw material	45
Direct labour	20
Overheads	40
Total	105
Profit	15
Selling Price	120

Additional Information:

1. Raw material are in stock on an average for two months.
2. The material are in process on an average for one month .The degree of completion is 50% in respect of all elements of cost.
3. Finished goods stock on an average is for one month.
4. The time lag in payment of wages and overheads in One And Half Weeks.
5. Time lag in receipt of proceeds from debtors is two months.
6. Credit allowed by suppliers is one month.
7. 20% of the output is sold against Cash.
8. The Company expects to keep a Cash Balance of Rs.1, 00,000.
The Company plans for a manufacture of 1, 44,000 units in the next year.
You are requested to prepare a Statement showing the Working Capital requirements of the company.

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- Q.7** A company is considering the purchase of two machines with the following details (20)

Particulars	Machine 1	Machine 2
Life estimated	3 years	3 years
Capital Cost	Rs.10,000	Rs. 10,000
Net Cash Flows		
1 st Year	Rs.8000	Rs.2000
2 nd Year	Rs.6000	Rs.7,000
3 rd Year	Rs.4000	Rs 10,000

You are required to suggest which machine should be preferred using:

- Pay Back Period Method
- NPV method using 10% discounted factor.
- PI at 10% discount factor.

- Q8.** The following is the Capital structure of Saras Ltd.as on 31/03/2015. (20)

Equity Shares (20,000 shares of Rs.100 each)	20,00,000
10 % Preference shares of Rs100 each	8,00,000
12% Debentures	12,00,000
	40,00,000

The Market price of the Company's share is Rs.110 and it is expected that a dividend of Rs.10 per share would be declared after one year .The dividend growth rate is 6% .If the Company is in the 50% tax bracket, compute the weighted average cost of capital.

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