

**M.B.A. SEM-II / M.B.A.(HR) SEM-II (2016 COURSE) CBCS :  
WINTER - 2017**

**SUBJECT : FINANCIAL MANAGEMENT**

Day : **Saturday**  
Date : **11/11/2017**

Time : **02.00 PM TO 05.00 PM**  
Max. Marks : **60**

**W-2017-1714**

**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) Answers to both the sections should be written in **SEPARATE** answer books.

**SECTION - I**

- Q. 1** What do you mean by Financial Management? Explain its scope and function. (10)
- Q. 2** Explain the various sources of long term finance available in India. (10)
- Q. 3** Explain the principles of capital structure and factors affecting Capital Structure. (10)
- Q. 4** What do you mean by 'Financial Statement Analysis'? Explain any three techniques of Financial statement analysis. (10)
- Q. 5** Write short note on **ANY TWO** of the following: (10)
- a) Net Present Value
  - b) Profit Maximization v/s Wealth Maximization
  - c) Types of Working Capital
  - d) Leverages

**SECTION - II**

- Q.6** Fashion Ltd. has the following Capital Structure: (15)

Particulars	Rs.
Equity Shares (4,00,000 shares @ 20 per share)	80,00,000
10 % Preference Shares	20,00,000
14 % Debentures	60,00,000
	<b>1,60,00,000</b>

The shares of the company currently sell 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.

**P. T. O.**

- Q.7** From the followings prepare a statement showing the working Capital requirement: Budgeted Sales: 2,60,000 units per annum (15)

Particulars	Per unit Rs.
Raw Material	0.30
Direct Labour	0.40
Overheads	0.20
Total	0.90
Profit	0.10
Sales	1.00

**Additional Information :**

- a) Raw material are carried in stock for 3 weeks and finished goods for 2 weeks.
- b) Factory processing will take 3 weeks.
- c) Suppliers will give 5 weeks credit.
- d) Customer will require 8 weeks credit.

- Q.8** 'X' Ltd has Equity Share Capital of Rs. 5,00,000/- divided into shares of Rs. 100/- each. It wishes to raise further Rs. 3,00,000/- for expansion plan. The company plans the following financial scheme: (15)

- a) All common stock
- b) Rs. 1 lac, common stock and Rs. 2 lac in 10 % Debentures
- c) All debentures at 10 % p.a.
- d) Rs. 1 lac Common Stock and Rs. 2 lac in preference Capital with dividend at 8 %.

The company's Earning Before Interest and Tax (EBIT) are Rs. 1,50,000/-. Tax rate are 50 %.

Determine the Earning per share in each plan and comment on the implications of financial leverage.

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