

**S.D.E.**  
**M.B.A. SEM-II (2010 COURSE)(3 YEAR COURSE) : WINTER -**  
**2017**  
**SUBJECT: FINANCIAL MANAGEMENT**

Day: **Wednesday**  
Date: **13/12/2017**

**W-2017-4259**

Time: **02.00 PM TO 05.00 PM**  
Max. Marks: 70

**N.B.:**

- 1) Attempt any **FOUR** 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 book.
- 4) Use of Non Programmable **CALCULATOR** is allowed.

**SECTION-I**

- Q.1** Explain the Objectives “Profit Maximization” and “Wealth Maximization” of Financial Management. (10)
- Q.2** Explain any Two Sources of Long Term Finance. (10)
- Q.3** Which factors are considered to determine Capital Structure of a Manufacturing Company? (10)
- Q.4** Write a detailed note on Dividend Policy. (10)
- Q.5** Write short notes on any **TWO** of the following: (10)
- a) Time Value of Money
  - b) Receivables Management
  - c) Internal Rate of Return

**SECTION-II**

- Q.6** Pune Ltd. whose cost of capital is 10% is considering two mutually exclusive proposals, P and Q, the details of which are as follows: (15)

Particulars	Proposal P ₹	Proposal Q ₹
Initial Investments projected	25,00,000	30,00,000
Cash Inflows		
1 <sup>st</sup> year	2,00,000	12,50,000
2 <sup>nd</sup> year	4,50,000	12,00,000
3 <sup>rd</sup> year	6,50,000	12,00,000
4 <sup>th</sup> year	10,50,000	10,75,000
5 <sup>th</sup> year	14,50,000	11,25,000

Calculate : (15)

- i) Pay Back Period
- ii) Net Present Value @ 10% rate of discount
- iii) Profitability Index

Discounting factors @ 10 % are .909, .826, .751, .683 and .621.

- Q.7** Write a detailed note on ‘Cost of Capital’. (15)
- Q.8** What do you mean by Leverage? Explain types of Leverage with examples. (15)