

CDOE
MASTER OF BUSINESS ADMINISTRATION (CBCS - 2020 COURSE)
M.B.A. Sem-II : WINTER :- 2021
SUBJECT: FINANCIAL MANAGEMENT

Day : Tuesday

Date 8/2/2022

W-22920-2021

Time : 02:00 PM-04:00 PM

Max. Marks: 50

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 **SAME** answer book.
- 3) Figures to the right indicate **FULL** marks.

SECTION – I

- Q.1** Define the term Capital Budgeting and elaborate the Discounted Techniques of Capital Budgeting with its merits, demerits and acceptance rules. [10]
- Q.2** What is Working Capital? State its components and explain types of Working Capital in detail. [10]
- Q.3** State the meaning of Capital Structure and discuss in detail the various factors affecting Capital Structure. [10]
- Q.4** Explain the concept of Dividend Decision and describe the various forms of Dividend Payment. [10]
- Q.5** Write short notes on **ANY TWO** of the following: [10]
- a) Types of Leverages
 - b) Objectives of Financial Management
 - c) Ratio Analysis

SECTION – II

- Q.6** A company has the following Long-Term Capital outstanding as on 31st March. [10]
- a) 10% Debentures with a Face Value of ₹ 5, 00,000 (₹ 1000 each), redemption period of 10 years.
 - b) Preference Shares with a Face Value of ₹ 4,00,000 annual dividend 12% redemption period 10 years.
 - c) 60,000 equity shares of ₹ 10 each, the Market Price is ₹ 50 per share and growth rate of 12% realized. Dividend per shares is ₹ 7.

Calculate Weighted Average Cost of Capital.

Assume Tax Rate as 40%.

P.T.O.

- Q.7** From the following information you are required to calculate the amount of Working Capital. [10]

	Cost Per Unit (₹)
Raw Material	40
Direct Labour	20
Overheads	16
Total Cost	76
Profit	24
Selling Price	100

The following other particulars are available:

- a) Total Units to be produced in a year 24,000 units.
- b) Debtors are allowed 6 weeks credit.
- c) Suppliers are allowing 4 weeks credit.
- d) Work in Progress remains in stock for one month.
- e) Finished goods remain in stock for half month.
- f) Raw materials in stock for one month.
- g) Wages are paid with a time lag of one month.
- h) Contingent Reserve is 20%.

- Q.8** A company whose cost of capital is 12% is considering two Projects A and B. [10]

Year	Project A (₹)	Project B (₹)
Initial Investment	1,40,000	1,40,000
1	20,000	1,00,000
2	40,000	80,000
3	60,000	40,000
4	1,00,000	20,000
5	1,10,000	20,000

Select the most suitable project for investment by using the following technique:

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

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