

MASTER OF BUSINESS ADMINISTRATION (CBCS - 2020 COURSE)
M.B.A Sem-II : WINTER- 2022
SUBJECT : FINANCIAL MANAGEMENT

Day : Friday

Date : 2/12/2022

W-22779-2022

Time : 10:00 AM-12:00 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 **SAME** answer book.
- 3) Use of non-programmable **CALCULATOR** is allowed.
- 4) Figures to the right indicate **FULL** marks.

SECTION – I

- Q.1** What is Financial Management? State its objectives in detail by citing the arguments in favor or against of these objectives. [10]
- Q.2** Explain the concept of Capital Budgeting and describe the Discounting Techniques of capital budgeting with its merits, demerits and acceptance rule. [10]
- Q.3** Define the concept of working capital and elaborate the factors determining the requirement of Working Capital. [10]
- Q.4** What is Dividend Decision? Explain the various forms of Dividend Payment. [10]
- Q.5** Write Short Notes on **ANY TWO** of the following: [10]
- a) Common size Statements and Comparative size Statements
 - b) Weighted Average Cost of Capital
 - c) Equity Shares and Preference Shares

SECTION – II

- Q.6** The following information is available of PQR Ltd. The company is considering two mutually exclusive proposals X and Y, Initial investment in both the proposals is ₹ 15,00,000. [10]

Particulars	Project X	Project Y
	Cash Inflows ₹	
1	1,00,000	6,50,000
2	2,50,000	6,00,000
3	3,50,000	6,00,000
4	5,50,000	5,75,000
5	7,50,000	5,25,000

You are required to calculate:

- a) Net Present Value
- b) Profitability Index

Assume discounting rate 10%.p.a

Discounting Factors as below:

Year	1	2	3	4	5
Discounting Factors @ 12%	0.909	0.826	0.751	0.683	0.621

P.T.O.

- Q.7** From the following information you are required to calculate the amount of working capital for the production of 1,000 units. [10]

	Cost Per Unit (₹)
Raw Material	30
Direct Labour	10
Overheads	05
Total Cost	45
Profit	10
Selling Price	55

The following other particulars are available:

- a) Raw material are in stock for 1 month.
 - b) Finished goods are in stock for 30 days.
 - c) Creditors have allowed credit period of 2 months.
 - d) Debtors are allowed credit period of 1 months.
 - e) There is time lag in payment of wages by 1 week.
 - f) Lag in payment of overhead expenses is 1 month.
 - g) Cash Balance is to be maintained for ₹ 60,000.
- Q.8** A firm has sales of ₹ 10,00,000; Variable Cost is 20% of Sales, fixed cost ₹ 2, 50,000 and Debentures of ₹ 5,00,000 at 10% rate of interest. Calculate: [10]
- a) Operating Leverage
 - b) Financial Leverage
 - c) Combined Leverage from the above data

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