

A-0787

Total Pages : 5

Roll No. -----

MS-109

Financial Management

Master of Business Administration (MBA)

2nd Semester Examination 2024(Dec.)

Time: 2:00 hrs

Max. Marks: 70

Note : This paper is of Seventy (70) marks divided into Two (02) Section A and B. Attempt the questions contained in these sections according to the detailed instructions given therein. Candidates should limit their answers to the questions on the given answer sheet. No additional (B) answer sheet will be issued.

P.T.O

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Section-A

(Long-Answer-Type Questions)

Note : Section 'A' contains Five (05) long-answer-type questions of Nineteen (19) marks each. Learners are required to answer any Two (02) questions only.

(2x19=38)

- Q.1. What are the main responsibilities of a financial manager? Discuss the nature and importance of financial decision-making in today's business environment.
- Q.2. What do you mean by Gross and Net Working Capital? Explain the various considerations the should be taken into account while estimating working capital required for a business.
- Q.3. What is capital budgeting? Explain the various techniques used for evaluating investment decisions, such as NPV, IRR, and Payback Period.

- Q.4. Discuss the financial system of India in detail covering all the aspects of Indian Financial System.
- Q.5. A Limited and B Limited are identical in all respects including risk factors except for debt/equity mix. A Limited having issued 12% Debentures of Rs.30 lakhs, while B Limited issued only equity capital. Both companies earn 24% before interest and taxes on their total assets of Rs. 50 lakhs. Assuming the corporate effective tax rate of 30% and capitalization rate of 18% for an all-equity company.

Compute the value of A Limited and B Limited using:

- (i) Net Income Approach
- (ii) Net Operating Income Approach
- (iii) Using “Net Operating Income Approach”, calculate the overall “Cost Of Capital” for both the companies.

P.T.O

Section-B

(Short-Answer-Type Questions)

Note : Section 'B' contains Eight (08) short-answer-type questions of Eight (08) marks each. Learners are required to answer any Four (04) questions only.

[4x8=32]

Briefly discuss any four (04) of the following:

- Q.1. Relationship of Risk and Return.
- Q.2. Limitations of Retained Earning as a source of finance.
- Q.3. EBIT-EPS Analysis.
- Q.4. Money market instruments.
- Q.5. Credit policy variables under receivables management.
- Q.6. Objectives of Inventory management.
- Q.7. Walter's Model of Dividend.

Q.8. A company has the following financial data:

Sales: Rs.10,00,000

Variable Cost: Rs.4,00,000

Fixed Cost: Rs.2,00,000

Debentures: Rs.5,00,000

Interest Rate in Debentures: 6%

Equity Capital: Rs.7,00,000

You are required to:

- i) Calculate ROI.
- ii) Determine the Operating Leverage, Financial Leverage, and Combined Leverage.
