

A-724

Total Pages : 4

Roll No.

MS-109

FINANCIAL MANAGEMENT

Master of Business Administration (MBA)

2nd Semester Examination, 2024 (June)

Time : 2:00 Hrs.

Max. Marks : 70

Note :- This paper is of Seventy (70) marks divided into Two (02) Sections '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.*

Section-A

Long Answer Type Questions (2×19=38)

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.

1. What is Financial Management ? What are the major types of financial management decisions that a firm makes ? Discuss each one of them briefly.
2. Define the concept of cost of capital. State how would you determine the weighted average cost of capital of a company ?
3. X Limited is planning to purchase a machine for ₹ 1,50,000 which is likely to generate the following earnings in the next five years :

Year	EBDT
1	50,000
2	55,000
3	60,000
4	62,000
5	65,000

The purchase of machine would result in an increase of working capital by ₹ 15,000. The machine will be depreciated on straight line method and will have a salvage value of ₹ 25,000.

Corporate tax rate is 50%.

Should the machine be purchased if the cost of capital is 10% ? Use Net Present Value Method.

The Present value of ₹ 1 @10% discounting factor :

Year	PV factor
1	0.909
2	0.826
3	0.751
4	0.683
5	0.621
6	0.565

4. Define working capital. Discuss the factors affecting working capital requirements of a company.
5. What is meant by dividend ? Explain different forms of dividend and briefly discuss the Walter model of dividend.

Section–B

Short Answer Type Questions (4×8=32)

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.

Briefly discuss any *four* of the following :

1. Profit maximization Vs. Wealth maximization

2. Financial leverage
3. Sources of short-term finances
4. Relevance of Time Value of money
5. Inventory Management Techniques
6. Importance of Receivables Management
7. Basic features of on Optimum capital structure
8. Profitability Index
