

**A-0738**

Total Pages : 4

Roll No. ....

**MS-109**

**Master of Business Administration (MBA)**

**(Financial Management)**

Examination, June 2025

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.

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( 1 )

P.T.O.

1. Discuss the major financial decisions that managers need to make. How do these decisions influence the overall success of a business ?
2. Critically examine the Net Income and Net operating Income approaches to capital structure. Also explain the factors determining optimum capital structure.
3. What is dividend policy ? Discuss the factors that influence a company's dividend policy decisions.
4. Discuss the role of financial markets in economic development. Explain the difference between primary and secondary markets.
5. A company is considering the following investment projects :

Projects	Cash Flows (₹)			
	C <sub>0</sub>	C <sub>1</sub>	C <sub>2</sub>	C <sub>0</sub>
A	-10,000	+10,000		
B	-10,000	+7,500	+7,500	
C	-10,000	+12,000	+4,000	+3,000
D	-10,000	+10,000	+3,000	+3,000

- (a) Rank the project according to each of the following methods, assuming discount rate of 10 percent :
- (i) Payback
  - (ii) ARR
  - (iii) NPV
- (b) Assuming the projects are independent, which one should be accepted ? If the projects are mutually exclusive, which project is the best ?

The Net Present Value Method using a discount rate of 10%. Present value of Re 1 @10% is 0.909 for first year, 0.826 for second year, 0.751 for third year.

### **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. Discounted Cash Flow Analysis.
2. Cost of liquidity and Cost of illiquidity.
3. Significances of Leverages.

4. Issues in Capital Budgeting.
5. Baumol Model of Cash Management.
6. Operating Cycle Concept of Working Capital.
7. Benefits and Cost of Receivable Management.
8. B Ltd. issued 2,000 12% Preference Shares of ₹ 50 each. The cost of issue is ₹ 1.50 per share. Calculate the Cost of Preference Shares if the shares are issued :
  - (i) At par
  - (ii) At a discount of 10%
  - (iii) At a premium of 8%Assume the tax rate is 25%.

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