



BBH-19MBA203

Seat No. _____

M. B. A. (Sem. II) (CBCS) Examination

July - 2021

Financial Management

Time : $2\frac{1}{2}$ Hours]

[Total Marks : 70

- Instructions :** (1) Attempt Any 5 out of 10 Questions.
(2) All questions carry equal marks.

- 1 What is working capital? What are the different factors affecting working capital requirements of the firm?
- 2 Explain briefly the different sources of long-term finance for a firm.
- 3 Explain the most critical factors of the determination of the capital structure.
- 4 What are the main functions of a Modern finance manager?
- 5 What do you think are the determinants of the dividend policy of corporate enterprises?
- 6 A Ltd provides you the following information:

	Machine X	Machine Y
Purchase Price of Machine	Rs. 7,00,000	Rs. 9,00,000
Useful Life of the Machine	7 years	9 years
Estimated Salvage Value	NIL	NIL
Method of Depreciation	SLM	SLM
Tax Rate	30%	30%
Variable cost	Rs. 6,00,000	Rs. 9,00,000
Fixed Cost (other than depreciation) p.a	Rs. 4,00,000	Rs.1,00,000
Annuity Factor for 7/9 years @ 12%	4.564	5.382

From the above details which Machine should be purchased as per Net Present Value Method

- 7 Goodluck Ltd has the following Capital structure as per its Balance sheet as on 31st March, 2021.

Particulars	Rs. In lakhs
Equity Share Capital (Fully paid up Shares of Rs.10 Each)	20
20 % Pref Share Capital (Fully paid up Shares of Rs.100 Each)	5
Retained Earnings	15
15 % Debentures (Fully paid up of Rs.100 Each)	40
14 % Term Loan	20
	100

Additional Information:

- Currently Quoted Prices on the Stock Exchange: Equity shares Rs.110, Preference Shares Rs 100, Debentures Rs 92.
- The company had paid an Equity dividend of Rs 10 per share, last time which is expected to grow @ 10% p. a. Forever
- The Corporate Tax is 30%

Calculate the Weighted Average Cost of Capital using a) Book Value Weights b) Market Value Weights

- 8 Z Ltd has been expected to grow @ 12% per annum for next 6 years and then to grow at the same rate as the national economy i.e 6%. The required rate of return on the equity shares is 14%. Assume that the company paid a dividend of Rs. 10 per share last time. Determine the Market price of the shares today.
- 9 What are the various techniques of Capital budgeting. Explain them briefly.
- 10 Write Short Notes on:
- Cash and receivables management
 - Venture Capital