D Y Patil Agriculture & Technical University, Talsande

Year and Program: 2022-23 MBA-ABM	School of Agri Business Management	Department of Management
Course Code: MABM001203	Course Title: Financial Management	Semester – II
Day and Date: Saturday, 5/8/2023	End Semester Examination (ESE)	Time: 12:00 - 3:00 p.m. Max Marks: 100

Instructions:

1) All questions are compulsory.
2) Assume suitable data wherever necessary.
3) Figures to the right indicate full marks.

			Marks	Bloom's Level	CO
Q.1		**Short Answer Type Questions (Attempt any 5)**			
	a)	Write a note on "Time Value of Money".	6	L2	1
	b)	Outline meaning of financial management. State its core objectives.	6	L3	3
	c)	Illustrate functions of financial management.	6	L4	4
	d)	ABC Ltd, has sales of Rs. 10, 00,000; Variable cost of Rs. 4,00, 000 and fixed costs of Rs. 2,00,000. It has a long term debt-of Rs. 20,00,000 at 10% rate of interest. Calculate the operating, financial and combined leverages.	6	L2	2
	e)	The cost of a project is Rs. 70,000 and it generates cash inflows of Rs. 30,000, Rs.20,000, Rs.25,000, and Rs.10,000 over four years. Calculate Net Present Value assuming a 10% cost of capital.	6	L4	5
	f)	Is a debt cheaper source than equity share capital? If so, why.	6	L5	5
Q.2		**Long Answer Type Questions (Attempt any 5)**			
	a)	Explain the Modigliani Miller Approach of irrelevance of capital structure.	10	L4	4
	b)	Menon Ltd company is considering to invest in projects. Two Projects X and Y having initial investment of Rs.1, 00,000 each. Earnings after taxes are expected be as under:	10	L6	5

Year	Project X	Project Y	Discount Factor @10%
1	30,000	40,000	0.909
2	25,000	35,000	0.826
3	20,000	20,000	0.751
4	20,000	20,000	0.683
5	20,000	20,000	0.620

Evaluate the two projects according to NPV method and Profitability Index. Comment.

	c)	Elaborate and explain various techniques of capital budgeting.	10	L4	4
	d)	Critically examine NOI and Traditional theory of capital structure	10	L3	3
	e)	Elaborate cost of capital? Explain components of cost of capital.	10	L6	4
	f)	Illustrate and Explain Receivables Management.	10	L4	4
Q.3		**Case Study / Application based question.**	20	L6	6

Sales Rs.24,00,000 (Rs.100/unit)
Variable Cost-50% of sales
Fixed Cost- Rs. 10,00,000
Company has borrowed Rs. 10, 00,000 @10% p.a.
Its Equity share capital is Rs.10, 00,000 (Rs.100 each).
Tax Rate 40%.
Calculate
a) Operating Leverage
b) Financial Leverage
c) Combined Leverage
d) If sales is increased by Rs.5, 00,000 what will be the new EBIT.

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Instructions:
1) All questions are compulsory.
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			Marks	Bloom's Level	CO
Q.1		**Short Answer Type Questions (Attempt any 5)**			
	a)	Briefly explain and illustrate the concept of time 'value of money'.	6	L2	1
	b)	Illustrate composition of Capital Structure.	6	L3	3
	c)	The cost of a project is Rs. 75,000 and it generates cash inflows of Rs. 30,000, Rs.20,000, Rs.25,000, and Rs.10,000 over four years. Calculate Net Present Value assuming a 10% cost of capital.	6	L4	4
	d)	Outline and explain functions of Financial Management.	6	L2	2
	e)	From the following data, calculate financial, operating and combined leverage. Sales 10,000 units, Rs.25 per unit as the selling price. Variable cost Rs.5 per unit Fixed cost Rs.30,000 Interest Cost Rs.15,000	6	L4	5
	f)	Is a debt cheaper source than equity share capital? If so, why.	6	L5	5
Q.2		**Long Answer Type Questions (Attempt any 5)**			
	a)	XYZ Inc. is considering two projects, Project A and Project B, and wants to calculate the NPV and Profitability Index for each project. The firm's cost of capital is 10% for each project, and the initial investment is Rs.10, 000.	10	L4	4

Year	Project A	Project B
1	5000	1000
2	4000	3000
3	3000	4000
4	1000	6750

The firm wants to determine and compare the net present value and profitability index for both projects. Comment on which project should be accepted

			Marks	Bloom's Level	CO
	b)	Elaborate cost of capital? Explain components of cost of capital.	10	L6	5

c)	The following are the details Selling price per unit Rs. 20 Variable cost per unit Rs. 12 Actual sales 200 units Installed capacity 300 units Calculated operating leverage in each of the following two situations. (i) when fixed costs are Rs. 1000 (ii) when fixed costs are Rs. 800.	10	L4	4
d)	Analyze Steps to form Credit Policy.	10	L3	3
e)	Calculate operating leverage for each of the following four firms A, B, C, and D from the following price and cost data. Assume number of units sold is 5000.	10	L6	4

Particulars	A (Rs.)	B (Rs.)	C (Rs.)	D (Rs.)
Sales price per unit	20	30	50	70
Variable Cost per unit	6	15	20	50
Fixed Cost	80000	40000	20000	----

f)	Explain the Modigliani Miller Approach of irrelevance of capital structure	10	L4	4
Q.3	**Case Study / Application based question.**	20		
	Global Ltd. has an investment of Rs.40,000.The estimated net cash inflows are as follows:-		L6	6

Year	Net Cash Inflow (in Rs.)
1	7000
2	7000
3	7000
4	7000
5	7000
6	8000
7	10000
8	15000
9	11000
10	5000

Using 10% cost of capital (rate of discount),determine the following:-

Payback Period b) Net Present Value c) Profitability Index

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Day and Date: Saturday, 5/8/2023	End Semester Examination (ESE)	Time: 12:00 - 3:00 p.m. Max Marks: 100

Instructions: 1) All questions are compulsory.
2) Assume suitable data wherever necessary.
3) Figures to the right indicate full marks.

			Marks	Bloom's Level	CO
Q.1		**Short Answer Type Questions (Attempt any 5)**			
	a)	Illustrate functions of financial management.	6	L2	1
	b)	Outline meaning of financial management. State its core objectives.	6	L3	3
	c)	Briefly explain and illustrate the concept of time 'value of money'.	6	L4	4
	d)	ABC Ltd, has sales of Rs. 12, 00,000; Variable cost of Rs. 4,10, 000 and fixed costs of Rs. 2,00,000. It has a long term debt-of Rs. 20,00,000 at 10% rate of interest. Calculate the operating, financial and combined leverages.	6	L2	2
	e)	The cost of a project is Rs. 80,000 and it generates cash inflows of Rs. 32,000, Rs.22,000, Rs.25,000, and Rs.10,000 over four years. Calculate Net Present Value assuming a 10% cost of capital.	6	L4	5
	f)	Is a debt cheaper source than equity share capital? If so, why.	6	L5	5
Q.2		**Long Answer Type Questions (Attempt any 5)**			
	a)	Explain the Modigliani Miller Approach of irrelevance of capital structure.	10	L4	4
	b)	ABC and Co. Ltd is considering to invest in projects. Two Projects A and B having initial investment of Rs.1, 50,000 each. Earnings after taxes are expected be as under:	10	L6	5

Year	Project A	Project B	Discount Factor @10%
1	30,000	40,000	0.909
2	25,000	35,000	0.826
3	20,000	20,000	0.751
4	20,000	20,000	0.683
5	20,000	20,000	0.620

Evaluate the two projects according to NPV method and Profitability Index. Comment.

c)	Explain various techniques of capital budgeting.	10	L4	4
d)	Critically examine NOI and Traditional theory of capital structure	10	L3	3
e)	Elaborate cost of capital? Explain components of cost of capital.	10	L6	4
f)	Illustrate and Explain Receivables Management.	10	L4	4
Q.3	**Case Study / Application based question.**	20	L6	6

Sales Rs.25,00,000 (Rs.100/unit)
Variable Cost-50% of sales
Fixed Cost-Rs. 10,00,000
Company has borrowed Rs. 9,00,000 @10% p.a.
Its Equity share capital is Rs.10,00,000 (Rs.100 each).
Tax Rate 40%.
Calculate
a)Operating Leverage
b) Financial Leverage
c) Combined Leverage
d) If sales is increased by Rs. 4, 00,000 what will be the new EBIT.

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D Y Patil Agriculture & Technical University, Talsande

Year and Program: 2022-23 MBA-ABM	School of Agri Business Management	Department of Management
Course Code: MABM001203	Course Title: Financial Management	Semester – II
Day and Date: Wednesday, 4/6/2025	End Semester Examination (ESE)	Time: 10:00 a.m. - 12:00 noon Max Marks: 50

Instructions: 1) All questions are compulsory.
2) Assume suitable data wherever necessary.
3) Figures to the right indicate full marks.

Q.1		**Short Answer Type Questions (Attempt any 5)**	Marks	Bloom's Level	CO
	a)	Illustrate functions of financial management.	6	L2	1
	b)	Outline meaning of financial management. State its core objectives.	6	L3	3
	c)	Briefly explain and illustrate the concept of time 'value of money'.	6	L4	4
	d)	ABC Ltd, has sales of Rs. 12, 00,000; Variable cost of Rs. 4,10, 000 and fixed costs of Rs. 2,00,000. It has a long term debt-of Rs. 20,00,000 at 10% rate of interest. Calculate the operating, financial and combined leverages.	6	L2	2
	e)	The cost of a project is Rs. 80,000 and it generates cash inflows of Rs. 32,000, Rs.22,000, Rs.25,000, and Rs.10,000 over four years. Calculate Net Present Value assuming a 10% cost of capital.	6	L4	5
	f)	Is a debt cheaper source than equity share capital? If so, why.	6	L5	5
Q.2		**Long Answer Type Questions (Attempt any 5)**			
	a)	Explain the Modigliani Miller Approach of irrelevance of capital structure.	10	L4	4
	b)	ABC and Co. Ltd is considering to invest in projects. Two Projects A and B having initial investment of Rs.1, 50,000 each. Earnings after taxes are expected be as under:	10	L6	5

Year	Project A	Project B	Discount Factor @10%
1	30,000	40,000	0.909
2	25,000	35,000	0.826
3	20,000	20,000	0.751
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Evaluate the two projects according to NPV method and Profitability Index. Comment.

c)	Explain various techniques of capital budgeting.	10	L4	4
d)	Critically examine NOI and Traditional theory of capital structure	10	L3	3
e)	Elaborate cost of capital? Explain components of cost of capital.	10	L6	4
f)	Illustrate and Explain Receivables Management.	10	L4	4
Q.3	**Case Study / Application based question.**	20	L6	6

Sales Rs.25,00,000 (Rs.100/unit)
Variable Cost-50% of sales
Fixed Cost-Rs. 10,00,000
Company has borrowed Rs. 9,00,000 @10% p.a.
Its Equity share capital is Rs.10,00,000 (Rs.100 each).
Tax Rate 40%.
Calculate
a) Operating Leverage
b) Financial Leverage
c) Combined Leverage
d) If sales is increased by Rs. 4, 00,000 what will be the new EBIT.

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Q.1		Solve Any 2	Marks	Bloom's Level	CO
	A	Is a debt cheaper source than equity share capital? If so, why.	5	L3	3
	B	The cost of a project is Rs. 80,000 and it generates cash inflows of Rs. 32,000, Rs.22,000, Rs.25,000, and Rs.10,000 over four years. Calculate Net Present Value assuming a 10% cost of capital.	5	L4	4
	C	ABC Ltd, has sales of Rs. 12, 00,000; Variable cost of Rs. 4,10, 000 and fixed costs of Rs. 2,00,000. It has a long term debt-of Rs. 20,00,000 at 10% rate of interest. Calculate the Operating, Financial and Combined leverages.	5	L5	5
Q.2		Solve Any 2			
		Menon Ltd company is considering to invest in projects. Two Projects X and Y having initial investment of Rs.1, 00,000 each. Earnings after taxes are expected be as under:	10		

Year	Project X	Project Y	Discount Factor @10%
1	30,000	40,000	0.909
2	25,000	35,000	0.826
3	20,000	20,000	0.751
4	20,000	20,000	0.683

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		5	20,000	20,000	0.620			
		Evaluate the two projects according to NPV method and Profitability Index. Comment.			
	B	Analyze Steps to form Credit Policy.	**10**	L4	4
	C		**10**		
Q.3		**Case study/Practical Application Based Question (Compulsory)**	**20**		
	A)	Calculate operating leverage for each of the following four firms A, B, C, and D from the following price and cost data. Assume number of units sold is 5000.	**10**		

Particulars	A (Rs.)	B (Rs.)	C (Rs.)	D (Rs.)
Sales price per unit	20	30	50	70
Variable Cost per unit	6	15	20	50
Fixed Cost	80000	40000	20000	----

B)	The following are the details Selling price per unit Rs. 20 Variable cost per unit Rs. 12 Actual sales 200 units Installed capacity 300 units Calculated operating leverage in each of the following two situations. (i) when fixed costs are Rs. 1000 (ii) when fixed costs are Rs. 800.	**10**		

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