

# D Y Patil Agriculture & Technical University, Talsande

<b>Year and Program:</b> 2024 MBA-ABM	<b>School of Agri Business Management</b>	<b>Department of Management</b>
<b>Course Code:</b> MABM001203	<b>Course Title: Financial Management</b>	<b>Semester – II</b>
<b>Day and Date:</b>	<b>End Semester Examination (ESE)</b>	<b>Time:</b> <b>Max Marks: 100</b>

- 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
<b>Q.1</b>	<b>Short Answer Type Questions (Attempt any 5)</b>			
a)	Illustrate functions of financial management.	6	L2	1
b)	Elaborate meaning of financial management. State its core objectives	6	L3	3
c)	“Every Manager has to take three major decisions while performing the finance function” briefly explain them.	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)	Write a note on “Time Value of Money”.	6	L5	5
<b>Q.2</b>	<b>Long Answer Type Questions (Attempt any 5)</b>			
a)	Discuss in detail funding strategies for working capital.	10	L4	4
b)	Bharat 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.

# D Y Patil Agriculture & Technical University, Talsande

	c) Explain the Modigliani Miller Approach of irrelevance of capital structure.	10	L4	4
	d) Critically examine NOI and Traditional theory of capital structure.	10	L3	3
	e) Describe permanent and temporary working capital with examples.	10	L6	4
	f) Outline concept and significance of Inventory Management with its motives.	10	L4	4
Q.3	<b>Case Study / Application based question.</b> 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.	20	L6	6

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# D Y Patil Agriculture & Technical University, Talsande

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<b>Course Code:</b> MABM001203	<b>Course Title: Financial Management</b>	<b>Semester – II</b>
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- Instructions:**
- 1) All questions are compulsory.
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  - 3) Figures to the right indicate full marks.

Q.1	Short Answer Type Questions (Attempt any 5)	Marks	Bloom's Level	CO
a)	Outline and explain functions of Financial Management.	6	L2	1
b)	Discuss types of working capital.	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)	Is a debt cheaper source than equity share capital? If so, why.	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)	Explain the concept of "Time Value of Money".	6	L5	5
Q.2	<b>Long Answer Type Questions (Attempt any 5)</b>			
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
- |    |                                                  |    |    |   |
|----|--------------------------------------------------|----|----|---|
| b) | Elaborate Funding strategies of Working Capital. | 10 | L6 | 5 |
|----|--------------------------------------------------|----|----|---|

# D Y Patil Agriculture & Technical University, Talsande

- 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) Describe International Monetary System. 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) Illustrate the Modigliani Miller Approach of irrelevance of capital structure 10      L4      4

**Q.3 Case Study / Application based question.** 20

A company has to make a choice between three possible investments. Project A, B and C, the cash outflow on each being Rs.11,000. Each will continue for 5 Years and it has been decided that a discount rate of 10% is acceptable for all three. The cash flows for the three projects are as follows:

Year	1	2	3	4	5
<b>A</b>	Rs.1,000	Rs 2,000	Rs.3,000	Rs.4,000	Rs.5,000
<b>B</b>	Rs.3,000	Rs 2,000	Rs.3,000	Rs 2,000	Rs.5,000
<b>C</b>	Rs.1,000	Rs.3,000	Rs.3,000	Rs 2,000	Rs.4,000
PV Factor at 10%	0.909	0.826	0.683	0.751	0.621

Which project would you recommend and why?

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# D Y Patil Agriculture & Technical University, Talsande

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<b>Day and Date:</b>	<b>End Semester Examination (ESE)</b>	<b>Time:</b> <b>Max Marks: 100</b>

- 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
<b>Q.1</b>	<b>Short Answer Type Questions (Attempt any 5)</b>			
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
<b>Q.2</b>	<b>Long Answer Type Questions (Attempt any 5)</b>			
a)	Explain the Modigliani Miller Approach of irrelevance of capital structure.	10	L4	4
b)	Tulsi 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.

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	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 International Monetary System.	10	L6	4
	f) Illustrate and Explain permanent and temporary working capital.	10	L4	4
<b>Q.3</b>	<b>Case Study / Application based question.</b>	<b>20</b>	<b>L6</b>	<b>6</b>
	<p>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.</p>			

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# D Y Patil Agriculture & Technical University, Talsande

<b>Year :2024-25</b> <b>Program: MBA-ABM</b>	<b>School of Agribusiness Management</b>	<b>Department of Agribusiness Management</b>
<b>Course Code: MABM001203</b>	<b>Course Title:</b> <b>Financial Management</b>	<b>Semester- II</b>
<b>Day and Date:</b> <b>Wednesday, 4/6/2025</b>	<b>End Semester Examination (ESE)</b>	<b>Time: :10.00 am to 12.00 noon</b> <b>Max Marks: 50</b>

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

<b>Q.1</b>	<b>Solve Any 2</b>	<b>Marks</b>	<b>Bloom's Level</b>	<b>CO</b>															
	<b>A</b> 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.	<b>5</b>	L3	3															
	<b>B</b> Discuss types of working capital.	<b>5</b>	L3	3															
	<b>C</b> Is a debt cheaper source than equity share capital? If so, why.	<b>5</b>	L5	5															
<b>Q.2</b>	<b>Solve Any 2</b>																		
	<b>A</b> 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.  <table border="1" style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">Year</th> <th style="width: 20%;">Project A</th> <th style="width: 20%;">Project B</th> </tr> </thead> <tbody> <tr> <td>1</td> <td style="text-align: center;">5000</td> <td style="text-align: center;">1000</td> </tr> <tr> <td>2</td> <td style="text-align: center;">4000</td> <td style="text-align: center;">3000</td> </tr> <tr> <td>3</td> <td style="text-align: center;">3000</td> <td style="text-align: center;">4000</td> </tr> <tr> <td>4</td> <td style="text-align: center;">1000</td> <td style="text-align: center;">6750</td> </tr> </tbody> </table> <p>The firm wants to determine and compare the net present value and profitability index for both projects. Comment on which project should be accepted.</p>	Year	Project A	Project B	1	5000	1000	2	4000	3000	3	3000	4000	4	1000	6750	<b>10</b>	L4	4
Year	Project A	Project B																	
1	5000	1000																	
2	4000	3000																	
3	3000	4000																	
4	1000	6750																	
	<b>B</b> Discuss in detail funding strategies for working capital.	<b>10</b>	L5	5															
	<b>C</b> Describe International Monetary System.	<b>10</b>	L3	5															

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<b>Q.3</b>	<b>Case study/Practical Application Based Question (Compulsory)</b>			
	<p>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.</p>	<b>20</b>	L6	4

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