

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, 5/8/23023	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.



D Y PATIL
AGRICULTURE
& TECHNICAL
UNIVERSITY
TALSANDE

D Y Patil Agriculture & Technical University, Talsande

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	
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.
