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Total No. of Pages : 02

Total No. of Questions : 15

MBA / MBA(IB) (2012 & onward) (Sem.-2)

FINANCIAL MANAGEMENT

Subject Code : MBA-205

Paper ID : [C0250]

Time : 3 Hrs.

Max. Marks : 60

INSTRUCTION TO CANDIDATES :

1. **SECTION-A** contains **SIX** questions carrying **FIVE** marks each and students has to attempt any **FOUR** questions.
2. **SECTIONS-B** consists of **FOUR** Subsections : **Units-I, II, III & IV**. Each Subsection contains **TWO** questions each carrying **EIGHT** marks each and student has to attempt any **ONE** question from each Subsection.
3. **SECTION-C** is **COMPULSORY** carrying **EIGHT** marks.

SECTION-A

1. What is the need of financial manager?
2. What are the limitations of agency cost?
3. How equity capital differ from preference capital?
4. Discuss in detail venture capital.
5. Define operating leverage.
6. What do you mean by inventory management?

SECTION-B

UNIT-I

7. Discuss in detail objective, function and scope of financial management. What have been the key developments and reforms of the Indian financial sector since 1990?
8. What do you mean by long term financial resources? Discuss in detail method with which you can mobilises your financial resources.

UNIT-II

9. How is the rate of return on an assets is defined? What is the relationship of risk and return as per CAPM?

10. The expected cash flows of a project are as follows :

Year	0	1	2	3	4	5
Cash flow	-1,00,000	20,000	30,000	40,000	50,000	30,000

The cost of capital is 12%. Calculate the net present value internal rate of return, modified internal rate of return payback period and discounted payback period.

UNIT-III

11. What do you mean by capital structure? Discuss in detail theories of capital structure.
12. Write down the following :
- A. Traditional theories of dividend policies.
 - B. Implications of financial leverage.

UNIT-IV

13. Define working capital .Discuss in detail objectives of working capital, discuss in detail operating cycle approach to working capital and cash management.
14. Write detailed note on current scenario of factoring in India. How factoring affect financial position of any organisation explain with the help of example?

SECTION-C

15. **CA May 1990** The following annual figures relate to XYZ Co. :

	Rs.
Sales (at two month's credit)	3,600,000
Materials consumed (suppliers extend two months credit)	900,000
Wages paid (monthly in arrear)	720,000
Manufacturing expenses outstanding at the end of the year (Cash expenses are paid one month in arrear)	80,000
Total administrative expenses, paid as above	240,000
Sales promotion expenses, paid quarterly in advance	120,000

The company sells its products at a gross profit of 25 percent counting depreciation as part of the cost of Production. It keeps one month's stock each of raw materials and finished goods, and a cash balance of Rs. 100,000. Assuming a 20 percent safety margin, calculate the working capital requirements of the company on cash cost basis. Ignore work-in- process.