

**S-862**

**Total Pages : 4**

**Roll No. -----**

**MS-109**

**Financial Management**

**Master of Business Administration (MBA)**

**2<sup>nd</sup> Semester, Examination 2022(Dec.)**

**Time: 2 Hours**

**Max. Marks: 70**

**Note :** This paper is of Seventy (70) marks divided into two (02) Sections A and B. Attempt the questions contained in these sections according to the detailed instructions given therein.

**Section – A**

(Long Answer – type questions)

**Note:** Section 'A' contains Five (05) long-answer-type questions of Nineteen (19) marks each. Learners are required to answer any two (02) questions only.

[2 x 19 = 38]

P.T.O.

- Q.1. What do you understand by financial management?  
Discuss its nature, scope and main functions.
- Q.2. What do you understand by capital structure. Discuss the various factors affecting the capital structure of a company.
- Q.3. What is the meaning and need of dividend policy. Differentiate between passive and active dividend policies and explain briefly the factors affecting dividend policy of a company.
- Q.4. What are the long term and short term sources of finance available to companies in India? Explain briefly.
- Q.5. The following is the capital structure of a company as on 31.03.2022:

Equity Shares : 10,000 shares of Rs100 each	10,00,000
10% preference shares of Rs.100 each	4,00,000
12% Debentures	6,00,000

The market price of company's share is Rs.110 each and it is expected that a dividend of Rs.10 per share would be declared for the current year. The dividend growth rate is 6%.

- (a) If the company is in the 50% tax bracket, calculate weighted average cost of capital.
- (b) The company intends to finance its expansion plan by borrowing Rs.10 Lakh at the rate of 14% interest per annum. This financing decision is expected to increase dividend from Rs.10 to Rs.12 per share. However, the Market price of equity share is expected to decline from Rs.110 to Rs.105 per share. Calculate the revised weighted average cost of capital.

### **Section – B**

#### **(Short-answer-type questions)**

Note: Section 'B' contains Eight (08) short-answer-type questions of Eight (08) marks each. Learners are required to answer any Four (04) questions only.

[4 x 8 = 32]

P.T.O.

- Q.1. Operating and Financial leverage.
- Q.2. EBIT-EPS Analysis.
- Q.3. Discounted cash flow techniques.
- Q.4. ABC method of inventory management.
- Q.5. Receivables management.
- Q.6. Sensitivity Analysis.
- Q.7. Economic Order Quantity (EOQ).
- Q.8. Factors affecting working capital requirements.

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