

**FINANCIAL MANAGEMENT**

Roll No \_\_\_\_\_

**MBA-MB-205**

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**Time: 3 Hours****Max. Marks: 60****Section – A****This section contains 10 sub-questions of 2 marks each. All questions are compulsory.**

- 1) Objectives of Financial Management?
- 2) Debentures?
- 3) Capital Budgeting?
- 4) Benefit-Cost ratio?
- 5) Financial Leverage?
- 6) Bonus Shares?
- 7) Advantages of Leasing?
- 8) Sources of Working Capital
- 9) Cash Management?
- 10) Working Capital?

10 x 2 = 20

**Section – B****This section contains 6 questions of 10 marks each. Attempt any four questions.**

- 11) What are various sources available to Indian businessmen for raising funds? Explain?
- 12) What do you understand by capital budgeting process? Enumerate briefly the major steps involved in capital budgeting?
- 13) What is working capital? Explain various factors influencing working capital?
- 14) Discuss the various aspects or dimensions of receivables management?
- 15) The firms A and B are identical in all respects including risk factors except for debt equity mix. Firm A has issued 12% debentures of Rs. 15 lakhs while B has issued only equity. Both the firms earn 30% before interest and taxes on their total assets of Rs. 25 lakhs.  
Assuming a tax rate of 50% and capitalisation rate of 20% for an all-equity company, you are required to compute the value of the two firms using  
(i) Net Income Approach, and (ii) Net operating Income Approach.
- 16) The earnings per share of company are Rs. 8 and the rate of capitalisation applicable to the company is 10%. The company has before it an option of adopting a payout ratio of 25% or 50% or 75%. Using Walter's formula of dividend payout, compute the market value of the company's share if the productivity of retained earnings is  
(i) 15% (ii) 10% and (iii) 5%.

4 x 10 = 40

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