

Subject : Financial Management

Day : Friday
Date : 03/06/2016



Time : 02.00 PM TO 05.00 PM
Max Marks : 70 Total Pages : 2

N.B.

- 1) Attempt any **THREE** questions from Section – I and any **TWO** questions from Section – II.
- 2) Answers to both the sections should be written in the **SAME** answer book.
- 3) Figures to the right indicate **FULL** marks.
- 4) Use of calculator is **ALLOWED**.

SECTION – I

- Q.1** Explain Profit Maximization Vs Wealth Maximization as Objectives of Financial Management. (14)
- Q.2** What do you mean by Venture Capital Financing? Explain Venture Capital Scenario in India. (14)
- Q.3** Write a note on factors affecting Capital Structure of the company. (14)
- Q.4** a) Explain the concept of ‘Operating Cycle’. (07)
- b) How weighted Average Cost of Capital is calculated? (07)
- Q.5** Write short notes on any **TWO**: (14)
- a) Cash Flow Statement
 - b) Dividend Decision
 - c) Accounting Rate of Return

SECTION – II

- Q.6** Nidhi Ltd. is considering investment in machinery. The following information is available for the same. (14)

Year	Machine X Cash Flow Rs.	Machine Y Cash Flow Rs.
0	(10,00,000)	(15,00,000)
1	2,50,000	3,50,000
2	3,20,000	4,30,000
3	4,00,000	4,80,000
4	4,20,000	4,30,000
5	3,80,000	4,80,000

The cost of capital of Nidhi Ltd. is 10%. The discounting factors at 10% are as follows: 0.909, 0.826, 0.751, 0.683, 0.621.

You are required to calculate for Machine X and Y .

- a) Pay Back Period
- b) Net Present Value
- c) Profitability Index

In which machine the company should invest? Give reasons.

P.T.O.

Q.7 Madhura Manufacturing Ltd. has the following cost structure. (14)

Particulars	Cost Per Unit (Rs.)
Direct Material	200
Direct Labour	120
Overheads	80
Total Cost	400
Profit	50
Selling Price PLL	450

Additional information:

- i) Raw materials are in stock on an average for one month.
- ii) Finished goods are in stock for average one month.
- iii) Credit allowed by suppliers 1 month.
- iv) Credit allowed to customers 2 months.
- v) Lag in payment of wages 1 ½ weeks.
- vi) Lag in payment of overhead 1 month.

Assume that production is carried out evenly throughout the year and 1 month is equal to 4 weeks. .Calculate working capital requirement for 12,000 units. Estimated cash balance is Rs. 2,00,000.

Q.8 Write a detailed note on ‘Ratio Analysis’. (14)

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