



# AJEENKYA

## D Y PATIL UNIVERSITY

### End Term Examinations (APRIL 2019)

**School :** School of Management

**Program:** MBA

**Course:** Financial Management for Business

**Course Code:** MGT 521

**Semester:** II

**Max Marks:** 70

**Duration (mins) :** 150

- Note :
1. Figures to the right indicates full marks.
  2. Attempt any four from Q.1 - Q.5
  3. Attempt any one from Q.6 & Q.8

Q1. Compute EBIT, EPS, DOL, DFL, DCL on the basis of following data of Satish LTD & Nidhi LTD (15 M)

Particulars	Satish LTD	Nidhi LTD
Nos.	80,000	60,000
Selling Price	180	200
Variable cost	125	140
fixed cost	24,00,000	18,00,000
Debentures	70 ,00,000	60,00,000
debenture int. rate%	12	12
Equity shares of Rs.10 each	13,000	14,000

The corporate income tax is 35%.

Q2. KAALIN BHAIYA Ltd. has an investment Proposal of Rs. 40 Lakhs. The expected cash flow (i.e. Profit after tax, but before depreciation is as under). (15 M)

**You are required to ascertain:**

- a) Pay Back Period    b) Profitability index @ 10%    c) N.P.V. @ 10%    d) A.R.R.    e) BEP

Profit After Tax			
Year	Rs.	Year	Rs.
1	7,00,000	6	9,00,000
2	7,00,000	7	10,00,000
3	8,00,000	8	10,00,000
4	8,00,000	9	8,00,000
5	9,00,000	10	6,00,000

Present Value Factors					
Year	@10%	@15%	Year	@10%	@15%
1	0.909	0.870	6	0.564	0.432
2	0.826	0.726	7	0.513	0.376
3	0.751	0.658	8	0.467	0.327
4	0.683	0.572	9	0.424	0.284
5	0.621	0.497	10	0.386	0.247

Q3. Discuss the importance of Financial Management for the Business and explain the role of Finance Manager (15 M)

Q4. Finance manager of Apex LTD is considering the following two financial plans with a view to examining their impact on EPS. The total fund required for investment in assets is Rs.4,00,000. (15 M)

Financial Plan	Plan A	Plan B
Debt (10%)	3,00,000	1,00,000
Equity Shares (10 each)	1,00,000	3,00,000
Total Financing	4,00,000	4,00,000
No. of Equity Shares	10000	30000

Assuming that the tax rate is 50% ,compute the EPS for EBIT levels of Rs.30,000, Rs.90,000 ,Rs.15,000 and also comment on the impact of financing plans on EPS.

Q5. From the following capital structure of VJBD Ltd. company you are required to calculate overall cost of capital using, (15 M)

A) Book Value Weights & B) Market Value Weights

Source (Rs. In Lacs)	Book Value	Market Value
	Rs.	Rs.
Equity Share Capital @Rs.10 each	45,000	90,000
Retained Earnings	15,000	-----
Preference Share Capital	10,000	10,000
Debentures	30,000	30,000

The after tax cost of different sources of financing is as follows:

Equity Share Capital	14%
Retained Earnings	13%
Preference Share Capital	10%
Debentures	05%

Q6. Explain Capital Budgeting and the various methods of capital budgeting (10 M)

Q7. Discuss Break Even Point in details (10 M)

Q8. Attempt any two

- a) If you wish to accumulate \$140,000 in 13 years, how much must you deposit today in an account that pays an annual interest rate of 14%?
- b) What will \$247,000 grow to be in 9 years if it is invested today in an account with an annual interest rate of 11%?
- c) How many years will it take for \$136,000 to grow to be \$468,000 if it is invested in an account with an annual interest rate of 8%?

\*\*\*\*\* ALL THE BEST \*\*\*\*\*