

9/13/2020  
VCD.

SYBBI financial Management III SEM ~~2019~~ 2020 75 MARKS 2 ½ HRS

- Note : (1) Q.1 is compulsory.  
(2) Q.2 to Q.5 have internal options.  
(3) Figures to the right indicate full marks.  
(4) Use of simple calculator is allowed.

Q.1. A. Choose correct alternative. (any 8).

(8)

1. NBFC stands for \_\_\_\_\_
  - a) Net banking Financial Corporations.
  - b) Non-banking Financial Corporations
  - c) Non-Banking Financial Corporations
  - d) Neutral banking Financial Corporations
2. Cost of preference share is denoted by \_\_\_\_\_
  - a) Kr
  - b) Ke
  - c) Kp
  - d) Kd
3. Net present value of a machine \_\_\_\_\_
  - a) PV of cash inflow less cost of investment
  - b) PV of cash inflow divided by cost of investment
  - c) PV of NPAT less cost of investment
  - d) PV of cash inflow less average cost of investment.
4. To achieve wealth maximisation finance manager has to take careful decisions in managing \_\_\_\_\_
  - a) Investment
  - b) Financing
  - c) Dividend.
  - d) all of the above
5. Capital structure of the firm may be defined as \_\_\_\_\_
  - a) The firms mix of different source of long-term finance.
  - b) The firms stock turnover ratio.
  - c) The market imperfection that the firm's manager can exploit.
  - d) None of the above
6. Minimum rate of return that a firm must earn in order to satisfy its investors is also known as \_\_\_\_\_
  - a) Average rate of investment
  - b) Weighted Average Cost of Capital
  - c) Net profit ratio.
  - d) Average cost of investment
7. Business risk can be measured by \_\_\_\_\_

- a) Operating leverage.                      b) Financial leverage  
c) Combined leverage                      d) None of the above

8. Standard deviation as a measure of risk is \_\_\_\_\_.  
a) Same as variance.                      b) The square of variance  
c) Square root of variance.                      d) None of the above

9. FDI means \_\_\_\_\_  
a) Fixed Deposit Interest.                      b) Foreign Deposit Inward  
c) Foreign Direct Investment                      d) Financing Deficit Investment

10. Interest on Debt is calculated on \_\_\_\_\_.  
a) Face Value.                      b) Market Value  
c) Book Value.                      d) Intrinsic Value

Q.1. B. State True or false (any 7).

(7)

1. Public deposit is a secured loan.
2. Equity shares are the creditors of the company.
3.  $DOL = \frac{EBT}{EBIT}$
4. Depreciation is a non-cash item.
5. EBIT is also known as operating profit.
6. GDR holders have no voting rights.
7. Different source of finance have same cost of capital.
8. Section where FDI is prohibited are Chit Funds, Lottery business, Gambling, Betting etc.
9. Trade credit is a source of working capital
10. Interest is paid to debenture holders.

Q.2 Super Ltd. is considering following financial plans.

(15)

Financial plans	Equity	Debt	Preference capital
A	100%	-	-
B	50%	50%	-
C	50%	-	50%

Total funds to be raised Rs. 200 Crores

Rate of interest on Debt - 12%

Corporate tax rate - 35%

Dividend on Preference shares - 9%



Face value of equity shares Rs.10/- each , Expected EBIT Rs. 80 Crores  
Determine EPS & suggest suitable plan for the company.

OR

Q.2 P The firm X & Y have the following information.

(8)

Particulars	Sales (Rs.)	Variable cost	Fixed Cost (Rs.)
Firm X	10,00,000	25%	5,00,000
Firm Y	5,00,000	50%	1,25,000

Calculate Operating Leverage ,Financial Leverage & Combined Leverage

Q.2 Q The capital of J Ltd is as under.

(7)

Particulars	Cost after tax	Amount (Rs)
Equity share capital	15%	1,00,00,000
Preference capital	9.80%	30,00,000
Debenture	10.41%	70,00,000

Calculate Weighted Average Cost of Capital.

Q.3.. A company has an investment opportunity costing Rs. 40,000 with the following expected net cash flow

(15)

Year	Net Cash Inflow (Rs)
1	10000
2	10000
3	10000
4	7,000
5	7,000
6	8,000
7	12000

Calculate Pay back period & Pay Back Profitability

OR

Q.3 Super Ltd. is considering following financial plans.

(15)

Financial plans	Equity	Debt	Preference capital
A	100%	-	-
B	40%	50%	10%-
C	40%	10%	40%

Total funds to be raised Rs. 20,00,000

Rate of interest on Debt - 12%

Corporate tax rate - 35%

Dividend on Preference shares - 9%

Q.4. A company has an investment opportunity costing Rs. 40,000 with the following expected net cash flow (after tax & before depreciation). (15)

Year	Net Cash Inflow (Rs)
1	7,000
2	7,000
3	7,000
4	7,000
5	7,000
6	8,000
7	10,000
8	15,000
9	10,000
10	4,000

Using 10% as the cost of capital (rate of discount), determine the NPV.

OR

Q.4 ABC Ltd. invested Rs. 1,00,000. Cash flows are as follows. (15)

Year	Cash flow
1	50,000



2	50,000
3	10,000
4	10,000
5	10,000

Use 10% & 15% discounting factor

Q.5. Write short notes on (any 3).

(15)

1. Public Deposits
2. Sources of Fixed Capital
3. FDI
4. Types of Preference Shares
5. Over Capitalization

OR

Q.5.A. Explain the RBI Guidelines for Public Deposits.

(8)

B. State difference between Over Capitalization & Under Capitalization.

(7)