

2018  
MBA  
MBA: 2.1  
**FINANCIAL MANAGEMENT**  
Total Marks:70  
Time: 3 Hours

*The figures in the margin indicates full marks for the questions*

**Q.1. Answer any five from the following:** **2x5=10**

- a. Time value of money
- b. Opportunity cost of capital
- c. Right Share
- d. Initial public offer
- e. Net worth
- f. Dividend
- g. Gross working capital

**Q 2. Answer any five from the following:** **4x5=20**

- a. Dhoni wants to retire . Being his financial adviser, calculate as to how much he should save to have a annual income of Rs 6,00,000 at the prevailing rate of interest of 6 percent per annum.
- b. Write short note on NPV method of project appraisal.
- c. Discuss the limitations of ratio analysis as a tool of financial statement analysis?
- d. Discuss the concept of working capital.
- e. Write a short note on credit policy variables.
- f. State the motives for holding cash in a business.

g. Discuss the concept of operating cycle.

Q.3. Answer any five from the following:

8x5=40

- Discuss the sources of long terms sources of capital in a business.
- Discuss the non discounted cash flow criterias for investment decisions.
- From the following data of TCS (Table A and B) , calculate the weighted average cost of capital for 2018.
- From the following data of TCS (Table A and B), comment on the investment worthiness of TCS as a investor using relevant ratios.

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Table A			
Balance Sheet of TCS			
in Rs. Cr.			
	Mar '18	Mar '17	Mar '16
<b>Sources Of Funds</b>			
Total Share Capital	286	287	287
Equity Share Capital	286	287	287
Share Application Money	0	0	0
Preference Share Capital	0	0	0
Reserves	41,806.00	35,772.00	29,470.00
Networth	42,092.00	36,059.00	29,757.00
Secured Loans	0	0	0
Unsecured Loans	0	0	0
Total Debt	0	0	0
Total Liabilities	42,092.00	36,059.00	29,757.00
<b>Application Of Funds</b>			
Gross Block	10,374.00	8,029.00	4,061.00
Less: Revaluation Reserves	0	0	0
Less: Accum. Depreciation	4,642.00	3,576.00	0

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Net Block	5,732.00	4,453.00	4,061.00
Capital Work in Progress	954	1,135.00	588
Investments	6,717.00	4,344.00	1,409.00
Inventories	0	0	0
Sundry Debtors	7,336.00	6,365.00	5,404.00
Cash and Bank Balance	24,100.00	20,401.00	18,057.00
Total Current Assets	31,436.00	26,766.00	23,461.00
Loans and Advances	7,873.00	6,330.00	6,296.00
Fixed Deposits	0	0	0
Total CA, Loans & Advances	39,309.00	33,096.00	29,757.00
Deferred Credit	0	0	0
Current Liabilities	4,503.00	3,181.00	2,454.00
Provisions	6,117.00	3,788.00	3,604.00
Total CL & Provisions	10,620.00	6,969.00	6,058.00
Net Current Assets	28,689.00	26,127.00	23,699.00
Miscellaneous Expenses	0	0	0
Total Assets	42,092.00	36,059.00	29,757.00
Contingent Liabilities	1,020.00	1,693.00	1,024.00
Book Value (Rs)	736.64	627.95	518.21

Table B

Profit & Loss account of TCS			
in Rs. Cr.			
	Mar'18	Mar'17	Mar '16
<b>Income</b>			
Sales Turnover	44,341.00	36,765.00	31,254.00
Excise Duty	0	0	0
Net Sales	44,341.00	36,765.00	31,254.00
Other Income	2,576.00	2,298.00	2,313.00
Stock Adjustments	0	0	0
Total Income	46,917.00	39,063.00	33,567.00
<b>Expenditure</b>			

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Raw Materials	0	0	0
Power & Fuel Cost	0	0	0
Employee Cost	24,350.00	19,932.00	15,481.00
Other Manufacturing Expenses	3,990.00	2,969.00	3,947.00
Selling and Admin Expenses	0	0	0
Miscellaneous Expenses	3,474.00	2,849.00	1,765.00
Preoperative Exp Capitalised	0	0	0
<b>Total Expenses</b>	<b>31,814.00</b>	<b>25,750.00</b>	<b>21,193.00</b>
<b>Operating Profit</b>	<b>12,527.00</b>	<b>11,015.00</b>	<b>10,061.00</b>
<b>PBDIT</b>	<b>15,103.00</b>	<b>13,313.00</b>	<b>12,374.00</b>
Interest	0	0	0
<b>PBDT</b>	<b>15,103.00</b>	<b>13,313.00</b>	<b>12,374.00</b>
Depreciation	1,101.00	956	794
Other Written Off	0	0	0
<b>Profit Before Tax</b>	<b>14,002.00</b>	<b>12,357.00</b>	<b>11,580.00</b>
Extra-ordinary items	0	0	0
<b>PBT (Post Extra-ord Items)</b>	<b>14,002.00</b>	<b>12,357.00</b>	<b>11,580.00</b>
Tax	3,808.00	3,241.00	3,110.00
<b>Reported Net Profit</b>	<b>10,194.00</b>	<b>9,116.00</b>	<b>8,470.00</b>
Total Value Addition	31,814.00	25,750.00	21,193.00
Preference Dividend	0	0	0
Equity Dividend	3,618.00	2,412.00	2,699.00
Corporate Dividend Tax	615	403	438
Per share data (annualised)			
Shares in issue (lakhs)	5,714.03	5,742.36	5,742.30
Earning Per Share (Rs)	178.4	158.75	147.5
Equity Dividend (%)	1,260.00	840	940
Book Value (Rs)	736.64	627.95	518.21

(v) Discuss profitability ratios.

(vi) Discuss operating leverage and financial leverage.

4+4=8

(vii) What are the determinants of working capital of a business?

(viii) Discuss the essentials of an effective inventory management process.

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