

Financial Management



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Short Description
Marketing Management

Description
Financial Management

1. (a) Explain the factors that influence working capital needs of a business unit.

(b) What is the purpose of holding inventories ? Explain brief the selective inventory control techniques.
2. A company is considering an investment proposal to install a new machine at the cost of Rs. 1,50,000. The machine has a life of 10 yrs. and salvage value is Rs. 5,000. The tax rate is 40%. Assume the firm uses straight line method of depreciation.

Compute :

- (a) Pay back period
 - (b) Net present value at 10% discount rate.
3. (a) When does financial leverage become favourable ? Discuss its impact on risk.

(b) The following data is available for ABC Ltd.

Sales	Rs. 7,50,000
Variable cost	Rs. 4,20,000
Fixed cost	Rs. 60,000
Debt	Rs. 4,50,000
Interest on Debt	9 %
Equity Capital	Rs. 5,50,000

Calculate ROI leverage, operating leverage, and financial leverage.

4. (a) Briefly explain the factors that influence the capital structure of a company.

(b) Explain MM Proposition I and state its assumptions.

5. Explain the concept of share buy back and the legal requirements relating thereto. Also illustrate as to how does it increase shareholder's value.

6. (a) What is an equity share ? How does it differ from preference share ?

(b) Explain the concept of venture capital and its current status in India.

7. (a) Explain the concept of foreign exchange exposure and its various types.

(b) Give an overview of project finance and state its basic requirements.

8. (a) Explain briefly the various measures of risk.

(b) Distinguish between Net Present Value and Profitability Index. Which one you consider a better method of capital budgeting and why ?

9. Write explanatory notes on any two of the following :

(a) Role of Finance Manager

(b) Time Value of Money

(c) Cash Management

(d) Cost of Capital

Details

1. Case study solved answers

2. pdf/word

3. Fully Solved with answers