

UNIVERSITY INSTITUTE OF APPLIED MANAGEMENT SCIENCES PANJAB
UNIVERSITY, CHANDIGARH

MID SEMESTER EXAMINATIONS- MBA (SECTORAL MANAGEMENT) –
2 SEM-MAY, 2021

IMPORTANT INSTRUCTIONS:

- 1) Please download the Question Paper immediately on receipt of the same.
- 2) Mark your attendance online After Receiving the Question Paper
- 3) **Select the Relevant Question Paper as per your Sectoral Area of Study/Functional Area**
- 4) Please put Roll No, Subject Code, Page No. and Signatures on all pages of the answer sheet
- 5) Maximum Number of pages in Answer Sheet are 16.
- 6) Timing of Examinations are 2.30 p.m. to 4.30 p.m.
- 7) Attempt Questions as per instruction in the question paper. ALL Questions carry Equal Marks
- 8) **YOU ARE REQUIRED TO ATTEMPT THE ANSWERS IN YOUR OWN HANDWRITING IN BLUE/BLUE BLACK PEN.**
- 8) Preserve the original Answer Sheet. It may be required to be submitted at a later date.
- 9) The candidate will be required to submit a single PDF file of his/her answer sheet from their registered email address to the **NEW GOOGLE FORM** link <https://forms.gle/QqMYxbr1rP9wArRu6> within 90 minutes from completion of examination i.e. till 1.30 p.m. (for Morning Session exam.) and till 6.00 p.m. (for Evening Session exam.) on the day of examination.

**MID TERM EXAMINATION OF
MBA (Retail Management), MBA (Banking and Insurance)-Section A, MBA (IT and Telecom) and MBA
(Infrastructure Management) for 2nd SEMESTER, MAY 2021**

PAPER TITLE: Financial Management

PAPER CODE: MBA 2002

MAX. MARKS: 15

TIME: 2 HOURS

Note: Attempt any 3 questions out of 5. All questions carry equal marks.

Q: 1 'Change is the new norm in many organisations – particularly within the finance function'. Discuss

Q: 2 What is the goal of finance manager? Discuss how companies are approaching agency problem.

Q: 3 Identify and discuss any one leading financial fraud in detail based on sources of finance.

Q: 4 Compute the present WACC using

(a) Book Value Proportions and

(b) Market Value Proportions XYZ Ltd. (in 40% Tax bracket) has the following book value capital structure

Equity Capital (in shares of Rs. 10 each, fully paid-up at par) : Rs. 15 Crores

11% Preference Capital (in shares of Rs. 100 each, fully paid-up at par): Rs. 1 Crore

Retained Earnings: Rs. 20 Crores

13.5% Debentures (of Rs. 100 each): Rs. 10 Crores

15% Term Loans: Rs. 12.5 Crores

The next expected dividend on Equity Shares is Rs. 3.60 per share. Dividends are expected to grow at 7% and the Market price per share is Rs. 40.

Preference Stock, redeemable after ten years, is currently selling at Rs. 75 per share.

Debentures, redeemable after 6 years, are selling at Rs. 80 per debenture.

Q: 5 Discuss MM approach of capital structure.

MID TERM EXAMINATION OF MBA 2nd SEMESTER, MAY 2021 FOR

**MBA (Banking and Insurance)-Section B, MBA (Capital Markets), MBA (Hospital Management) and
MBA(Pharmaceutical Management) ,2nd SEMESTER, MAY 2021**

**PAPER TITLE: Financial Management
PAPER CODE: MBA 2002**

MAX. MARKS: 15

TIME: 2 HOURS

Note: Attempt any 3 questions out of 5. All questions carry equal marks.

1. "Financial Management is the operational activity of a business that is responsible for obtaining and effectively utilizing the funds for efficient operations", comment upon the statement and explain the functions to be performed by a financial manager.
2. Write any two prominent differences between the following:
 - a) Equity Shares and Preference Shares
 - b) ADR and GDR
 - c) Commercial Paper and Certificate of Deposit
 - d) Forward and Futures
 - e) Private Equity and Venture Capital

3. The capital structure of ABC Ltd is as follows:-

40,000 Equity Shares of Rs. 10 each	: Rs. 4,00,000
5% Preference Shares of Rs. 10 each	: Rs. 2,00,000
10% Debentures	: Rs. 6,00,000

The company is earning a profit (EBIT) of Rs. 1,20,000 per year and is planning to expand the business that will require further investment of Rs. 6,00,000. The investment is expected to generate 25% additional return to the business. The company is seeking an advise for the selection of financing alternatives, that are:-

- Equity shares issued at 50% premium
- 6% Preference shares
- 9% Debentures

If the Price Earning Ratio =10 and Tax Rate is 40%, suggest the best alternative on the basis of EBIT-EPS analysis.

4. What is meant by Operating leverage? How does it differ from Financial Leverage? Elaborate with the help of an example. Also discuss the significance of leverage analysis.
5. A) How cost of equity shares can be calculated? Give example to elaborate your example.
B) If Cost of equity after tax is 5% and tax rate is 50%, compute weighted average cost of capital from the following:'

Source of Capital	Amount
Equity Shares	200,000
6% Preference Shares	100,000
10% Debentures	200,000