

Q. 3. Write Short notes on (Any Three) (15)

1. Working Capital Management
2. Utility of Financial Management
3. Cash flow statement
4. Ratio Analysis
5. Functions of Chief Finance Officer

Q. 4. Answer in detail (Any Two) (20)

1. Define capital budgeting. How is it important for a private limited company? Also enumerate the limitations of capital budgeting.
2. Discuss the various concepts of working capital. Also explain the various factors that influence the working capital requirements.
3. Define a financial plan. Explain the requisites of a good financial plan.

Q. 5. Case study (15)

XYZ Corporation, a multinational company operating in the technology sector, is planning to undertake a major expansion project. The project requires a significant investment, and the company needs to determine its cost of capital to evaluate the feasibility of the project. As an MBA student interning with the company's finance department, you have been assigned the task of calculating the cost of capital and providing recommendations to the management.

Key Information:

1. XYZ Corporation has a capital structure consisting of 40% debt and 60% equity.
2. The current cost of debt is 5%, and the company's tax rate is 30%.
3. The beta of the company's stock is 1.2, and the risk-free rate is 3%. The market risk premium is 6%.
4. The company's dividend per share is Rs.2.50, and the current stock price is Rs.50.
- 5.

Questions:

- a. Calculate the cost of debt for XYZ Corporation.
- b. Determine the cost of equity using the Capital Asset Pricing Model (CAPM).
- c. Calculate the weighted average cost of capital (WACC) for XYZ Corporation.
- d. Provide recommendations to the management based on the calculated cost of capital.