

**TILAK MAHARASHTRA VIDYAPEETH, PUNE**  
**MASTER OF BUSINESS ADMINISTRATION (M.B.A.)**  
**EXAMINATION: MAY- 2024**  
**SEMESTER - II**  
**Sub.: Financial Management (MBA204)**

**Date : 25/05/2024**

**Total Marks : 60**

**Time: 2.00pm to 4.30pm**

- Instructions:** 1) All questions are compulsory.  
 2) Figures to the right indicate full marks.

**Q. 1. Write Short notes on (Any Three) (15)**

1. Functions of a Finance Manager
2. Estimation of working capital requirement
3. Time Value of Money
4. Tools for evaluation of a project
5. Objectives of financial statement analysis

**Q. 2. Answer in detail (Any One) (10)**

1. Discuss the role of finance in supporting and influencing decision-making processes in various functional areas of business.
2. What is leverage and how does it affects companies financial performance?

**Q. 3. Answer in detail (Any One) (10)**

1. Discuss the role of finance in supporting and influencing decision-making processes in various functional areas of business.
2. How do external factors such as economic conditions and industry trends impact working capital requirements?

**Q. 4. Answer in detail (Any One) (10)**

1. Find out working capital requirement for Indu Ltd. from the provided information

Particulars	Amt. Rs.
1) Average Amount locked up in inventory	
Raw Material	10,000
Finished Goods	40,000
2) Credit sales per annum	80,000
(Debtors are allowed two months credit)	
3) Manufacturing Expenses Per Annum	48,000
Wages for a year (lag in the payment of manufacturing expenses and wages is 1 month)	24,000
4) Raw Materials Consumed Per Annum (Creditors allow three month credit )	24,000
Add : 10% for contingencies	

2. Virendra Ltd. Is planning an investment in a new project. The investment budget of the company is Rs. 30,00,000. The company has following two investment alternatives:

	Project A	Project B
Investment	30,00,000	30,00,000
Useful life	5 yrs	6 yrs
Cost of capital	12%	12%
Cash flows at the end of the year		
Year 1	7,00,000	8,00,000
Year 2	10,00,000	8,00,000
Year 3	9,00,000	8,00,000
Year 4	8,00,000	8,00,000
Year 5	4,00,000	6,00,000
Year 6	-	2,00,000

Discount Factor @ 12%

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
0.893	0.797	0.712	0.636	0.567	0.507

Find which project the company should select on the basis of Payback Period Method.

**Q. 5. Case study Ratio**

**(15)**

Neera Ltd shared the financial information for the year 2023-24. Evaluate the performance of the company by using Gross Profit Ratio, Net Profit Ratio, Current Ratio, Liquid Ratio and Proprietary Ratio

Particulars	Amt. Rs.	Particulars	Amt. Rs.
Sales	25,00,000	Fixed Assets	14,40,000
Cost of Sales	20,00,000	Net Worth	15,00,000
Net profit	4,00,000	Long Term Debts	9, 00,000
Average Inventory	8,00,000	Current Liabilities	5, 00,000
Other Current Asset	7,00,000	Net Profit before tax and interest	8, 00,000