



Term Evaluation (Even) Semester Examination March 2025

Roll no.....

Name of the Course: MBA

Semester:II

Name of the Paper: FINANCIAL MANAGEMENT

Paper Code: MBA202

Time: 1.5 hour

Maximum Marks: 50

Note:

- (i) This question paper contains two Sections - A and B
- (ii) Both Sections are compulsory
- (iii) Answer any two sub questions from a, b & c in each main question of Section A. Each sub question carries 5 marks.
- (iv) Section B, consisting of a case study, is compulsory. It is of 20 Marks.

Section A

Q1. (2X5 = 10 Marks)

- a. Define the scope of financial management. What role should the financial manager plays in a modern enterprise? (CO1)
- b. How should the finance function of an enterprise be organized? What functions does the financial manager perform? (CO2)
- c. What do you understand by the Time value of Money. (CO1)

Q2. (2X5 = 10 Marks)

- a. Sam has deposited Rs. 50,000 in IOB. Interest is compounded at 6% p.a. for 3 years. Compute the amount of maturity. (CO2)
- b. Explain different types of Leverage. (CO1)
- c. Define cost of capital. Explain its significance in financial decision-making. (CO2)

Q3. (2X5 = 10 Marks)

- a. In what ways is the wealth maximization objective superior to the profit maximization objective? Explain. (CO1)
- b. What is meant by capital structure? What do you mean by optimum capital structure? (CO1)
- c. From the following information Calculate operating leverage: Number of Units produced and sold: 30,000 Selling price per unit: 20 Variable cost per unit: Rs 10 Fixed cost per unit at current level of sales is Rs. 5. What will be the new operating leverage if the variable cost is Rs. 12 (CO2)

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Section B

Q5. Case Study (CO3 & CO4) (20 Marks)

TM Limited is authorized to issue a paid-up capital of 638.07 crores. The equity share capital of the company in the year 2023-24 was 353 crores. The company issued further equity shares in the year 2024-25, by which it raised to 361.79 crores and in the year 2006-2007 it increased to 382.87. During 2017-2018 and 2018-2019 there was no change in the equity capital. After that, the company has increased its equity every year till the end of the period. The net worth of the company is also increasing over the years. This shows the company is getting benefitted through the increase in equity share capital.

The value of the equity of TM Limited shows an increasing trend from 2013-2014 to 2020-2021. From 2021-2022 it started declining. During 2021-22 the net worth of the Tata Motors Limited was 19367.66 and in 2022-2023 it was again decreased to 19134.84.

The debt capital of the company comprises of both secured as well as unsecured loans. The loans taken from secured sources are more than unsecured ones.

***Considering above situation suggest capital structure for the company and also explain the factors responsible for optimal capital structure.**

***Elaborate the role of Leverage analysis in success or failure of Company**