

|  |  |  |
| --- | --- | --- |
| **Semester:**  **Maximum Marks: 50 Examination: ESE Examination Date: Duration:** | | |
| **Programme code:P18**  **Programme:** | **Class:** | **Semester/Trimester:II** |
| **College:**  **K. J. Somaiya Institute of Management** | **Name of the department/Section/Center:** | |
| **Course Code:** 117P18C201 | **Name of the Course: Financial Management** | |
| **Instructions: Answer any 5 (5\*10=50M) questions out of 7** | | |

|  |  |  |
| --- | --- | --- |
| **Question No.1** | Explain finance decisions and their importance in a business entity. | **10M** |
| **Question No.2** | Mr. Ravi is the finance manager of a start-up company. The company is in the fast-food restaurant segment. They want to expand the business with 15 more outlets. In this background, explain what kind of short-term and long-term sources of finance options Mr. Ravi can consider. | 10M |
| **Question No 3** | Explain the differences between ADR and GDR. |  |
| **Question No.4** | Zoya Ltd has paid up equity capital of 5,00,000 equity shares of Rs 10 each. The current market price of the share is Rs 25. During the current year, the company has declared a dividend of Rs 5 per share. The company has also previously issued 14% preference shares of Rs 10 each, aggregating Rs 25 Lakhs and 12% 50000 debentures of Rs 100 each. The company’s corporate tax rate is at 40%, and the growth in dividends on equity shares is expected at 5%. In the case of preference shares, the company has received only 95% of the face value of shares after deducting issue expenses. Calculate WACC and comment on it. |  |
| **Question No.5** | The cash certificate of the Bank of Maharashtra is a term deposit scheme under the reinvestment plan. Interest on deposit money earns interest as it is reinvested quarterly. This deposit suits investors from lower to middle-income groups. Given an interest rate of 11% PA on a certificate with a value of Rs 100 after 1 year, how much is the issue price of the cash certificate? Show the calculation with analysis and explain any two finance decisions that require present value calculation. |  |
| **Question No.6** | Khyati Ltd is considering two projects, A and B, for investment. Advise the firm based on the calculations derived through NPV and Profitability Index. Write your analysis on the context in which NPV and Profitability Index calculations can be used in business.  Project A is a four-year project with estimated cash inflows of Rs 5000, 4000, 3000 and 1000  Project B is a four-year project with estimated cash inflows of Rs 1000, 3000, 4000, and 7000  The cost of capital applicable is 10%, and both projects require an investment of Rs 10000 (10% PVIF values from Year1 to Year 4: 0.909,0.826,0.751,0.683) |  |