

5. Attempt any two questions : $5 \times 2 = 10$

- Define operating and financial leverage with formula.
- Explain the forms of capital structure.
- What is over capitalization? Write down also its effects and remedies to overcome this problem.

6. Attempt any two questions : $5 \times 2 = 10$

- What are the motives for holding cash? Explain in detail.
- Explain the approaches of working capital with suitable diagram.
- Explain networking capital. What are the determinants of working capital?

No. of Printed Pages : 04

Following Paper ID and Roll No. to be filled in your Answer Book.

PAPER ID : 29111

Roll
No.

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Int. LL.B. Examination 2016-2017

(Second Semester)

FINANCIAL MANAGEMENT

Time : 3 Hours]

[Maximum Marks : 60

- Note : (i) Attempt all sections.
- (ii) Section (A) carries 8 marks, section (B) carries 12 marks and section (C) carries 40.

SECTION 'A'

1. Attempt all parts of the following : $8 \times 1 = 8$
- Write down the formula for payback period.
 - NPV is a..... cashflow technique.
 - What does WACC stands for?
 - Define working capital.

- (e) Write down the formula for profitability index.
- (f) What is time value of money?
- (g) Write down the formula for calculating EOQ.
- (h) How many types of capitalization are there? Give their names.

SECTION 'B'

2. Attempt any two questions : $6 \times 2 = 12$

- (a) What is debenture? Explain its types.
- (b) Annual demand for the product of a firm is 40,000 units. Cost of one order is Rs. 60/-, and carrying cost of inventory in Rs. 5/-. Calculate EOQ.
- (c) Assume that project 'X' costs Rs. 2,500 and is expected to generate year end cash inflows of Rs. 900, Rs. 800, Rs. 700, Rs. 600 and Rs. 500 in 5 years. The rate of return is 10%. Calculate NPV of the project and suggest the project should be accepted or not.

(NPV factor for 5 years is .909, .826, .751, .683, .620 respectively).

- (d) What is capital structure? What are the determinants of capital structure?

SECTION 'C'

3. Attempt any two questions : $5 \times 2 = 10$

- (a) Explain venture capital financing and its stages.
- (b) Explain in detail all types of finance functions.
- (c) Write notes on :
- (i) Equity shares
- (ii) Mutual funds

4. Attempt any two questions : $5 \times 2 = 10$

- (a) What is capital budgeting? Explain its techniques.
- (b) Explain the importance of investment decisions.
- (c) A company decides to sell a new issue of 7 year 15% bonds of Rs. 100 each at par. Calculate cost of debt.