

- 1-e. The capital required for meeting day-to-day business expenses is known as: (CO5, K1) 1
- (a) Fixed Capital
 (b) Working Capital
 (c) Reserve Capital
 (d) Human Capital

2. Attempt all parts:-

- 2.a. List the three main types of financial decisions. (CO1, K1) 2
- 2.b. State the primary purpose of calculating the present value of future cash flows. (CO2, K1) 2
- 2.c. List two advantages of using equity capital in the capital structure. (CO3, K1) 2
- 2.d. A project requires a discounted cash outflow of ₹4,80,000. The sum of discounted cash inflows is ₹6,00,000. Calculate the Profitability Index. (CO4, K3) 2
- 2.e. Given: (CO5, K3) 2
 Cash: ₹90,000
 Bills Receivable: ₹1,50,000
 Inventory: ₹2,20,000
 Creditors: ₹1,00,000
 Outstanding Expenses: ₹40,000
 Find Net Working Capital.

SECTION-B 15

3. Answer any three of the following:-

- 3-a. Explain the importance of the wealth maximization goal over profit maximization. (CO1, K2) 5
- 3-b. You invest ₹25,000 today, ₹10,000 at year 2, ₹10,000 at year 4. Interest 8%. What is the value at the end of year 5? (CO2, K3) 5
- 3.c. Evaluate the potential risks associated with a high degree of combined leverage for a manufacturing firm. (CO3, K5) 5
- 3.d. Discount Rate = 10% (CO4, K3) 5
- | Particulars | Project A | Project B | | | |
|--------------------|-----------|-----------|--------|--------|--------|
| Initial Investment | ₹60,000 | ₹80,000 | | | |
| Estimated Life | 5 years | 5 years | | | |
| Scrap Value | ₹3,000 | ₹5,000 | | | |
| Cash Inflows | | | | | |
| Year | 1 | 2 | 3 | 4 | 5 |
| Project A | 12,000 | 15,000 | 18,000 | 14,000 | 10,000 |
| Project B | 20,000 | 16,000 | 15,000 | 14,000 | 12,000 |
- 3.e. A company manufactures 48,000 units per year. (CO5, K3) 5
- Cost per unit:
 Raw Material = ₹80
 Labour = ₹30
 Overheads = ₹50
 Holding periods:

Raw Material = 1 month
 WIP = 1 month (50% conversion)
 Finished Goods = 1 month
 Debtors = 1.5 months
 Creditors = 1 month
 Calculate Working Capital Requirement.

SECTION-C

30

4. Answer any one of the following:-

4-a. Evaluate the ethical dimensions and potential conflicts of interest a Financial Manager must navigate while making decisions that affect various stakeholders. (CO1, K5) 6

4-b. Formulate a critical analysis of the challenges in implementing the principles of sound financial planning in a highly volatile and unpredictable market. (CO1, K6) 6

5. Answer any one of the following:-

5-a. Meera dreams of becoming financially independent by 40. At age 28, she invests ₹5,00,000 in a long-term equity fund expecting 11% annual growth. 6

Question: How much wealth will Meera accumulate by age 40? (CO2, K3)

5-b. Discuss the “Rule of 72” and why it is used. (CO2, K2) 6

6. Answer any one of the following:-

6-a. Integrate the goals of wealth maximization with the decisions of financing and dividend distribution to demonstrate strategic financial management. (CO3, K3) 6

6-b. Determine the most suitable dividend policy for a mature company with stable earnings and justify your recommendation. (CO3, K2) 6

7. Answer any one of the following:-

7-a. Discount Rate = 10% (CO4, K3) 6

Particulars	Project P	Project Q		
Initial Investment	₹55,000	₹65,000		
Estimated Life	4 years	4 years		
Scrap Value	₹2,500	₹3,000		
Cash Inflows				
Year	1	2	3	4
Project P	15,000	18,000	20,000	16,000
Project Q	20,000	16,000	15,000	14,000

7-b. Evaluate the relevance of traditional capital budgeting techniques in the fast-paced, disruptive environment characterized by digital transformation. (CO4, K5) 6

8. Answer any one of the following:-

8-a. Analyze the working capital position of a company using given financial data and liquidity ratios. (CO5, K5) 6

8-b. A clothing brand “Urban Tag” purchases fabrics, converts them into finished apparel, and sells mostly on credit. (CO5, K3) 6

Monthly Costs
 Raw Material: ₹3,50,000
 Wages: ₹1,20,000

Production Overheads: ₹90,000

Average Holding Periods

Raw Material: 1.5 months

WIP: 1 month

Finished Goods: 1 month

Debtors: 2 months

Creditors: 1 month

Urban Tag wants to know how much working capital it must maintain for smooth operations.

Estimate the total Working Capital needed.

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