Enrolment No.: …………………………

School of Pharmaceutical Management

MBA Pharmaceutical Management
Batch-15th (2023-2025)
First Year, Term 3 End Term Examinations, April 2024

CC – 632 Financial Management

Time - 3 Hour	**Maximum Marks: 50 (Minimum Marks: 20)**

Instructions to students:

- **This question paper contains 2 printed pages.**
- **Don't write anything on the Question Paper except writing your Enrolment No.**
- **CREDIT WILL BE GIVEN FOR SUITABLE ASSUMPTIONS AND RELEVANT FIGURES WHEREVER REQUIRED**

Part A

(Maximum Marks: 5)

Q1. Answer in one word / sentence (0.5 x 10 = 5):

(a) Incorporated organization means----
(b) Partnership firm is an incorporated?
(c) MV=
(d) REPO means----
(e) SPNs means----
(f) Dutch Auction Notes =
(g) Arbitrageurs=
(h) IIBI stands for-----
(i) Annuity Due =
(j) Ex-Post Ante =

Part B

(Maximum Marks: 15)

Answer the following, in brief.

Q2. Is present value discounted future value? If yes, draw the equation for PV of a single cash flow with legends. (3)

Q3. Risk & Return are Two sides of a coin. Explain. Also elucidate Ex-post return while drawing the equation for calculating single- period ex -post return. (3)

Q4. Explain the concept of – ZCB, DDB, YTM, Bank Rate, coupon rate, junk bond. (3) (=1/2x6)

Q5. Explain the possible dynamism in the realm of contemporary Business environment post Lok -Sabha election. (3)

Q6. Create the equilibrium in Marginal cost vs Marginal revenue when the objective is to optimize the profit vs maximizing the profit. (3)

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Part C

(Maximum Marks: 30)

Answer the following, in detail.

Q7. **(a).** Examine the relationship between Kd &I, where Kd =required rate of return and I=interest rate, with its effect on bond values in case (i).Kd=I, (ii). Kd>I, (iii). .Kd<I of the company www ltd having face value of the bond Rs100, Coupon rate 12% & 5 years to maturity. If the required rate of return expected by the investors is 12%, 14% and 10%, calculate the value of the bond. (6)

(b). Explain – (4) (=1/2x8)

(i) Equity in equity shares,
(ii) Why is profit a liability
(iii) Net worth vs capital employed
(iv) Gilt edged security
(v) Reverse Repo rate
(vi) Formula for calculating Re-order level in inventory management.
(vii) 20% Dividend means.
(viii) Liquid assets are part of current assets?

Q8 **(a).** Calculate cost of capital for equity, retained earnings, Debentures & preference shares with the following details- (7)

	(Rs in lakhs)
Equity Capital (10 lakh shares at par of Rs10	100
12% preference share capital (10000 shares at par of Rs 100)	10
Retained Earnings	120
14%NCD (70000debentures of Rs 100 each)	70
14% loan from ICICI Bank	100

	400

MPS is Rs 25, the next expected DPS is Rs 2.00 and DPS is expected to grow at a constant rate of 8%. Current MPS of preference shares is Rs 75, redeemable at par after 7 years. The current market price of debentures is Rs 90 and redeemable after 6 years. The tax rate is 50% .

(b). Explain securitization, factoring &forfaiting, ARC, M & A,EVA, VBM & corporate restructuring , Provision vs Reserve. (3)

Q9. **(a).** Examine the relationship between financial Risk &operating Risk in leverage & its effect on shareholders wealth with the help of imaginary data. Can we mitigate operating risk with an increase of operating revenue? Prove. (3)

(b). Explain capitalization of profit, its effect on EPS, BOOK VALUE, & MPS m-CAP with suitable data. (3)

(c). Why is V subject to change in NI approach & why is it constant in NOI approach? Prove with the suitable figures. (2)

(d). Is dividend decision irrelevant in contemporary stock market scenario? (1)

(e). Explain Tax shield & re-val reserve. (1)