

M.B.A. in B.I. Semester-2 Examination

BI-203

CF

Time : 2-30 Hours]

April-2024

[Max. Marks : 70

- Instructions :** (1) This paper contains **FIVE** questions.
 (2) All questions are compulsory.
 (3) Question No.2, 3, 4 have internal options.
 (4) Figures in the right side in parenthesis indicate marks.

Q:1 State 4 factors to be considered while planning for working Capital Requirement. (14)

Q:2 (A) State the formula for calculation of Cost of Irredeemable Preference Shares . (07)

(B) Vasts Ltd. Issues 2000 10% preference shares of Rs100 each at Rs 95 each. The company proposes to redeem these shares at the end of 10th year from the date of issue. Calculate the cost of preference shares. (07)

OR

Q:2 Discuss three main consideration in procuring funds. (14)

Q:3 Calculate the Internal Rate of Return of an investment of Rs 1,36,000 which yields the following cash flows : (14)

Year	Cash Flow
1	30,000
2	40,000
3	60,000
4	30,000
5	20,000

The Discounting factors for 5 years are

Year	DF @10%	DF @12%
1	0.909	0.893
2	0.826	0.797
3	0.751	0.712
4	0.683	0.636
5	0.621	0.567

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OR

Q:3 Explain Net income Approach under Capital Structure Relevance Theory. (14)

Q:4 (A) Explain 3 factors which govern dividend decision. (07)

(B) Calculate the Value of share of XYZ Ltd using Walter's Approach when (07)
Dividend Payout is 50%

In addition:

● $D = (50 \times 8) / 100 = 4$

$R = 15\%$

$K_e = 10\%$

$E = 8$

OR

Q:4 Effective working capital management includes proper Credit Management. (14)

State 5 benefits of Credit management for businesses.

Q:5 Explain stepwise the Capital Budgeting Process . (14)