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2603N1115

Candidate's Seat No : _____

I.M.B.A. in BI/IB/APR (Rep.) Sem.-5 Examination

FM

Time : 2-30 Hours]

March-2025

[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 Define financial management and explain its scope in detail. (14)

Q:2 A. ABC Ltd. issues 30,000, 8% preference shares of ₹ 130 each. The cost of issuing these shares is ₹ 4 per share. Calculate the cost of preference share capital if the shares are issued (a) at par (b) at a premium of 15% (c) at a discount of 7% (14)

B. XYZ Ltd. issues 40,000, 10% preference shares of ₹ 140 each, redeemable after 12 years at a premium of 20%. The cost of issue is ₹ 4.50 per share. Calculate the cost of preference share capital.

C. A company plans to issue 15,000 new shares of ₹ 180 each at par. The flotation costs are expected to be 5% of the share price. The company pays a dividend of ₹ 20 per share initially, and the growth rate in dividends is expected to be 5%. Compute the cost of the new issue of equity shares and if the current market price of an equity share is ₹ 200, calculate the cost of existing equity share capital. XYZ Ltd. issues 20,000, 12% preference shares of ₹ 180 each at a premium of 10%, redeemable after 7 years at par. The cost of issue is ₹ 6 per share. Calculate the cost of preference share capital.

OR

Q:2 What do you mean by a bond? Explain the features and various types of valuation of a bond in detail. (14)

Q:3 Explain decision tree approach in detail and draw a decision tree with a hypothetical example. (14)

OR

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Q:3 Explain the conventional and statistical techniques of risk evaluation in capital budgeting. **(14)**

Q:4 State the essentials of a good dividend policy. Which are the two types of theories used in determining dividend policy? State the models included in both the types of theories and explain any two in detail. **(14)**

OR

Q:4 Discuss the different types of dividends in detail. **(14)**

Q:5 Define cost of capital. Explain implicit cost and explicit cost in brief along with the difference between them. **(14)**
