



**K. K. Wagh Institute of Engineering Education & Research, Nashik**  
(An Autonomous Institute From A.Y. 2022-23)

WINTER-2025	
Exam Seat No.:	
Academic Year:2025-2026	Semester:II
Class:PG-I	Program:MBA
Branch Code:10	Pattern:2024
Name of Course:Financial Management	Course Code:2410512
Max. Marks:60	Duration:2.30 Hrs.

**Instructions:** Candidates should read carefully the instructions printed on the Question Paper and on the cover page of the Answer Book, which is provided for their use.

1. This question paper contains 6 (six) page(s).
2. Answer to each new question is to be started on a new page.
3. Assume suitable data wherever required, but justify it.
4. Draw the neat labelled diagrams, wherever necessary.
5. The last columns indicates the Course Outcome and level of Blooms Taxonomy of the Question/sub-question.
6. Q. No. 1 and 2 compulsory, Answer (a) OR (b) AND (c) OR (d) from Q. No. 3,4,5.

**Marks CO**

**Question No. 1**

1a) Prepare Common Size Balance sheet of Venus Instruments Ltd

(6) CO3

Particulars	2024 (₹)	2025 (₹)
I. Equities & Liabilities		
1 Share Holders Fund		
(a) Share Capital	20,00,000	20,00,000
(b) Reserve & Surplus	10,00,000	13,40,000
2 Non-Current Liabilities	11,00,000	8,60,000
3 Current Liabilities	9,00,000	18,00,000
<b>Total</b>	<b>50,00,000</b>	<b>60,00,000</b>
II. Assets		
1 Non-Current Assets	36,00,000	45,00,000
2 Current Assets	14,00,000	15,00,000
<b>Total</b>	<b>50,00,000</b>	<b>60,00,000</b>

**Question No. 2**

2a) The following are the Balance Sheets of Vinyoflex Limited as on 31st March, 2025.

(6) CO3,  
CO4

Balance sheet of Vinyoflex Limited

<b>Liabilities</b>	<b>(₹)</b>	<b>Assets</b>	<b>(₹)</b>
Share Capital	10,00,000	Land & Building	15,00,000
General reserve	6,00,000	Plan and machinery	10,00,000
Profit & Loss A/c	8,00,000	Furniture	7,00,000
16% debentures	15,00,000	Sundry Debtors	5,00,000
Sundry Creditors	6,00,000	Prepaid Exps	3,00,000
O/s Exps	5,00,000	Stock	8,00,000
Bank overdraft	3,00,000	Cash in Hand	5,00,000
	<b>53,00,000</b>		<b>53,00,000</b>

Sales during the last year was Rs. 40,00,000 with the gross profit of Rs. 8,00,000, Credit Purchases Rs.20,00,000

You are required to calculate –

- 1) Current Ratio
- 2) Liquid Ratio
- 3) Debt Equity Ratio
- 4) Inventory Turnover Ratio
- 5) Debtors Turnover Ratio
- 6) Working Capital Turnover Ratio

**Question No. 3**

3a) Vedant Ltd - provide you following information for calculating requirement of working capital.

(8) CO3

Budgeted Sales ₹ 8,32,000

<b>Particulars</b>	<b>(₹)</b>
Raw Material	3
Labour	4
Overhead	2
Profit	1
Selling Price	10

1. Raw Material are carried in stock for 3 weeks and finished goods for 2 weeks.
2. Suppliers will give 5 weeks' credit and customers will require 8 weeks credit.
3. O/s Expenses are 10% of Sales
4. Estimated Cash ₹ 89,400/-
5. Add for contingency ₹46,600 of Working Capital Requirement

Note – Year consist 52 weeks, Company follows total approach for calculating working capital.

**OR**

3b) Virat Industries Ltd has procured you the following information –

(8) CO3

Cost of Production	₹ (Per Unit)
Raw Material	60
Labour	15
Overhead	45
Total Cost	120
Selling Price	150

1. It is estimated that raw material will in stock for 20 days and work-in-progress will stay for 15 days. (45% complete as to Labour and Overheads).
2. Management wants to maintain Finished Stock equal to the sales of one-month units.
3. 30% goods are sold on cash basis, Credit sales are recovered in 1 month
4. 15% of the purchases are to be made by an advance payment of 1 month, 30% of the purchases are on cash basis while remaining purchases are made on 2.5 months' credit
5. It is estimated that output will be increased by 20% compared to the last year which was 1,50,000 units
6. Wages are paid on 10 days' basis and Overheads are paid ½ month in arrear.

You are required to find out estimated amount of Working Capital after providing ₹87,500/- for contingencies.

Note – a year consist 360 days, Company follows total approach for calculating working capital.

3c) Define Working Capital and Explain Importance of Working Capital.

(8) CO1

**OR**

- 3d)
- Describe Operating Cycle.
  - Explain Cash Cost Approach for Working Capital.

(8) CO1

**Question No. 4**

4a) a) Viram Ventures Limited has obtained funds from the following sources, the specific costs are also given against them – (8) CO4

Source of funds	Amount (₹)	Cost of capital

Equity shares	30,00,000	15%
Preference shares	8,00,000	8%
Retained Earnings	12,00,000	?
Debtentures	20,00,000	9% (before tax)

The average tax rate of shareholders is 30% and it is expected that 2% is brokerage cost that shareholders will have to pay while investing their dividends in alternative securities. No cost incurred for issue of debtentures.

You are required to calculate weighted average cost of capital.

Assume that corporate tax rate is 30%

**OR**

- 4b) b) Following key information pertaining to Varun Beverages Ltd for the year 2024-2025. (8) CO4

Particulars	₹ (In Lakhs)
Sales	82.50
Variable Cost	46.20
Fixed Cost	6.60
9% Debtentures	50
Equity Shares (Rs. 100 each)	70
Corporate Tax	35%

You are required to Calculate

1. ROI
2. EPS
3. Operating Leverage
4. Financial Leverage
5. Combine Leverage

- 4c) Explain Leverage and Describe Types of Leverage. (8) CO1

**OR**

- 4d) Summarize Weighted Average Cost of Capital. (8) CO1

**Question No. 5**

- 5a) a) Vadilal Ltd. Whose cost of capital is 12% and Corporate tax rate is 30% is considering two mutually exclusive proposals project X and Y, the details are as follows – (8) CO5

Particulars	Project X (₹)	Project Y (₹)
Investment (out flow)	15,00,000	15,00,000
Salvage Value	NIL	50,000
Profit before depreciation & tax		
1	1,00,000	3,00,000

2	3,00,000	3,50,000
3	3,50,000	4,90,000
4	5,50,000	5,75,000
5	7,50,000	7,00,000

Find which project the company should select on the basis of:

1. Net Present Value Method
2. Payback Period Method

**OR**

5b) b) V2 Retail Enterprises having the following two proposal of investment –

(8) CO5

Particulars	Proposal A	Proposal B
Cost of Investment ₹	20,20,000	28,40,000
Life of Assets (Year)	4	5
Scrap Value ₹	20,000	40,000
Profit after depreciation & tax		
2021	50,000	30,000
2022	2,00,000	3,40,000
2023	3,50,000	3,40,000
2024	2,50,000	3,40,000
2025	---	3,40,000

Depreciation is to be provided under Straight Line Method. Cost of Capital 10%

You are required to assess the profitability of the projects on the basis of the following methods –

1. Discounted Payback Period.
2. Profitability Index.
3. ARR

5c) Vanilla Metal Company is evaluation an investment proposal of Rs. 3,06,000 with expected cash flows as –

(8) CO3,  
CO5

Year	Cash Inflow (₹)
1	1,00,000

2	1,20,000
3	1,50,000
4	1,00,000

The company's cost of capital is 12% compute the NPV and PI for this project.

**OR**

5d) Vama Industries Ltd, Compute IRR if –

(8) CO3,  
CO5

1. Cost of assets is ₹5,00,000.
2. Useful Life of Assets 5 years.
3. Net Profit / (Loss) after tax for 5 years are ₹(72,000), 80,000, 1,00,000, 1,12,000, 1,27,000

..... End of question paper.....