
Date : 29/05/2025
Total Marks : 60
Time: 10.00 am To 12.30 pm

Q. 1. Choose the most appropriate option. (05)

- Q. 2. State True / False (05)**

- Q. 3. Write Short notes on (Any Three) (15)**

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- Financial Management (BBA23-AVLS312) ANM/ I

Q. 4. Answer in detail (Any Two)**(20)**

1. Explain Costs involved in Accounts Receivable
2. Explain factors determining dividend policy
3. A firm is considering two mutually exclusive projects:
 - **Project X** requires an investment of ₹80,000.
 - **Project Y** requires an investment of ₹1,00,000.

The expected cash inflows over 5 years are:

Year	Project X (₹)	Project Y (₹)
1	₹25,000	₹35,000
2	₹25,000	₹35,000
3	₹20,000	₹30,000
4	₹15,000	₹20,000
5	₹10,000	₹25,000

The required rate of return is **12%**.

Question:

Calculate the NPV for both projects and recommend which one to choose.

4. DEF Ltd. has the following debt instruments in its capital structure:
 1. **10% Debentures of ₹4,00,000**, issued at **par**.
 2. **9% Bank Loan of ₹3,00,000**, repayable after 3 years.
 3. **8% Bonds of ₹2,00,000**, issued at a **discount of 10%**, maturing in 4 years at par.
- Corporate **tax rate = 30%**

Required:

Calculate the **after-tax cost of debt** for each source and the **Weighted Average Cost of Debt (WACD)**.

Q. 5. Case Study**(15)**

ABC Ltd. is planning to invest ₹10,00,000 in a new project expected to generate annual cash inflows of ₹3,00,000 for 5 years. The company uses an 8% discount rate. The CFO is also evaluating whether to retain profits for future investments or distribute dividends, considering shareholder expectations.

Questions:

1. Calculate the Net Present Value (NPV) of the project. Should the company accept the project?
2. What are the different types of dividend policies that ABC Ltd. can consider?
3. Explain any three factors that will determine the dividend policy for ABC Ltd.