



# **BUSINESS STUDIES**

**BOOKS - SHREE RADHEY PUBLICATION**

**BUSINESS STUDIES (HINGLISH)**

**FINANCIAL MANAGEMENT**

## **Case Study**

1. S' Limited is manufacturing steel at its plant in India. It's enjoying a buoyant demand for its

product as economic growth is about 7 to 8% and the demand for steel is growing. It is planning to set up a new steel plant to cash on the increased demand it is facing. It is estimated that it will require about Rs. 5,000 crores to set up and about Rs. 500 crores working capital to start the new plant.



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2. After completing the course of Hotel Management Rahul plans to start his own

Hotel, he plans to hire a team experts to give his guests a unique and unforgettable experience. Keeping in mind their budgets. Before starting the business he visited his home town to take blessings of his father. His father told him that success of business depends on how well finance is invested in assets and operations and how timely and economically finance are arranged from outside or from within the business. He guided him that he should always spend time in identifying different available sources of finance and comparing them in terms of their

costs and associated risks. The returns from investment should always exceed the cost of investment.

In the above context financial

(i) Identify the concept discussed above which has direct bearing on the financial health of a business.

Outline the key objective of concept identified in part (i).



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**3.** Sudha is an enterprising business woman who has been running a poultry farms for the past ten years. She has saved Rs.4 Lakhs from her business. She shared with her family her desire to utilise this money to expand her business. Her family members gave her different suggestions like buying new machinery to replace the existing one, acquiring altogether new equipments with latest technology, opening a new branch of the poultry farm in another city and so on. Since these decisions are crucial for her

business, involve a huge amount of money and are irreversible except at a huge cost, Sudha wants to analyse all aspects of the decisions, before taking any final decision.



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4. Sarah Ltd.' is a company manufacturing cotton yarn. It has been consistently earning good profits for many years. This year too, it has been able to generate enough profits. There is availability of enough cash in the

company and good prospects for growth in future. It is a well managed organisation and believes in quality, equal employment opportunities and good remuneration practices. It has many shareholders who prefer to receive a regular income from their investments.

It has taken a loan of Rs. 40 lakhs from IDBI and is bound by certain restrictions on the payment of dividend according to the terms of loan agreement.

the above discussion about the company leads to various factors which decide how much of

the profits should be retained and how much has to be distributed by the company.

Quoting the lines from the above discussion identify and explain any four such factors.



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