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Total No. of Questions : 13]

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J-3080[S-80]

[2037]

MBA (Semester - 2nd)

FINANCIAL MANAGEMENT (MBA-205)

Time : 03 Hours

Maximum Marks : 75

Instruction to Candidates:

- 1) Section - A is **compulsory**.
- 2) Attempt any **Nine** questions from Section - B.

Section-A

Q1)

[15 × 2 = 30]

- a) What is meant by financing decisions?
- b) Mention two limitations of Accounting rate of return.
- c) Explain Financial Risk.
- d) Mention the utility of public deposits as a source of fund.
- e) Explain operating Lease.
- f) Discuss the relation between debt financing and financial leverage.
- g) What is a letter of credit?
- h) Differentiate between Bonus issue and stock split.
- i) Define the term 'take over.'
- j) What is Capital Asset pricing model?
- k) How cost of preference share capital is calculated?
- l) What is dividend pay-out Ratio?
- m) Explain the concept of Capital Rationing.
- n) Mention two advantages of Lease financing.
- o) Define Economic Value added in relation to shareholder's value criteria.

Section-B

[9 × 5 = 45]

Q2) "Shareholder's wealth maximisation is preferred as an objective of Financial Management than profit maximisation as objective of Financial Management." Justify.

P.T.O.

- Q3)** Discuss the working of Arbitrage process with the help of suitable examples.
- Q4)** Under what kind of circumstances ‘NPV’ and ‘IRR’ gave contradictory results and why?
- Q5)** Discuss the uses of Lease Financing from Lessee’s point of view.
- Q6)** Distinguish between Net Income and Net operating Income approach of optimal capital structure.
- Q7)** Describe the main determinants while estimating the working capital requirements.
- Q8)** Discuss the theory of irrelevance of Dividends.
- Q9)** Discuss the Reasons and factors affecting mergers and Acquisitions.
- Q10)** What is weighted Average cost of capital? How it is capital?
- Q11)** Initial outlay (Co) Rs. 1, 20, 000.
Life of an Asset 8 years.
Estimated Net Annual cash in flow
- | | |
|----------------------|-----------|
| 1 st year | Rs. 30000 |
| 2 nd year | Rs. 40000 |
| 3 rd year | Rs. 60000 |
| 4 th year | Rs. 40000 |
- Calculate Internal rate of return.
- Q12)** A company issues 1000, 7% preference shares of Rs. 100 each at a premium of 10% redeemable after 5 years at par. Calculate the cost of preference share capital.
- Q13)** Describe the factors affecting long term fund requirements.

