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MBA – 214

(Following Paper ID and Roll No. to be filled in your Answer Book)

PAPER ID : 7065

Roll No.

M. B. A.

(SEM. II) EXAMINATION, 2006-07

FINANCIAL MANAGEMENT

Time : 3 Hours]

[Total Marks : 100

- Note :*
- (1) Attempt **all** questions.*
 - (2) All questions carry **equal** marks.*

- 1** Attempt any **two** parts of the following :
 - (a) “Finance is the life and blood of industry.” **10**
Elucidate the statement with suitable example(s).
 - (b) Explain ‘risk and return analysis.’ **10**
 - (c) What do you mean by ‘valuation of securities’? Why is it done? **5+5**

- 2** Attempt any **two** parts of the following :
 - (a) Explain “A, B, C classification technique” of inventory control. **10**
 - (b) Throw light on the role of commercial banks in working capital management. **10**
 - (c) “Bonus shares may be a boon or bane for a company.” Comment. **10**

- 3** Attempt any **four** parts of the following:
 - (a) “A credit policy should be neither too much liberal nor too much stringent.” Elucidate. **5**
 - (b) What is the need for capital budgeting? **5**

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- (c) Write down the significance of operating leverage in designing capital structure planning. **5**
 - (d) “Risk and uncertainty are integral parts in any capital budgeting decision.” Comment. **5**
 - (e) Explain the procedure of capital budgeting. **5**
 - (f) Throw light on ‘Net Present Value Method’. **5**
- 4** Attempt any **four** parts of the following :
- (a) Write down the merits and demerits of issuing preference shares by a company. **5**
 - (b) Explain the various types of debentures. **5**
 - (c) What is NOI? **5**
 - (d) Throw light on the Traditional Approach in capital structure planning. **5**
 - (e) “Shareholders sometimes resist ploughing back of profits.” Comment. **5**
 - (f) Explain the significance of Gordon’s Model in dividend decisions. **5**
- 5** Attempt any **one** part of the following :
- (a) Define Financial Management and discuss its objectives. **10+10**
 - (b) What is Working Capital? Discuss its various kinds. **10+10**
 - (c) Explain clearly the pay-back method of evaluating alternative capital expenditure decisions. **20**
 - (d) Discuss the steps which should be taken in scientific cash management. **20**
 - (e) List out the factors affecting the dividend decision of a company. **20**