

[Total No. of Questions - 10] [Total No. of Printed Pages - 2]  
(2063)

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M.B.A. 3rd Semester Examination

Advanced Financial Management

FM-07

Time : 3 Hours

Max. Marks : 60

*The candidates shall limit their answers precisely within the answer-book (40 pages) issued to them and no supplementary continuation sheet will be issued.*

**Note :** Attempt five questions in all, selecting one question from each Unit. All questions carry equal marks.

#### UNIT - I

1. What do you mean by uncertainty? How can you measure it?
2. What makes risk important in the selection of Projects? Explain briefly the various methods of evaluating risky projects.

#### UNIT - II

3. Why is an increase in the rates of current total assets expected to decrease both profits and risk as measured by net working capital? Explain with the help of an example.
4. What are the different theories of working capital management? Explain the importance of working capital management.

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**UNIT - III**

5. Explain briefly the objectives of inventory management. What are the different techniques of inventory management?
6. State and explain the term credit policies and collection policies.

**UNIT - IV**

7. Explain the framework for evaluation of lease from the viewpoint of a lessor.
8. What is the Debt displacement effect of leasing? Explain with the help of an example.

**UNIT - V**

9. Explain the steps used in evaluation of merger decision as per the capital budgeting approach.
10. What are the main features of Takeover Code? What are the objectives of this Code?