[Total No. of Questions - 20] [Total No. of Printed Pages - 2]
(2124)

1827

MBA 2nd Semester Examination

Financial Management (NS)

MBA-204

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.

SECTION - A

Note: All questions are compulsory. Each question carries 2 marks.

1. What do you mean by Venture capital Financing?
2. What do you mean by Financial Decisions?
3. Differentiate Shares Vs Debentures.
4, Differentiate Bonus shares Vs Stock split.
5. Define the concept Cash Management.
6. Explain the concept Receivable management.
7. Define Trial and error yield method.
8. Explain Gorden approach to Dividend policy.
9. State the effects of Arbitrage process.
10. Explain the techniques of risk analysis in Capital Budgeting.

(2x10=20)

SECTION - B

Note: Attempt any four questions. Each question carries 5 marks.

1. "Investment, financing and dividend decisions are all inter-related." Comment.
2. Distinguish between operating leverage and financial leverage with the help of suitable examples.

[P.T.O.]

3. Explain the need and determinants of sound Working capital Management.
4. Give a comparative description of various methods of ranking an investment proposal.
5. "Efficient Cash Management will aim at maximizing cash inflows and minimizing outflows." Discuss.
6. A Company issues 10,000 10% Preference shares of Rs. 100 each redeemable after 10 years at a premium of 5%. The cost of issues is Rs. 2 per share. Calculate the cost of preference capital. (4×5=20)

SECTION - C

Note: Attempt any two questions. Each question carries 10 marks

1. Give a critical appraisal of the Traditional approach and the Modigliani - Miller approach to the problem of capital structure.
2. "A firm should follow a policy of a very high Dividend payout" Do you agree? Evaluate this statement with the help of Walter Model.
3. What are the main sources of finance available to industries for meeting long term financial requirements? Discuss.
4. A Company is considering an investment proposal to purchase a machinery costing Rs. 2,00,000. The machine has a life expectancy of 5 years and no salvage value. The Co. tax rate is 40%. The firm uses straight line method for providing depreciation. The estimated cash flows before depreciation and before tax from the machines are as follows:

Year	Earnings before Depreciation & Tax	P.V Factor at 10%
1	70,000	0.909
2	80,000	0.826
3	1,20,000	0.751
4	90,000	0.683
5	60,000	0.621

You are required to calculate the net present value at 10% and advice the Company (10x2=20)