

[Total No. of Questions - 20] [Total No. of Printed Pages - 2]  
(2125)

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**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**

All questions are compulsory. Each question carries 2 marks.

1. Define Financial Management.
2. What is 'Opportunity Cost of Capital'?
3. Give two characteristics of 'Global depository receipt' (GDR).
4. What is the meaning of 'Leverage'?
5. Define 'Capital structure'.
6. Give the difference between Gross and net working capital.
7. What is meant by Inventory Control?
8. What is credit risk?
9. What is 'dividend'?
10. What is capital budgeting? (2×10=20)

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**SECTION - B**

Attempt any four questions. Each question carries 5 marks.

11. What are the methods used in calculation of 'cost of equity'?
12. Explain the difference between degrees of financial and total leverage.
13. Critically examine the 'Net operating income approach' to capital structure.
14. What are the different types of credit terms used in practice?
15. What are the essentials of 'Walter's dividend model'?
16. Write short note on 'Discounted payback' period. (4×5=20)

**SECTION - C**

Attempt any two questions. Each question carries 10 marks.

17. How would you view financial management as a science or as an art?
18. Discuss briefly the concept of working capital and mention the important objectives of working capital management.
19. 'Optimum level of inventory is that which minimizes the total cost'. Discuss.
20. The project involves a total initial expenditure of Rs. 200000 and it is estimated to generate future cash inflow of Rs. 30000, Rs. 38000, Rs. 25000, Rs. 22000, Rs. 36000, Rs. 40000, Rs. 40000, Rs. 28000, Rs. 24000 and Rs. 24000 in its last year.  
Calculate the payback period for the project. (10×2=20)