

06 SEP 2019

MBA Semester II Examination

Financial Management Paper 202

Subject Code 3652

Time: 2 hrs 30 minutes

Total Marks: 70

Note: 1) Attempt all questions. 2) Figures on right indicate marks.

- Q.1 (a) Discuss three broad areas of financial decision making. Elaborate upon key issues to be addressed in these areas. (07)
(b) Elaborate upon the goals of Financial Management. Critically evaluate Shareholder Wealth Maximization as a goal of Financial Management. (07)
- OR
- Q.1 (a) Define Financial System. What are the functions of a Financial System? (07)
(b) Explain different formulae for calculating Doubling Period. Suitably illustrate your answer. (07)
- Q.2 (a) Explain the factors influencing Working Capital requirements. (07)
(b) Explain Operating Cycle and Cash Cycle. What procedure you would follow to calculate Cash Requirement for Working Capital. (07)
- OR
- Q.2 (a) What are the Motives for Holding Cash in a business firm. Explain Receipt and Payment Method of Cash Budgeting. (07)
(b) Discuss the options available to a firm for investing surplus cash in India. (07)
- Q.3 (a) What is Capital Budgeting. Explain the process of Capital Budgeting. (07)
(b) Discuss various categories of Project Classification. (07)
- OR
- Q.3 Write detailed note on Net Present Value (NPV) and Internal Rate of Return (IRR) method of Capital Budgeting. Critically compare them with suitable illustration. (14)
- Q.4 (a) Explain Operating Leverage, Financial Leverage and Combined Leverage with suitable illustrations. (07)
(b) Discuss the relationship between Capital Structure and Value of Firm as per Net Income Approach. (07)
- OR
- Q.4 (a) Explain advantages and disadvantages of Equity Share Capital as a source of Long-term finance. (07)
(b) Discuss the relationship between Capital Structure and Value of Firm as per Net Operating Income Approach. (07)
- Q.5 (a) Explain Traditional position on dividend policy and share valuation. (07)
(b) Explain Walter Model of Dividend policy and share valuation. (07)
- OR
- Q.5 (a) Explain the Gordon Model of Dividend policy and share valuation. (07)
(b) Write a Note on Criticism of MM Position on Dividend Decision. (07)