

Roll No.

Subject Code—2184

M.B.A. EXAMINATION

(Second Semester)

(2 Years New Scheme)

CP-202

FINANCIAL MANAGEMENT

Time : 3 Hours

Maximum Marks : 100

Note : Attempt any *Five* questions. All questions carry equal marks.

1. Explain the following in not more than **30-35** words each :
 - (i) EOQ technique in inventory management
 - (ii) Operating and financial leverages
 - (iii) Inflation and capital budgeting
 - (iv) Working capital forecasting
 - (v) Time value of money
 - (vi) Organization of finance function
 - (vii) Walter Model.

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2. "Maximization of wealth is more vital than profit maximization as an objective of Financial Management." Give your observations along with an example of Indian company.
 3. Talk about and display with examples the different methods of project evaluation in capital budgeting. Which method is superior and why? Also discuss about decision tree analysis in detail.
 4. "WAAC is an aggregate of different costs of capital." Explain the statement with suitable examples. Thrash out the relevance of WAAC. What has been the impact of declining interest rates on WAAC?
 5. What is dividend and why it is distributed annually to the shareholders who are the owners of the company? Explain the factors affecting the dividend policy of firm in case of pharmaceutical sector. What do you sense about the inclination in the Indian corporations regarding dividend? Is there any universally accepted theory for this purpose?

6. A proposed investment having cost of Rs. 4,67,000 is expected to produce after-tax inflows as shown below. If the firm's hurdle rate (cost of capital) is 10.70%, should the investment be made ?

Period

Yr.	0	1	2	3	4	5
CF (Rs.)	-4,67,000	83,000	73,500	73,500	73,500	83,000

7. "MM approach to capital structure is the superior model over the operating approach." Do you agree ? If yes, give reasons. Is capital structure determination a static concept ? Should corporate sector in India make some alteration in their existing capital structure in the light of new economic order around the globe ? If yes, why ?

8. Write short notes on the following :

- (a) EBIT-EPS Analysis
- (b) Takeover and Privatization.