

Roll No. ....

**Subject Code—8169-X**

**M.B.A. EXAMINATION**

(Second Semester)

(Re-appear Prior to Batch 2009)

CP-202

**FINANCIAL MANAGEMENT**

*Time : 3 Hours*

*Maximum Marks : 100*

**Section A**

**Note :** Attempt any *Seven* questions. **7×7=49**

**1. Write short notes on the following :**

- (i) Business Risk
- (ii) Wealth Maximization
- (iii) Time Value of Money
- (iv) Net Operating Income Approach
- (v) Cost of Debt

- (vi) Permanent Working Capital
- (vii) Sensitivity Analysis
- (viii) Pay Back Period method
- (ix) Arbitrage
- (x) Why preference shares are not popular ?

### Section B

**Note :** Attempt all the questions. **3×17=51**

2. Which school of thought says that optimal capital structure does not exist ? How they justify their theories and explain in detail the conditions under which that justification holds true.

*Or*

What are the various discounted cash flow methods of appraising capital investments ? Which method is better and why ?

3. What do you understand by Financial Management ? Explain the objectives, nature and scope of Financial Management.

*Or*

What do you mean by Weighted Average Cost of Capital ? Explain the process and methodology for calculation of Weighted Average Cost of Capital.

4. Do you think dividend policy is relevant for the market valuation of firm ? Explain the various approaches which justify your answer.

*Or*

Describe the operating cycle of Working Capital. What are factors which influence the working capital requirements ?