

[Total No. of Questions - 11] [Total No. of Printed Pages - 2]  
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MBA 2nd Semester Examination

Financial Management (N.S.)

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 the questions are compulsory. Each question carries 2 marks.*

1. (i) What do you mean by wealth maximisation?
  - (ii) Write short note on commercial paper.
  - (iii) What is the weighted average cost of capital?
  - (iv) Explain briefly the Arbitrage process.
  - (v) What is indifference point?
  - (vi) What do you mean by optimum working capital?
  - (vii) Explain credit policy.
  - (viii) What do you mean by economic order quantity?
  - (ix) Explain the meaning of Net present value.
  - (x) What is Walter's approach to Dividend Policy?
- (2×10=20)**

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[P.T.O.]

**SECTION - B**

*Attempt any four questions. Each question carries 5 marks.*

2. Discuss the functions of a chief financial officer.
3. What is the necessity for having 'optimum capital structure'?
4. Write short notes on 'Trading on Equity'.
5. What do you mean by cash conversion cycle? Explain in brief.
6. Write short notes on an 'Average rate of return'.
7. Tulip Ltd. produces a product which has a monthly demand of 4000 units. The product requires a component 'A' which is purchased at Rs. 20. For every finished product one unit of component 'A' is required. The ordering cost is Rs. 120 per order and the holding cost is 10% per annum. You are required to calculate:
  - (i) Economic order quantity and
  - (ii) If the minimum lot size is 4,000 units, what is the extra cost Tulip Ltd. has to incur? **(4×5=20)**

**SECTION - C**

*Attempt any two questions. Each question carries 10 marks.*

8. What are the important features, advantages and disadvantages of Equity Shares?
9. What are the different ratios used in control of receivables? Explain with illustrations.
10. Enumerate the various methods for evaluations of capital expenditure projects.
11. What is operating leverage? When does operating leverage exist? Does its degree differ with the use of different form of financing? How can it be calculated? **(2×10=20)**