M.B.A.
(SEM. II) EXAMINATION, 2006-07
FINANCIAL MANAGEMENT

Time : 3 Hours] [Total Marks : 100

Note : (1) Attempt all questions.
(2) All questions carry equal marks.

1 Attempt any two parts of the following :
(a) “Finance is the life and blood of industry.” 10
Elucidate the statement with suitable example(s).
(b) Explain ‘risk and return analysis.’ 10
(c) What do you mean by ‘valuation of 5+5
securities’? Why is it done?

2 Attempt any two parts of the following :
(a) Explain “A, B, C classification technique” 10
of inventory control.
(b) Throw light on the role of commercial 10
banks in working capital management.
(c) “Bonus shares may be a boon or bane 10
for a company.” Comment.

3 Attempt any four parts of the following:
(a) “A credit policy should be neither too much 5
liberal nor too much stringent.” Elucidate.
(b) What is the need for capital budgeting? 5

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(c) Write down the significance of operating leverage in designing capital structure planning.  
(d) “Risk and uncertainty are integral parts in any capital budgeting decision.” Comment.  
(e) Explain the procedure of capital budgeting.  
(f) Throw light on ‘Net Present Value Method’.  

4 Attempt any four parts of the following:  
(a) Write down the merits and demerits of issuing preference shares by a company.  
(b) Explain the various types of debentures.  
(c) What is NOI?  
(d) Throw light on the Traditional Approach in capital structure planning.  
(e) “Shareholders sometimes resist ploughing back of profits.” Comment.  
(f) Explain the significance of Gordon’s Model in dividend decisions.  

5 Attempt any one part of the following:  
(a) Define Financial Management and discuss its objectives.  
(b) What is Working Capital? Discuss its various kinds.  
(c) Explain clearly the pay-back method of evaluating alternative capital expenditure decisions.  
(d) Discuss the steps which should be taken in scientific cash management.  
(e) List out the factors affecting the dividend decision of a company.