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MBA Semester- II Examination, 2025
MASTER OF BUSINESS ADMINISTRATION
PAPER: MBA 201
(FINANCIAL MANAGEMENT)

Full Marks: 80 **Time: 3 Hours**

The figures in the right-hand margin indicate full marks.
Candidates are required to give their answers in their own words as far as practicable.

Group-A

Answer any **EIGHT** of the following questions: **5×8=40**

1. Define financial management. State the nature of financial management. 2+3
2. Define ADR. Describe various types of bonds. 2+3
3. What is time value of money? How capital budgeting is important? 2+3
4. What do you mean by 'operating leverage' and 'financial leverage'? (2.5) +(2.5)
5. Define cost of capital. How weighted average cost of capital is calculated? 2+3
6. Define Walter's Model. State the assumptions of Walter's model in dividend policy. 2+3
7. Write a short note on Commercial Paper.
8. The initial cash outlay of a project is Rs. 50,000 and it generates cash inflows of Rs. 20000, Rs. 15,000, Rs. 25,000 and Rs. 10,000 in four years. Using the concept of time value of money appraises profitability of the proposed investment assuming 10% rate of discount.
9. What is a convertible debenture? State the pros and cons of financing by convertible debentures in India? 2+3
10. What is an EBIT-EPS analysis? Explain the usage of EBIT-EPS analysis.
11. What are the different approaches to financing of working capital requirements? Explain in detail.
12. Explain the term "trading on equity". Why, when and how it can be used by a business organization? 2+3

P.T.O

Group-B

Answer any **FOUR** of the following questions: **10×4=40**

13. Discuss the various factors which are affecting cost of capital. How is capital structure important? 5+5
14. What is operating cycle? Discuss the techniques of working capital management. State the types of capital structure. 2+5+3
15. Briefly discuss the three important decision-making areas of Financial Management.
16. Discuss the important determinants of working capital with suitable examples.
17. Give a critical appraisal of the Traditional Approach and the Modigliani-Miller Approach to the theory of capital structure.
18. 3+7
    i. What do you mean by explicit cost of capital?
    ii. A company issues a new 10 percent debentures of Rs 1,000 face value to be redeemed after 10 years. The debenture is expected to be sold at 5 percent discount. It will also involve flotation costs of 5 percent of face value. The companies tax rate is 35 percent. What would be the cost of Debt be?

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