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MBA 3rd Semester Examination
Advanced Financial Management (O.S.)

FM-07

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.

Note : Attempt five (5) questions in all, selecting one question from each Section. Each question is of 12 marks. Marks are indicated against each question.

SECTION - A

1. "Risk analysis is an essential feature of capital budgeting decisions". What are the major risk factors and how will you control them? **(12)**
2. Write a detailed note on the following with reference to capital budgeting.
 - (a) Decision-tree approach
 - (b) Measures of Risk **(12)**

SECTION - B

3. What is the concept of working capital? Also explain in detail the factors considered while determining the need for working capital. **(12)**
4. Write a detailed note on the following with reference to cash management.
 - (a) Objectives of cash management.
 - (b) Motives for holding cash. **(12)**

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SECTION - C

5. Write a detailed note on the following with reference to receivables management.
 - (a) Benefits of receivables management.
 - (b) Elements of a credit policy. **(12)**
6. What are objectives of inventory management? What are the costs and benefits associated with inventory? Discuss. **(12)**

SECTION - D

7. Differentiate the following:
 - (a) Leasing and Hire-Purchase.
 - (b) Leveraged lease and Sale & Lease back. **(12)**
8. What is lease-buy decision? What is the difference in lease-buy decision from the point of view of the lessor and the lessee. **(12)**

SECTION - E

9. Write short notes on the following:
 - (a) Voting rights of equity shareholders.
 - (b) Redeemable Preference Share.
 - (c) Zero interest fully convertible debentures.
 - (d) Optionally convertible debentures. **(12)**
10. What can be the motives for merger? Certain production and operating economies can result from mergers. Explain. **(12)**