

5. What is capital budgeting and what are its important steps ? Compare and contrast NPV vs. IRR as method of appraising capital investments. Which method is better and why ?
6. What are the various factors to be kept in mind while framing dividend policy ? Explain the different forms of dividend.
7. Explain the concept of leverage. How the business risk and financial risk can be measured through leverage ?
8. What is working capital management all about ? How the risk return tradeoff is done in working capital management ?

Exam. Code : 105404
Subject Code : 1380

Bachelor in Business Administration 4th Semester
FINANCIAL MANAGEMENT
Paper : BBA-403

Time Allowed—2 Hours] [Maximum Marks—50

Note :—There are **Eight** questions of equal marks.
Candidates are required to attempt any **Four** questions.

1. What are the decision making areas of financial management ? How is the goal of wealth maximization a better operative criterion than profit maximization ?
2. Critically explain the MM approach to capital structure. Explain with suitable examples the arbitrage process of MM approach on capital structure.
3. What are the various sources of financing the investments of a business ? What factors influence the choice of each source of finance ?
4. Why is the cost of capital most appropriately measured on after tax basis ? What effect does this have on specific cost of capital ?