# 12611

# MBA 2 Yr. 2<sup>nd</sup> Semester New Scheme 2019-20 Examination – July, 2021

## FINANCIAL MANAGEMENT

Paper: 19IMG22C1

Time: Three hours [Maximum Marks: 80]

Refere answering the questions, candidates should ensure that they have been supplied the correct and complete question paper. No complaint in this regard, will be entertained after examination.

Note: All question of Section 'A' are compulsory. Attempt four questions from section 'B' selecting at least one question from each unit.

### SECTION - A

- 1. Explain in brief:
  - (a) Time value of money.
  - (b) Capital rationing.
- (c) Operating leverage.
- (d) NOI approach.
- (e) Average rate of return.

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(f) Elaborate ROE.

(g) Break-even point.

(h) What is project evaluation?

#### SECTION - B

#### UNIT - I

- Critically evaluate various approaches to the financial management.
- 3. What is meant by security financing? Explain the various sources of financing.

#### UNIT - II

- 4. Your company share is quoted in the market at Rs. 40 currently. The company pays a dividend of Rs. 5 per share and the investors market expects a growth rate of 7.5% per year:
  - (i) Compute the company's equity cost of capital.
  - (ii) If the anticipated growth rate is 10% p.a. Calculate the indicated market price per share.
  - (iii) If the company's cost of capital is 15% and the anticipated growth rate is 10% p.a. Calculate the indicated market price if the dividend of Rs. 5 per share is to be maintained.

5. What are the stages of capital budgeting process?
Explain needs and importance of capital budgeting.

#### UNIT - III

- **6.** What is meant by capital structure ? Give the theories of capital structure ?
- 7. Give the argument for and against the relevance of dividend pay-out?

#### UNIT - IV

- Discuss the objectives of inventories. Explain various inventory control techniques.
- Briefly explain factors that determine the working capital need of a firm.

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