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**SIDDHARTH INSTITUTE OF ENGINEERING & TECHNOLOGY:: PUTTUR
(AUTONOMOUS)
MBA I Year II Semester Supplementary Examinations October-2020
FINANCIAL MANAGEMENT**

Time: 3 hours

Max. Marks: 60

SECTION – A

(Answer all Five Units 5 x 10 = 50 Marks)

UNIT-I

- 1 a Discuss the nature and scope of Financial Management 5M
b What is Time value of money? Describe the relevance of time value of money in financial decision making? 5M

OR

- 2 a Discuss "Profit maximization .Vs. wealth maximization."
b Discuss Agency relationships and agency costs? 5M

UNIT-II

- 3 a Discuss the process of investment decision? 5M
b Define cost of capital. Explain its significance. 5M

OR

- 4 a Explain the different methods of evaluating Investment projects with examples and their merits and demerits. 5M
b Discuss cost of equity and cost of debt. 5M

UNIT-III

- 5 a Briefly explain the factors which determine the capital structure of a firm? 5M
b Define Leverage. Explain the different types of Leverages. 5M

OR

- 6 a Explain the various theories of Capital Structure of a firm. 5M
b Explain EBIT - EPS analysis. 5M

UNIT-IV

- 7 a What are the factors that determine the dividend policy of a company? Discuss. 5M
b Write a short note (a) Share split (b) Bonus shares 5M

OR

- 8 a Explain the various models of dividend policy of a company. 5M
b Explain the various forms of dividend. 5M

UNIT-V

- 9 a Explain the in brief the determinants of working capital management of a business concern. 5M
b Explain the concept of Cash Budget. 5M

OR

- 10 a Explain the various techniques of inventory control. 5M
b What are the basic strategies of efficient of cash management? 5M

SECTION – B
(Compulsory Question)

1 x 10 = 10 Marks

11. Rajesh and company have two alternative projects under consideration. Project A requires a capital outlay of Rs.1, 50,000 but Project B requires Rs.1, 80,000. The projects are estimated to provide a cash flow for five years.

A – Rs.50,000 per year and

B – Rs. 55,000 per year

The cost of capital is 10% show which of the two projects is preferable from the view point of

- (i) Net Present Value and
- (ii) Internal Rate of Return

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