

FINANCIAL MANAGEMENT

Time: 3 Hrs

Max. Marks: 60

**Answer any Five questions
All questions carry EQUAL marks
Question No. 8 is Compulsory**

1. a) What is the nature and scope of financial management? 8
b) Explain the objectives of financial management 4
2. What is capital structure? Explain various theories of capital structure 12
3. a) Explain the various factors which influence the dividend decision of a firm. 9
b) What do you understand by stock split? 3
4. What is cost of capital? What are the determinants of cost of capital? 12
5. What do you understand by working capital? Explain various factors influencing working capital. 12
6. What is meant by Inventory Management? Explain various tools and techniques used for inventory management? 12
7. What is capital budgeting? What are the methods of capital budgeting? 12
8. **CASE STUDY:** 12
The following information relates to XYZ Ltd.

	Rs.
Paid-up equity capital	20,00,000
Earnings of the company	2,00,000
Dividend Paid	1,60,000
Price-earnings ratio	12.5
Number of shares outstanding	20,000

You are required to find out whether the company's dividend pay out ratio is optimal, using Walter's Model.