

**Code: 13MBA1007****ADITYA INSTITUTE OF TECHNOLOGY AND MANAGEMENT, TEKKALI  
(AUTONOMOUS)****I MBA II Semester Regular & Supplementary Examinations, April-2016****FINANCIAL MANAGEMENT****Time: 3 hours****Max Marks: 60M**

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

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1. "Financial Management is an appendage of the Financial Function". Critically examine this statement and state the objectives of financial management.
  2. Define capital budgeting. Explain different methods of capital budgeting.
  3. Enumerate the methods of computing the cost of-  
a) Equity Capital      b) Preferred Capital      c) Debt capital d) Retained Earnings
  4. Discuss the important approaches to the different theories of Capital Structure
  5. Explain  
i) Walter model of dividend theory ii) Gordon model of dividend theory
  6. Bring out the concept of Working Capital. Why is it called Circulating capital? State the determinants of Working Capital
  7. Define inventory. Explain different inventory management techniques.
  8. Case Study (Compulsory)

Project A and project B cost a company Rs. 50000/- and Rs. 20000/- respectively. Their cash flows are given below. You are required to find out the internal rate of return for each project and decide on that basis which project is more profitable.

<b>Year</b>	<b><u>Cash flows(Rs)</u></b>	
	<b>Project 'A'</b>	<b>project 'B'</b>
1	15,000	10,000
2	15,000	10,000
3	30,000	10,000
4	20,000	10,000
5	10,000	-----