

FINANCIAL MANAGEMENT**Time: 3 Hrs****Max. Marks: 60**

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

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| 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: The following information relates to XYZ Ltd. | 12 |

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| | 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.