B **195B1** **Total pages: 2**

Register No: ……………………… Name: ....

SAINTGITS COLLEGE OF ENGINEERING (AUTONOMOUS)

(AFFILIATED TO APJ ABDUL KALAM TECHNOLOGICAL UNIVERSITY, THIRUVANANTHAPURAM)

SECOND SEMESTER MBA / MBA (Logistics and Supply Chain Management)
DEGREE EXAMINATION(R,S), MAY 2024
(2021 SCHEME)

Course Code : 21MBA104 / 23MBL104

Course Name : Financial Management

Max. Marks : 60 **Duration:3 Hours**

PART A

(Answer all questions. Each question carries 2 marks)

1. Define Beta.
2. What are the different types of capilization?
3. Is Retained Capital Free? Explain.
4. Explain the concept - Float.
5. What are the different forms of dividend?

PART B

(Answer any 3 questions. Each question carries 10 marks)

6. "It is not profit maximization but the maximization of corporate wealth that is the ultimate objective of corporate financial decisions". Discuss
7. Explain the two relevance theory of capital structure with suitable graphical representation?
8. A project will cost Rs. 40,000.The expected cash flows from the project after tax and depreciation are expected to be Rs. 10,000 , Rs.10,000, Rs.12,000,Rs 12,000 and Rs 8,000. Evaluate the project based on payback period, if the firm's acceptable payback period is 4 years. What will be the conclusion, if the firm follows modified payback method with expected return of 10%?
9. Explain the need and significance of effective working capital management
10. Dividend Decision is irrelevant in Valuation. Explain in the context of MM Model

PART C

(Compulsory question, the question carries 20 marks)

11. Following is the data regarding two projects being considered by Zee Ltd.

		A	B
Initial investment		100000	140000
Salvage value		---------	20000
Earnings before depreciation	1	25000	40000
and tax	2	25000	40000
	3	20000	40000
	4	20000	40000
	5	25000	40000
Expected life		5 years	5 years

The capital structure of the firm consists only of common equity and debt. The firm desires to limit its

debt to 30% of total capital. It pays 8% interest on debt funds and the cost of equity is 12.5%. The firm's tax rate is 40%.
Evaluate the project using NPV method

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