Before answering the question paper the candidate should ensure that they have been supplied the correct question paper. Complaints in this regard, if any, shall not be entertained after the examination.

Note: Attempt any five questions and all questions carry equal marks.

Section – A

1. (a) What is financial management? What are basic objectives of financial management? (10)
   (b) Write a note on profit maximization vs wealth maximization. (10)

2. What are the various sources of finance available to industries for meeting short term as well as long term financial requirements? Discuss. (10)
   (b) Discuss the relationship between debt financing and financial leveraging. (10)

3. (a) What is cost of capital? Explain the significance of cost of capital. How will you determine cost of retained earning? (12)
   (b) A 5 years of Rs. 100 debenture of a firm can be sold for a net price of Rs. 95.90. The coupon rate of interest is 14% per annum, and the debenture will be redeemed at 5% premium on maturity. The firm’s tax rate is 35%. Compute the yield to maturity and the after tax cost of debenture. (8)

Section – B

4. (a) What is meant by capital structure? What are the factors determining the capital structure? (10)
   (b) Explain in brief Net operating income approach and Traditional approach of capital structure. (10)

5. (a) How far do you agree that dividends are irrelevant? Explain the various factors which influence the dividend decision of a firm. (12)
   (b) Write a short note on NPV as a method of capital budgeting. (8)

6. Write a short note on the following: (20)
   (i) Inventory management
   (ii) Cash management
   (iii) Working capital management
   (iv) Time value of money