

Code No: 721CM**JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD****MBA II Semester Examinations, October/November-2020****FINANCIAL MANAGEMENT****Time: 2 hours****Max. Marks: 75**

Answer any five questions
All questions carry equal marks

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1. What do you mean of Beta? How is its value determined under different market conditions? [15]
2. Moon Ltd. raised preference share capital of Rs. 50,00,000 by the issue of a 10% preference share of Rs. 100 each. Find out the cost of preference share capital when it is issued at a) 10% premium, and b) 10% discount. [15]
3. Differentiate between capital structure and financial structure. [15]
4. "Leverage is an investment strategy of using borrowed money". Comment. [15]
5. "Cash management refers to a broad area of finance involving the collection, handling, and usage of cash". [15]
6. The following information is obtainable in respect of a firm:
Capitalization Rate (K_e) = 10%
Earnings Per Share (EPS) = Rs. 8
Compute the market price of share under Walter's Model by assuming Rate of Return
a) 15% b) 10% c) 5% and
Dividend Payout Ratio
a) 0% b) 25% c) 50% d) 75% e) 100% [15]
7. Alpha Ltd. has sales of Rs. 1,00,000, variable costs of Rs. 60,000, fixed costs of Rs. 20,000 and long-term loans of Rs. 80,000 at 10% rate of interest. Calculate the composite leverage. [15]
8. Discuss the recommendations of the Tandon Committee Report on working capital management. [15]

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