

**ADITYA INSTITUTE OF TECHNOLOGY AND MANAGEMENT, TEKKALI
(AUTONOMOUS)**

I MBA II Semester Regular Examinations, July-2017

FINANCIAL MANAGEMENT

Time: 3 Hrs

Max. Marks: 60

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

1. Critically examine the changes in the role of financial manager
2. Discuss briefly about Weighted Average Cost of Capital.
3. Analyze advantages and disadvantages of Pay-back method with numerical example.
4. Define Operating leverage. Explain its significance
5. Analyze optimum capital structure with a numerical example
6. Describe the various factors are influencing the capital structure of the firm.
7. Discuss financing of working capital through long term and short term source of finance.
8. **CASE STUDY:**
X Company Ltd., whose cost of capital is 10 per cent, is considering two mutually exclusive projects, P and Q the details of which are:

Year	P	Q
Cash out flow	70000	70000
Cash in flow		
1	10000	50000
2	20000	40000
3	30000	20000
4	45000	10000
5	60000	10000
Total	165000	130000

Compute Net Present Value for two projects