

**AR19**

**SET-I**

Code: 19MBA2001

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

**I MBA II Semester Regular Examinations, October/November 2020**

**FINANCIAL MANAGEMENT**

**Time: 3 Hrs**

**Max. Marks: 60**

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

1. a) Explain various decisions to be taken by Financial Manager in detail. 6M  
b) How wealth maximization objective is superior to profit maximization? Explain. 6M
2. a) Discuss the process of calculating cost of capital. 6M  
b) What do you mean by leverage? Explain various types of leverages in detail. 6M
3. a) Discuss the significance of capital budgeting. 6M  
b) Discuss the traditional techniques of capital budgeting evaluation. 6M
4. Discuss various factors affecting dividend decisions of the organisation. 12M
5. a) What is working capital? Explain various Kinds of working capital. 6M  
b) Explain various approaches for financing working capital. 6M
6. Briefly discuss the various avenues or opportunities available to the companies to park their surplus funds for a short-term. 12M
7. a) What is receivables management? Explain its objectives. 6M  
b) Discuss advantages and disadvantages of different types of credit policies 6M

**8. CASE STUDY:**

A Firm has two investment opportunities, each costing Rs/- 1,00,000 and each having an expected profit as shown below:

Year	1	2	3	4
Project A Rs/-	50,000	40,000	30,000	10,000
Project B Rs/-	20,000	40,000	30,000	60,000

After giving due consideration to the risk criteria in each project the management has decided that project A should be evaluated at a 10% cost of capital and Project B, a risky project with a 15% cost of capital.

**Questions:**

1. Calculate NPV of two project 9M
2. Suggest the course of action for the management if both are independent and both are mutually exclusive. 3M