

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

I MBA II Semester Regular Examinations, June,2023

**FINANCIAL MANAGEMENT
(MASTER OF BUSINESS ADMINISTRATION)**

Time: 3 Hrs

Max. Marks: 60

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

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| 1. | a) | Define Financial Management and explain the nature and scope of financial management. | 6M |
| | b) | Explain the challenges of modern financial manager. | 6M |
| 2. | | How do we value a Bond? Describe with an example. | 12M |
| 3. | | Interpret different types of Cost of Capital. | 12M |
| 4. | | Differentiate the traditional techniques with modern techniques of capital budgeting | 12M |
| 5. | a) | Define “Dividend”. Discuss about declaration and payment of dividends on equity shares. | 6M |
| | b) | Explain the following:
A) Bonus shares
B) Rights issue
C) Share-splits | 6M |
| 6. | | Compare gross working capital with net working capital and also explain determinants of working capital. | 12M |
| 7. | | Define Inventory? Explain different inventory valuation methods | 12M |
| 8. | | CASE STUDY:
Imagine that a company is considering two potential projects: building a new factory, or expanding an existing one. The factory expansion project is expected to cost \$1 million and generate cash flows of \$200,000 per year for the next 5 years, with a discount rate of 10%. The new factory project is expected to cost \$2 million and generate cash flows of \$300,000 per year for the next 5 years, also with a discount rate of 10%. Appraise the projects based on Profitability Index method. | 12M |