

BACHELOR OF TECHNOLOGY (CBCS) (2021-COURSE)
B. Tech. Sem - VII Computer Science & Business Systems : WINTER: 2025
SUBJECT: FINANCIAL MANAGEMENT

Day : Thursday
Date : 11/12/2025

W-24198-2025

Time : 02:30 PM-05:30 PM
Max. Marks : 60

N.B.

- 1) All questions are **COMPULSORY**.
- 2) Figures to the right indicate **FULL** marks.
- 3) Use of non-programmable calculator is allowed.
- 4) Assume suitable data if necessary.

Q.1 Using an example, explain how the time value of money is applied in computing the future value of an investment with compound interest. (10)

OR

Q.1 You invest ₹ 2,00,000 in a savings account that offers an annual interest rate of 7% compounded quarterly. (10)
i) Calculate the future value of the investment after 5 years.
ii) If the same amount was invested at 7% simple interest. What would be the total amount after 5 years? Compare the difference in earnings between simple and compound interest.

Q.2 Define the terms risk and return in the light of financial management and discuss types of risk and return with examples. (10)

OR

Q.2 A bond has a face value of ₹ 1,000 a coupon rate of 8% payable annually and 5 years to maturity. If the required rate of return is 10%. Calculate its present value. (10)

Q.3 Compare and contrast operating leverage and financial leverage. How do they influence a firm's risks and return? (10)

OR

Q.3 A company has EBIT of ₹ 8,00,000 and interest of ₹ 2,00,000. It has fixed cost of ₹ 3,00,000 and variable cost of ₹ 7,00,000. If sales is ₹ 20,00,000. Calculate Degree of Operating Leverage (DOL), Degree of Financial Leverage (DFL), Degree of combined Leverage (DCL). (10)

Q.4 What is capital budgeting? Outline its concept and the steps involved in the capital budgeting process. (10)

OR

Q.4 A company issues bonds worth ₹ 10,00,000 at an 8% coupon rate. The bonds are sold at a discount rate of 5% and the tax rate is 30%. Calculate the after tax cost of debt. (10)

Q.5 Explain the issues faced in managing working capital. How can a firm balance liquidity and profitability? (10)

OR

Q.5 A company has sales of ₹ 20,00,000 and working capital of ₹ 5,00,000. If the sales increases by 20% and the working capital remains constant. Calculate the working capital leverage. (10)

Q.6 Explain the key components of a firm's credit and collection policy. How do they affect accounts receivable? (10)

OR

Q.6 A company has the following data for two customers: (10)

Credits	Customer A	Customer B
Annual Purchases (₹)	1,00,000	80,000
Default Profitability (%)	2%	5%
Gross Profit Margin (%)	25%	30%

Determine which customer is more profitable based on expected profit after adjusting for default risk.

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