



Seat No. : _____

DI-112

December-2025

Integrated MBA (FS), Sem.-III

DSC-C-FS-232T : Financial Management – 1

Time : 2:00 Hours]

[Max. Marks : 50

Instructions :

- (1) Figures to the right indicate full marks.
- (2) Do not write anything on the question paper.
- (3) Simple calculator is allowed. Do not use a scientific calculator.

1. How do you align the financial management with “the shareholder wealth maximization” ? Define the scope of finance function in modern business organizations. Explain how globalization has expanded the role of financial managers. **10**

OR

1. What are the three major financial decisions in a firm ? Illustrate with suitable examples how these decisions are interrelated. **10**
2. Explain relationship between Risk and Return. Define systematic and unsystematic risk. Write detailed note on discounting and compounding techniques. **10**

OR

2. (A) Mr. Ram deposits ₹ 500 at the end of every year for 6 years at 6 per cent interest. Determine Ram’s money value at end of 6 years. Compounding factor is as follows 1.000, 1.060, 1.124, 1.191, 1.262, 1.338 for year 0,1,2,3,4,5 respectively at 6% rate of interest. **10**
- (B) Mr. Ram wishes to determine the PV of the annuity consisting of cash flows of ₹ 40,000 per annum for 6 years. The rate of interest he can earn from his investment is 10 percent.

Note: PVIFA for 6 years at 10% is 4.355 and 12 % is 4.111.

3. XYZ Ltd. is considering two projects. Each project requires an investment of ₹ 10,000. The firm's cost of capital is 10 percent. The net cash inflows from investment in two project X and Y are as follows : **10**

Year	1	2	3	4	5
X (₹)	5,000	4,000	3,000	1,000	---
Y (₹)	1,000	2,000	3,000	4,000	5,000

The company has fixed 3 years PBP as cutoff point. State which project should be accepted.

OR

3. (A) Why is portfolio diversification important ? Explain how risk-return concepts guide investment decisions. **10**
- (B) Write notes : (a) Profitability Index (PI), (b) Strategic importance of investment decisions.
4. Discuss the role of equity capital in capital structure decisions. Distinguish: short-term, medium-term, long-term loans. **10**

OR

4. (A) What are right shares ? Discuss their significance for existing shareholders. Compare right shares with bonus shares. **10**
- (B) Write notes on cumulative vs. non-cumulative preference shares.
5. Short Questions (5 out of 8) : **10**
- (1) Write two advantages of Debt capital.
 - (2) What is venture capital ?
 - (3) Describe Insolvency.
 - (4) What is pay- back period ?
 - (5) Write two drawbacks of equity capital.
 - (6) Write two Difference between equity capital and debt capital.
 - (7) What do you understand by compounding ?
 - (8) Write full form of ARR.
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