

IMBA in GBM (NEP) Sem.-3 Examination

DSC-C-GBM-232T

Financial Management

Time : 2.00 Hours]

December-2025

[Max.Marks : 50

Instructions:

- **Figures to the right indicate Full Marks.**
- **Do not write anything on the question paper.**
- **Simple calculator is allowed. Do not use a scientific calculator.**

Q.1	Differentiate between financial management and financial accounting. Explain how both are complementary yet distinct functions in a business.	10																		
	OR	10																		
Q.1	Describe the major components of the financial environment in India. How do regulatory bodies such as RBI and SEBI influence corporate finance?																			
Q.2	A) Mr. Ram deposits ₹ 500 at the end of every year for 6 years at 6 percent interest. Determine Ram's money value at end of 6 year. Compounding factor at 6% rate is 1.000, 1.060, 1.124, 1.191, 1.262, 1.338 for year 0,1,2,3,4,5 respectively.	10																		
	B) Mr. Ravi deposited ₹ 5,000, ₹ 10,000, ₹ 15,000, ₹20,000, ₹ 25,000 in his saving bank account in year 1,2,3,4,5 respectively. Interest rate of 6 per cent. He wants to know his future value of deposits at the end of 5 years. Compounding factor at 6% rate is 1.000, 1.060, 1.124, 1.191, 1.262, 1.338 for year 0,1,2,3,4,5 respectively.	10																		
	OR																			
	A) Define valuation of securities with its important?																			
	B) Distinguish between bond valuation and equity valuation.																			
Q.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																		
	<table border="1"> <thead> <tr> <th>Year</th> <th>1</th> <th>2</th> <th>3</th> <th>4</th> <th>5</th> </tr> </thead> <tbody> <tr> <td>X (₹)</td> <td>5,000</td> <td>4,000</td> <td>3,000</td> <td>1,000</td> <td>---</td> </tr> <tr> <td>Y (₹)</td> <td>1,000</td> <td>2,000</td> <td>3,000</td> <td>4,000</td> <td>5,000</td> </tr> </tbody> </table>	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	
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																			
	Define ARR method. State its merits and demerits. Discuss Internal Rate of Return (IRR) method with advantages.	10																		
Q.4	Discuss the advantages and disadvantages of preference capital from the company's as well as investor's point of view. Why Preference shares given priorities?	10																		
	OR																			
	Discuss the role of financial institutions and banks in providing term loans to companies. What are the advantages of raising finance through term loans?	10																		

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Q.5	Short Questions (5 out Of 8) <ol style="list-style-type: none">1. Define IRR.2. What is scrap value?3. Define wealth maximization.4. Write two advantages of ARR.5. What are the benefits of compounding?6. Is debenture a liability or assets? Why?7. What are modern discounted techniques of capital budgeting?8. Which is best debt or equity? why?	10
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