Subject Code:- NPGDM034

Roll. No:

NOIDA INSTITUTE OF ENGINEERING AND TECHNOLOGY, NIET BUSINESS SCHOOLGREATER NOIDA

(An Autonomous Institute Affiliated to AKTU, Lucknow) **PGDM**

TRIMESTER: III - THEORY EXAMINATION (2024 - 2025)

Subject: Financial Management

Time: 2.5 Hours

Max. Marks: 60

15

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General Instructions:

IMP: Verify that you have received the question paper with the correct course, code, branch etc. 1. This Question paper comprises of three Sections -A, B, & C. It consists of Multiple Choice Questions (MCQ's) & Subjective type questions.

2. Maximum marks for each question are indicated on right -hand side of each question.

3. Illustrate your answers with neat sketches wherever necessary.

4. Assume suitable data if necessary.

5. Preferably, write the answers in sequential order.

6. No sheet should be left blank. Any written material after a blank sheet will not be evaluated/checked. 2024

SECTION-A

1. Attempt all parts:-

- Investment can be defined as (CO1) 1-a.
 - Person's dedication to purchasing a house or flat (a)
 - Use of capital on assets to receive returns (b)
 - Usage of money on a production process of products and services (c)
 - (d) Net additions made to the nation's capital stocks

1-b.	Profitability	index is actua	lly a modifica	ation of the –(CO2)
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- Payback period method (a)
- **IRR** Method (b)
- Net present value method (c)
- Risk premium method (d)
- 1-c. Capital Structure refers to : (CO3)
 - (a) Current assets and current liabilities
 - (b) Shareholders equity
 - (c) Long term debt, preferred stock and common stock options
 - (d) None of the above

1-d. A positive working capital means (CO4)

- (a) the company is able to pay-off its long-term liabilities.
- the company is able to select profitable projects. (b)

Page 1 of 3

	(c) the company is unable to meet its short-term liabilities.			
	(d) the company is able to pay-off its short-term liabilities.			
1-e.	Financial institutions are also known as (CO5)			
	(a) Financial organization			
	(b) Financial intermediaries			
	(c) Financial system			
	(d) Any of the above			
2. At	tempt all parts:-			
2.a.	Give the names of Financial sources .(CO1)	2		
2.b.	Explain the meaning of Capital Budgeting.(CO2)			
2.c.	Give the four disadvantages of using debt in the capital structure.(CO3)	2		
2.d.	Define working capital.(CO4)	2		
2.e.	Discuss the advantages of SEBI.(CO5)	2		
<u>SEC</u>	<u>ΓΙΟΝ-Β</u>	15		
3. An	swer any <u>three</u> of the following:-			
3-a.	State the functions of finance manager in modern age.(CO1)	5		
3-b.	Discuss the phases of capital budgeting in detail. (CO2)	5		
3.c.	A company expects a net income of Rs.100000. It has Rs. 200000,8% Debentures. The equity capitalization rate of the company is 10%. Calculate the value of the firm and overall capitalization rate according to the Net Income Approach.(CO3)	5		
3.d.	Discuss the various approaches of working capital management.(CO4)	5		
3.e.	Explain the Indian financial system. Give brief overview of the Indian financial system. (CO5)	5		
<u>SEC</u>	<u>FION-C</u>	30		
4. An	swer any <u>one</u> of the following:-			
4-a.	"Finance is the lifeblood of an industry". Elucidate this statement with suitable examples.(CO1)	6		
4-b.	"Maximization of Profit is regarded as the proper objective of investment decision, but it is not as exclusive as maximizing shareholders' wealth". Comment. (CO1)	6		
5. An	swer any <u>one</u> of the following:-			
5-a.	"Risk analysis is an essential feature of investment decision making process". Explain the major risk factors and how will you control them. (CO2)	6		
5-b.	The cost of a project is Rs 60,000 and it generates cash inflows of Rs.15,000, Rs.20,000,Rs. 30000 and Rs.20,000 over four years. Required: Using the present value index method, appraise the profitability of the proposed investment, Assuming a 10% rate of discount. (Value of rupee as per Present value Table is First year-0.909, Second year-0.826, Third Year -0.751, Forth Year -0.683).(CO2)	6		

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- 6. Answer any one of the following:-
- 6-a. A company expects a Net Operating Income of Rs. 100000. It has Rs. 500000, 6%
 6 Debentures. The overall capitalization rate is 10%. Calculate the value of the firm and the equity capitalization rate (Cost of equity) according to the Net Operating Income Approach. (CO3).
- 6-b. Discuss the role of capital structure in influencing a company's cost of capital and 6 valuation.(CO3)
- 7. Answer any one of the following:-
- 7-a. ABC Company has the following financial information for the current year:
 6 Current Assets:
 Cash: Rs. 50,000
 Accounts Receivable: Rs.80,000
 Inventory: Rs.120,000
 Current Liabilities:
 Accounts Payable :Rs.70,000
 Short-term Loans: Rs.30,000
 Calculate ABC Company's working capital.(CO4)
- 7-b. Prepare an estimate of working capital requirement from the following information of a trading concern.
 Projected annual sales 8,000 units
 Selling price Rs. 10 per unit
 Percentage of net profit on sales 20%
 Average credit period allowed to customers 8 Weeks
 Average credit period allowed by suppliers 4 Weeks
 Average stock holding in terms of sales requirements 12 Weeks
 Allow 10% for contingencies. (CO4)
- 8. Answer any one of the following:-
- 8-a. Compare and contrast different investment instruments and asset classes available 6 in the Indian financial market. (CO5)
- 8-b. Trace out the development of the financial system in India.(CO5)

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