

PC-2813/ML

X-1/2051

FINANCIAL MANAGEMENT-203

(Semester-II)

Time : Three Hours]

[Maximum Marks : 50

GROUP-I

Note: Attempt any *two* questions. Each question carries 7½ marks.

- I. Define the traditional and modern concept of Finance. Discuss in detail the nature and scope of Financial Management. Comment on the emerging role of financial manager in current scenario of era of globalization.
- II. "Stock market returns are the returns that the investors generate out of the Stock market". Comment.
- III. Define Financial system. What are the various regulators of Financial system in India? Explain.
- IV. What is Net Present Value? How is it different from Internal Rate of Return? Discuss.

GROUP-II

Note: Attempt any *two* questions. Each question carries 7½ marks.

- V. Define cost of capital. Explain its significance in financial decision-making. Distinguish between the weighted average cost of capital and marginal cost of capital. Which one should be used in capital budgeting and valuation of the firm? Why? Discuss.
- VI. Explain the concepts of Working Capital. What are the various factors affecting the requirement of Working Capital? Discuss.
- VII. Explain the position of M-M on the issue of an optimum capital structure, ignoring the corporate income taxes. Use an illustration to show how homemade leverage by an individual investor can replicate same risk and return as provided by the levered firm.
- VIII. "The corporate restructuring is the process of making changes in the composition of a firm's one or more business portfolios in order to have a more profitable enterprise". Comment.

GROUP-III

Note: Attempt all parts. Each part carries 5 marks.

- IX. (a) What are the various instruments of money market in India? Discuss.

- (b) What are the advantages of time value of money?
Explain.
 - (c) Discuss the various types of Leverage.
 - (d) What is receivables management and its objectives?
Explain.
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