Roll No. ☐☐☐☐☐☐☐☐☐☐☐☐   **Total No. of Pages : 02**

Total No. of Questions : 09

M.Sc.(HMCT) (2015 to 2017)   (Sem.–4)
FINANCIAL MANAGEMENT
Subject Code : MSCHM-401
Paper ID : [72404]

Time : 3 Hrs.   Max. Marks : 60

INSTRUCTION TO CANDIDATES :
1. **SECTION-A is COMPULSORY consisting of TEN questions carrying TWO marks each.**
2. **SECTION-B contains FIVE questions carrying FIVE marks each and students has to attempt any FOUR questions.**
3. **SECTION-C contains THREE questions carrying TEN marks each and students has to attempt any TWO questions.**

SECTION-A

1. **Write short notes :**

   a) Market Value Added

   b) Gross working capital

   c) Net Present Value

   d) Financial Management

   e) Acquisitions and Take-overs

   f) Pay Back Period method

   g) Capital Structure

   h) Dividend

   i) Leasing

   j) Preference Shareholders

SECTION-B

2. *"The capital asset pricing model (CAPM) is a model that describes the relationship between risk and expected return and that is used in the pricing of risky securities"*. Explain the above statement.

3. State salient factors that would determine the Capital Structure of a newly formed company.

4. What do you mean by Bonus Shares? When does a company announce Bonus shares and why?

5. Write a note on Capital Budgeting. Explain its relevance or factors.

6. When and why does a company opt for Lease Financing?

SECTION-C

7. What is meant by Working Capital? Discuss the factors which determine Working Capital needs of a company.

8. What is Corporate Restructuring? Explain the reasons and factors affecting Acquisitions and Mergers in the context of the prevalent Business environment.

9. AB Co. Ltd is considering purchasing a machine. Two machines are available X and Y costing Rs l,80,000. Evaluate the alternatives according to Net present Value method, cost of capital **@ 8%.**

Year	Cash Inflows of Machine X (Rs.)	Cash Inflow of Machine y (Rs.)	Discount factor 8%
1	30,000	60,000	0.926
2	50,000	100000	0.857
3	60,000	65,000	0.794
4	65,000	45,000	0.735
5	40,000		0.651
6	30,000		0.630
7	16,000		0.583