Graphic Era Hill University

Term Evaluation (Even) Semester Examination March 2025

Roll no....22910228.............

Name of the Course:B.com(Hons)
Semester:IV
Name of the Paper: Advance Financial Management
Paper Code: BCH : 404 (F3)
Time: 1.5 hour **Maximum Marks: 50**

Note:

(i) Answer all the questions by choosing any one of the sub-questions
(ii) Each question carries 10 marks.

Q1. (10 Marks)

a. Explain the meaning, scope, and objectives of financial management? Discuss how effective financial management contributes to business success? (CO2)

OR

b. Analyze the three key financial management decisions: investment, financing, and dividend decisions. Illustrate their impact on a company's financial performance? (CO4)

Q2. (10 Marks)

a. Evaluate the role of financial managers in modern organizations? Discuss the key responsibilities and challenges they face in today's dynamic business environment? (CO4)

OR

b. Explain the concept of ESG financing and discuss its significance in modern corporate financial decision-making (CO2)

Q3. (10 Marks)

a. Compare and contrast green bonds, sustainability-linked loans, and impact investing as ESG financing instruments. Assess their effectiveness in promoting sustainable business practices (CO4)

OR

b. Discuss the concept of Compounding and Discounting with the help of an Example? A project requires an initial investment of ₹1,00,000 and is expected to generate cash inflows of ₹30,000, ₹40,000, ₹50,000 over three years. The reinvestment rate is 8%(FVF- Period 1- 1.0800,Period 2 – 1.1664, Period 3 - 1.2597) and the cost of capital is 10%(PVF- Period 1 – 0.9091, Period 2 – 0.8264, Period 3 – 0.7513). Compute the MIRR and interpret the result? (CO4)

Q4. (10 Marks)

a. XYZ Co. Ltd. is considering to select a machine out of mutually exclusive machines. The company's cost of capital is 12% and corporate tax rate is 30%. Other information relating to both machines is as follows(CO4)

OR

	Machine I	Machine II
Cost of Machine	₹ 40,00,000	₹ 50,00,000
Expected Life	5 yrs	5 yrs
Annual Income (before tax and depreciation)	₹ 13,50,000	₹ 18,50,000

Depreciation is to be charged on straight line basis method. You are required to calculate:

(i) Net Present Value

(ii) Profitability Index

The PVF of ₹ 1 @ 12% are as follows:

Year	1	2	3	4	5
PVF	0.893	0.797	0.712	0.636	0.567

b. Explain the concept of Modified Internal Rate of Return (MIRR) and how it addresses the limitations of the traditional Internal Rate of Return (IRR)? Analyze the advantages of MIRR in capital budgeting decisions and discuss its practical applications in financial decision-making? (CO4)

Q5. (10 Marks)

a. Explain the concept of Sensitivity Analysis in capital budgeting. Discuss how it helps financial managers assess the risk associated with investment decisions (CO2)

OR

b. Analyze the importance of Scenario Analysis in financial decision-making? Illustrate how companies can use this technique to prepare for uncertain future business conditions (CO4)