

**MMPC-014**

**Master of Business Administration (MBA)/ Master of Business Administration (Online) MBA(OL) / Master of Business Administration (Banking and Finance) (MBF)/ Master of Business Administration(Financial Management) (MBAFM)/ Master of Business Administration(Human Resource Management) (MBAHM)/ Master of Business Administration(Marketing Management) (MBAMM) Master of Business Administration(Operations Management) (MBAOM)/Post Graduate Diploma in Financial Management (PGDIFM)**

**ASSIGNMENT**

**For**

**January 2024 and July 2024 Sessions**

**MMPC-014: Financial Management**

**(Last date of submission for January 2024 session is 30<sup>th</sup> April, 2024 and for July 2024 sessions is 31<sup>st</sup> October, 2024)**



**School of Management Studies**

**INDIRA GANDHI NATIONAL OPEN UNIVERSITY**

**MAIDAN GARHI, NEW DELHI – 110 068**

## ASSIGNMENT

---

|                        |          |                              |
|------------------------|----------|------------------------------|
| <b>Course Code</b>     | <b>:</b> | <b>MMPC-014</b>              |
| <b>Course Title</b>    | <b>:</b> | <b>Financial Management</b>  |
| <b>Assignment Code</b> | <b>:</b> | <b>MMPC-014/TMA/JAN/2024</b> |
| <b>Coverage</b>        | <b>:</b> | <b>All Blocks</b>            |

---

**Note: Attempt all the questions and submit this assignment to the Coordinator of your study centre. Last date of submission for January 2024 session is 30<sup>th</sup> April, 2024 and for July 2024 session is 31<sup>st</sup> October, 2024.**

1. "Investors exhibit three fundamental risk preference behaviours; risk aversion, risk indifference, and risk seeking." Considering the aforementioned assertion, meet with any two retail investors and examine their behaviour in terms of risk preference by comparing and differentiating their investing strategies.
2. Why is cost of capital important for a firm? Discuss, with examples, different methods of computing Cost of Equity capital.
3. What is Financial Leverage and why is it called 'Trading on Equity'? Explain the effect of Financial Leverage on EPS with the help of an example.
4. In case of a normal Firm where,  $r=k$ , which type of Dividend Policy the firm should follow? Identify the above dividend policy model and explain the model in detail.
5. What do you mean by 'Corporate Restructuring'? Why do firms go for it? Discuss the different modes of Corporate Restructuring.