TILAK MAHARASHTRA VIDYAPEETH, PUNE BACHELOR OF BUSINESS ADMINISTRATION (B.B.A.) EXAMINATION:DECEMBER- 2023 SEMESTER – III

Sub.: Financial Management (BBA 15-312)

Date: 14/12/2023						T	Cotal	Mark	s: 6	0	Time: 2.00pm To 4.30pm	
	Inst	ructions:		_			_	oulsory. dicate f	ıll m	arks.		
Q. 1.		Choose the most appropriate option.										(05)
	1.	a) Capita			ount o	of fun	ds th	at a bus			to maintain its daily operations. orking capital	
		c) a and	b						d	l) No	one of the given	
	2.		oth alsti	er secu					oper b)	ation: Wor	sources of funds, including equity s and investments. king capital e of the given	,
	3.	is associated with high returns.										
		a) High r	isk						b)	Low	returns	
		c) Moder	ate	returns					d)	None	e of these	
	4.	Vitamin 1	M s	tands fo	or			in bu	siness	s man	nagement.	
		a) May				b) Money						
		c) a and b)						d)	None	e of the given	
	5.	The optimum capital structure is obtained when the market value per equity share is a									arket value per equity share is at	
		a) Minim							h)	Max	imum	
		c) a and b									e of the given	
Q. 2.		State Tr	ue/	False								(05)
	1.	-		_					ve hi		debt-to-equity ratios, while debt-to-equity ratios.	
	2.	The cost	of c	apital i	s the r	ate of	f retu	rn requ	red b	y inv	vestors to invest in a company.	
		a) True							b)	False	e	
	3.	Comparative analysis involves comparing the financial performance of a company with that of its competitors in the industry. a) True b) False										
	4	a) True	OII.	atatam/	nt rol	ios on	info	rmation	,			4
	4.	a) True	UW !	stateme	int ren	ies on	11110	matioi			income statement and balance shee	ι
	5.	a) True b) False Capital structure decision refers to the blend of equity and debts used by the firm.										
	٦.	a) True	. uc	tare uci	C151011	101018				False	•	
		,							٠,		•	

Q. 3. Write Short notes on (Any Three)

(15)

- 1. Working Capital Management
- 2. Utility of Financial Management
- 3. Cash flow statement
- 4. Ratio Analysis
- 5. Functions of Chief Finance Officer

Q. 4. Answer in detail (Any Two)

(20)

- 1. Define capital budgeting. How is it important for a private limited company? Also enumerate the limitations of capital budgeting.
- 2. Discuss the various concepts of working capital. Also explain the various factors that influence the working capital requirements.
- 3. Define a financial plan. Explain the requisites of a good financial plan.

Q. 5. Case study (15)

XYZ Corporation, a multinational company operating in the technology sector, is planning to undertake a major expansion project. The project requires a significant investment, and the company needs to determine its cost of capital to evaluate the feasibility of the project. As an MBA student interning with the company's finance department, you have been assigned the task of calculating the cost of capital and providing recommendations to the management.

Key Information:

- 1. XYZ Corporation has a capital structure consisting of 40% debt and 60% equity.
- 2. The current cost of debt is 5%, and the company's tax rate is 30%.
- 3. The beta of the company's stock is 1.2, and the risk-free rate is 3%. The market risk premium is 6%.
- 4. The company's dividend per share is Rs.2.50, and the current stock price is Rs.50.

5.

Ouestions:

- a. Calculate the cost of debt for XYZ Corporation.
- b. Determine the cost of equity using the Capital Asset Pricing Model (CAPM).
- c. Calculate the weighted average cost of capital (WACC) for XYZ Corporation.
- d. Provide recommendations to the management based on the calculated cost of capital.

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