

QP Code: D 122898		Total Pages: 2	Name:
			Register No.
SECOND SEMESTER (CUFYUGP) DEGREE EXAMINATION, APRIL 2025			
BBA			
BBA2CJ102 / BBA2MN101- FINANCIAL MANAGEMENT			
2024 Admission onwards			
Maximum Time :2 Hours		Maximum Marks :70	
Section A			
All Questions can be answered. Each Question carries 3 marks (Ceiling: 24 Marks)			
1	What is Angel Investing?		
2	A firm issue ₹15,00,000 in 9% debentures at a discount of 5%. If the tax rate is 30%, find the cost of debt after tax.		
3	Define the Capital Asset Pricing Model		
4	How is ROI different from ROE?		
5	What is the present value of ₹50,000 to be received after 7 years, if the discount rate is 6% per annum?		
6	What is Capital Budgeting?		
7	A person receives ₹8,000 per year as a perpetuity. If the discount rate is 8%, find the present value.		
8	What does the Walter's Model state?		
9	A company retains earnings instead of paying dividends. If the cost of equity is 12% and tax on dividends is 5%, find the cost of retained earnings.		
10	A firm has total equity of ₹10,00,000 and earns ₹1,50,000 after tax. Find ROE.		
Section B			
All Questions can be answered. Each Question carries 6 marks (Ceiling: 36 Marks)			
11	A company is considering two financing options: Option 1: ₹5,00,000 equity (50,000 shares) Option 2: ₹2,50,000 equity (25,000 shares) & ₹2,50,000 debt at 12% interest. If EBIT is ₹1,20,000, find EPS for both options (assume no tax).		
12	State the assumptions of the Modigliani-Miller (MM) approach.		
13	A firm issues debenture of ₹2,00,000 at a 10% coupon rate. If the tax rate is 30%, calculate the after-tax cost of debt.		
14	What is the role of venture capital in business growth?		
15	If a stock's beta (β) is 1.5, the risk-free rate is 5%, and the market return is 10%, what is the cost of equity using CAPM?		
16	How does the Net Operating Income (NOI) approach differ from the Net Income (NI) approach?		
17	A sum of ₹1,00,000 is invested at 12% interest. After how many years will it double under compound interest?		
18	How does the Gordon Model justify the relevance of dividends?		

Section C**Answer any ONE. Each Question carries 10 marks (1x10=10 Marks)**

19	A project has the following cash inflows and outflows: Initial Investment = ₹8,00,000 Expected Cash Flows: ₹3,00,000, ₹3,50,000, ₹2,50,000, ₹2,00,000 over 4 years Discount Rate = 12% Compute Modified Internal Rate of Return (MIRR) assuming reinvestment at 10%.
20	A company has a WACC of 11% and is considering two projects: Project A: Expected Return 10% Project B: Expected Return 14% Should the company accept or reject these projects based on WACC? Justify your answer.