 Time: 3 Hours   **Max. Marks: 100**
General Instructions:
IMP: *Verify that you have received the question paper with the correct course, code, branch etc.*
*1. This Question paper comprises of **three Sections -A, B, & C.** It consists of Multiple Choice Questions (MCQ's) & Subjective type questions.*
2. Maximum marks for each question are indicated on right -hand side of each question.
3. Illustrate your answers with neat sketches wherever necessary.
4. Assume suitable data if necessary.
5. Preferably, write the answers in sequential order.
6. No sheet should be left blank. Any written material after a blank sheet will not be evaluated/checked.

SECTION-A   20

1. Attempt all parts:-

1-a.   Shareholder wealth" in a firm is represented by: (CO1,K1)   1

    (a)   The Number Of People Employed In The Firm.

    (b)   The Book Value Of The Firm'S Assets Less The Book Value Of Its Liabilities

    (c)   The Amount Of Salary Paid To Its Employees.

    (d)   The Market Price Per Share Of The Firm'S Common Stock.

1-b.   ._____ refers to the amount invested in various components of current   1
          assets.(CO1,K2)

    (a)   Temporary Working Capital

    (b)   Net Working Capital

    (c)   Gross Working Capital

    (d)   Permanent Working Capital

1-c.   The cost of equity capital is typically higher than the cost of debt because: 1
          (CO2,K1)

    (a)   Equity Has Voting Rights, While Debt Does Not.

    (b)   Equity Investors Share The Company's Profits, While Debt Holders Receive A
          Fixed Interest Rate.

    (c)   Debt Is Easier To Issue Than Equity.

    (d)   All Of The Above.

1-d.   The Dividend Discount Model (DDM) requires the following information to   1

estimate the cost of equity: (CO2,K2)

- (a) The Company's Current Stock Price And Expected Growth Rate.
- (b) The Company's Debt-To-Equity Ratio And Cost Of Debt.
- (c) The Beta Of The Company And The Risk-Free Rate.
- (d) The Company's Recent Dividend Payout And Historical Growth Rate.

1-e. Long-term financial planning focuses on: (CO3,K1)   1

- (a) Managing Day-To-Day Cash Flow Needs.
- (b) Developing Strategies For Future Growth And Profitability.
- (c) Optimizing Short-Term Investments.
- (d) Minimizing Tax Liabilities For The Current Year.

1-f. An increase in projected sales will likely lead to an increase in:(CO3,K1)   1

- (a) Accounts Payable
- (b) Long-Term Debt
- (c) Retained Earnings
- (d) All Of The Above

1-g. _____among the following dividend policies is based on paying a fixed dividend per share. (CO4,K2)   1

- (a) Stable dividend policy
- (b) Constant dividend policy
- (c) Residual dividend policy
- (d) Target payout ratio policy

1-h. The long-run objective of financial management is to _____.(CO4,K1)   1

- (a) Maximize earnings per share.
- (b) Maximize the value of the firm's common stock.
- (c) Maximize return on investment.
- (d) Maximize market share.

1-i. _____of the following best defines a merger.(CO5,K1)   1

- (a) A hostile takeover of a company by another
- (b) The combination of two or more companies into one entity
- (c) Selling a portion of a company to another entity
- (d) Liquidating a company's assets

1-j. .... is a financial ratio commonly used to evaluate the performance of a company targeted for acquisition.(CO5,K1)   1

- (a) Price/earnings ratio
- (b) Return on investment
- (c) Debt-to-equity ratio
- (d) All of the above

2. Attempt all parts:-

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2.a.	Explain personal finance.(CO1,K2)	2
2.b.	Discuss the redeemable debt with formula.(CO2,K2)	2
2.c.	Give the formula of payback period.(CO3,K2)	2
2.d.	Define the difference between a regular dividend and a special dividend.(CO4,K1)	2
2.e.	Discuss the main reasons companies pursue mergers and acquisitions.(CO5,K2)	2

SECTION-B 30

3. Answer any <u>five</u> of the following:-

3-a.	Differentiate between share and debentures.(CO1,K4)	6
3-b.	Discuss the role of financial manager.(CO1,K2)	6
3-c.	Explain the assumptions of MM Approach.(CO2,K2)	6
3-d.	Monica Ltd. Issued 10,000, 14% debentures of Rs. 100 each at a discount of 5%. The debentures are irredeemable. Cost of issue is 2%. And the rate of tax is 50%. Calculate cost of capital before tax. (CO2,K3)	6
3-e.	A project costs Rs. 5,00,000 and yield annually a profit of Rs. 80,000 after depreciation @ 12% p.a. but before tax of 50%. Calculate the payback period. (CO3,K3)	6
3.f.	Explain the terms bonus shares and share splits. What is their rationale.(CO4,K2)	6
3.g.	Analyze examples of successful mergers and acquisitions and the factors contributing to their success.(CO5,K4)	6

SECTION-C 50

4. Answer any <u>one</u> of the following:-

| 4-a. | State the functions of finance manager in modern age.(CO1,K2) | 10 |
| 4-b. | You are requested to do financial planning for a new Non-Banking financial company to be setup. What important considerations would you take in to account in doing so.(CO1,K4) | 10 |

5. Answer any <u>one</u> of the following:-

| 5-a. | Describe the MPS and DPS with formula.(CO2,K2) | 10 |
| 5-b. | Star Co. Ltd. Issued 20,000, 04% debentures of Rs. 100 each at a discount of 5%. Cost of issue is 2%. And the rate of tax is 50%. Calculate cost of capital before and after tax.(CO2,K3) | 10 |

6. Answer any <u>one</u> of the following:-

| 6-a. | Explain the concept of the time value of money and its relevance to capital budgeting. How do discounting and compounding principles apply to capital budgeting decisions.(CO3,K2) | 10 |
| 6-b. | Explain the role of budgeting in financial planning.And also discuss the ways an individuals and businesses create and maintain an effective budget.(CO3,K2) | 10 |

7. Answer any <u>one</u> of the following:-

| 7-a. | Explain the fundamental difference between the relevance and irrelevance theories of dividend policy. (CO4,K2) | 10 |

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7-b. Explain the basic concept behind the Walter Model of dividend policy.(CO4,K4) 10

8. Answer any <u>one</u> of the following:-

8-a. Discuss the potential tax implications of mergers and acquisitions for both acquiring and target companies.(CO5,K5) 10

8-b. Can you provide insights into the long-term implications of mergers and acquisitions on industry dynamics, competition, and market structure. (CO5,K5) 10