



**CONTINUOUS ASSESSMENT TEST - I  
WINTER SEMESTER 2025-2026**

**SLOT: F2+TF2**

Programme Name & Branch : B.TECH (BBS) – ELECTIVE  
Course Code and Course Name : MGT2003 – FINANCIAL MANAGEMENT  
Faculty Name(s) : Dr Manoharan M  
Class Number(s) : VL2025260506187  
Date of Examination : 01-02-2026  
Exam Duration : 90 minutes **Maximum Marks: 50**

**General instruction(s):**

- Answer All Questions
- Use of Present & Future Value tables permitted
- M - Max mark; CO – Course Outcome; BL – Bloom's Taxonomy Level (1 – Remember, 2 – Understand, 3 – Apply, 4 – Analyse, 5 – Evaluate, 6 – Create)
- Course Outcomes
  1. CO-1 - Understanding the FM concepts especially "time value of money"
  2. CO-2 - To value the Securities and know the concept of Risk and return
  3. CO-3 - To evaluate the "Leverage", "cost of capital" and the projects using the Capital budgeting concepts

| Q. No | Question                                                                                                                                                                                                                 | M  | CO | BL |
|-------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|----|----|
| 1.    | Why is the financial manager considered a link between the firm and the financial system?                                                                                                                                | 10 | 1  | 2  |
| 2.    | Briefly explain <ol style="list-style-type: none"><li>i) Agency Problem</li><li>ii) Capital Budgeting</li><li>iii) Convertible Preferential shares</li><li>iv) Dividend yield</li><li>v) Market Capitalization</li></ol> | 10 | 1  | 1  |
| 3.    | a) Describe the Capital Asset Pricing Model with suitable data.                                                                                                                                                          | 5  | 2  | 4  |
|       | b) Distinguish between Profit maximisation and wealth maximization.                                                                                                                                                      | 5  |    |    |
| 4.    | a) Diversification leads to risk reduction - discuss                                                                                                                                                                     | 5  | 2  | 2  |
|       | b) A firm is considering issue of 5 years tenured bonds with face value Rs 10,000 and coupon rate 8% per annum. If the require rate of return is 9% and the bond matures at par, what could be the price of the bond?    | 5  |    |    |



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| 5. | Tata chemicals Ltd. Share is currently trading at Rs 730 per share (NSE) and its beta value is 1.11. The Nifty index returned 13.5% per year in the last 5 years.<br>With the given below additional data, compute WACC for the company. |  |  |  | 10 | 3 | 3 |
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