

Smt. S. I. Patel Ipcowala College of Commerce, PETLAD

M.Com. SEM-III

Internal Test-Sep,-2018

Sub: FINANCIAL MANAGEMENT (PB03CCOM03)

Date:- 20 /09/2018

Time:- 09.45 to 10.45

Max Marks:- 40

Q.1 Define Financial Strategy. Write a note on Financial Strategy Formulation. 20

OR

Write note on : (ant two)

1. Corporate Governance Report.
2. High Performance achievement area.
3. Vision Focus.

Q.2 Explain: Management of foreign exchange exposure. 20

OR-

Bharti international an Indian based multinational company, is evaluation an over investment proposal. Bharti International export of generic drugs have increased to such an extent that it is considering a project to build a plant in UK. The project will entail an initial outlay of £(pound) 100 million and is expected to generate the following cash slow true year life

Year	1	2	3	4
Cash flow (in million)	£30	£40	£50	£60

The current spot exchange rate is £45 per UK pound, The risk-free rate in India is 11% and the risk-free rate in the UK is 6%. These are rate observed in the financial market.

Bharti International required rupee return on a project of this kind is 15%
Calculate the NPV of the project using the Home Currency Approach.