



AN EMPIRICAL STUDY ON INVESTORS' PERCEPTION TOWARDS E-BANKING, KARNATAKA GRAMINA BANK, BALLARI

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Abstract:

The current case study is relating how a company focus on its financing strategies in order to find the pavement to survive in the market for a longer period by reducing the cost of capital and increasing in the profitability. The present study focuses on Electric Vehicle Market and rapid growth and technology is occupying the auto sector around the globe.

Keywords: Tesla, Electric Vehicles, market capitalization.

Introduction

The electric vehicle (EV) industry stands as a beacon of innovation and sustainability in the realm of transportation. With a primary focus on reducing carbon emissions and reliance on fossil fuels, this industry has witnessed a remarkable surge in recent years, reshaping the future of mobility.

The introduction of electric vehicles represents a transformative shift from traditional internal combustion engine vehicles to more environmentally friendly and technologically advanced alternatives. Electric vehicles operate using electric motors powered by rechargeable batteries, eliminating tailpipe emissions and significantly reducing the carbon footprint associated with transportation.

This industry's evolution has been driven by a convergence of factors: advancements in battery technology, environmental concerns prompting regulatory changes, consumer demand for eco-friendly alternatives, and the continuous push towards renewable energy sources.

Major players in the automotive sector, as well as new entrants from tech industries, have embraced this transition, investing heavily in research, development, and production of electric vehicles. These efforts aim to overcome challenges such as battery range, charging infrastructure, and affordability, making EVs more accessible and appealing to a broader consumer base.

Government incentives, subsidies, and stringent emission regulations across various regions have also played a pivotal role in accelerating the adoption of electric vehicles. Countries worldwide are setting ambitious targets to phase out internal combustion engines, signaling a shift towards a future dominated by electric and hybrid vehicles.

The electric vehicle industry represents not only a technological revolution but also a catalyst for a sustainable and greener future. As the momentum continues to build, the industry's growth trajectory promises to reshape transportation, reduce greenhouse gas emissions, and revolutionize the way people commute, all while addressing critical environmental challenges on a global scale.

Background: Tesla, a trailblazer in the electric vehicle industry, has revolutionized the automotive sector with its innovative EV technology. The company has experienced rapid growth and is now aiming to expand its production capabilities to meet soaring demand for its electric vehicles.

Financing Objectives: Tesla intends to raise \$5 billion to fund its expansion plans, including the construction of new manufacturing facilities, R&D investments, and the development of next-generation electric vehicle models.

Current Financial Snapshot:

- Tesla's stock has seen substantial appreciation, providing the company with a strong market capitalization.
- The company has been profitable in recent quarters, bolstering its financial standing.
- However, Tesla faces significant capital expenditure requirements due to its ambitious growth targets.

Financing Options Considered:

1. **Equity Issuance:** Tesla could opt for a secondary public offering to raise capital by issuing new shares. This approach could potentially leverage the company's high market valuation but might dilute existing shareholders' ownership.
2. **Debt Financing:** Tesla might consider raising funds through debt instruments, such as corporate bonds or convertible bonds. This option offers capital without diluting ownership but might increase the company's debt burden.
3. **Strategic Partnerships or Alliances:** Exploring partnerships or alliances with other companies, such as technology firms or major automotive players, could provide financial support, expertise, or access to new markets.
4. **Retained Earnings and Internal Funding:** Utilizing existing profits or cash reserves to finance expansion could reduce reliance on external financing sources, albeit potentially limiting the scale of the expansion.

Decision Criteria:

- **Cost of Capital:** Analyze the cost implications and risks associated with different financing options.
- **Market Perception:** Evaluate the impact of each financing option on Tesla's market image and shareholder sentiment.
- **Flexibility and Long-Term Viability:** Consider the flexibility offered by each financing method and its alignment with Tesla's long-term growth strategy.

Recommended Strategy: Given Tesla's strong market valuation and investor confidence, a balanced approach could involve a mix of equity and debt financing. Tesla could consider a combination of a secondary public offering to capitalize on its high stock price and issuing corporate bonds to secure long-term debt at favorable rates. This strategy could provide the necessary capital while minimizing the impact on existing shareholders and balancing the company's debt load.