

15 FEB 2023

Reg. No.

Question Paper Code

11715

B.E / B.Tech - DEGREE EXAMINATIONS, NOV/DEC 2022

Third Semester

Computer Science and Business Systems

20CBMG301 - FINANCIAL MANAGEMENT

(Regulations 2020)

Duration: 3 Hours

Max. Marks: 100

PART - A (10 × 2 = 20 Marks)

Answer ALL Questions

- | | <i>Marks,
K-Level, CO</i> |
|---|-------------------------------|
| 1. Define finance. | 2,K1,CO1 |
| 2. You are received Rs.120 by today and another one option received amount of Rs.140 by tomorrow. Decide which amount of option will be best for you. | 2,K1,CO1 |
| 3. Why do you use Capital Budgeting decision? | 2,K1,CO2 |
| 4. State your opinion - Difference between Cash flow and Profit. | 2,K1,CO2 |
| 5. The SR tools Ltd has an annual sales of Rs 20,00,000, Variable cost is Rs 5,00,000, and Fixed cost Rs 2,00,000. The corporate has 10% debenture of Rs 3,00,000. The corporate tax is 40%. You are required to determine Operating leverage of the company. | 2,K3,CO3 |
| 6. State the two importance of Capital Structure. | 2,K1,CO3 |
| 7. State the importance of working capital for manufacturing sector. | 2,K2,CO4 |
| 8. State the importance of cash management in business. | 2,K1,CO4 |
| 9. State the component of long term liabilities. | 2,K2,CO5 |
| 10. Define the equity share capital. | 2,K1,CO5 |

PART - B (5 × 13 = 65 Marks)

Answer ALL Questions

11. a) Discuss –Traditional Vs Modern finance function concept in the business world. 13,K2,C01
- OR**
- b) As a Finance manager –discuss the finance functions for an effective operations of your business to satisfy Stakeholder of the organization. 13,K2,C01
12. a) Ultra tech Cement has proposed investment in new project in Karnataka, with initial outlay of Rs.90, 00, 000. The life of the project is 5 years and its annual cash flow as follows. 13,K3,C02

K1 – Remember; K2 – Understand; K3 – Apply; K4 – Analyze; K5 – Evaluate; K6 – Create

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S.No	Year	Cash flow
1	-	-90,00,000
2	1	30,00,000
3	2	24,00,000
4	3	26,00,000
5	4	15,00,000
6	5	12,00,000

You are required to calculate Net Present Value and Profitability Index Value.

OR

- b) What are the basic components of capital budgeting analysis? Explain the difference between IRR and NPV methods. 15,K2,CO2

13. a) Dr Reddy lab Pharma Ltd has Equity share capital of Rs. 10, 00,000 (Rs. 100 each) and plans for expansion of existing operational level for which the board of directors decided to raise additional capital of Rs. 6,00,000. The following alternative financial options to raise the additional capital. 13,K3,CO3

(i) Issue 6,000 equity shares of Rs. 100 each.

(ii) Issue 6,000 10% preference shares of Rs. 100 each.

(iii) Issue 6,000 12% debentures of Rs. 100 each .

The corporate tax is in 50%. The corporate seeking your valuable advice and suggest which mode of finance method is feasible.

OR

- b) The present share capital of Reliance JIO ltd. Consists of 1 Lakh share capital selling Rs.100 each. The corporate contemplating a dividend of Rs.14 per share at the end of the current financial year. The company belongs to a risk-class for which the appropriate capitalization rate is 20%. The coporate experts to have a net income of Rs.25 lakhs and has proposal for making new investments of Rs.5 lakhs. 13,K3,CO3

You are required to use M-M approach and give your opinion when the dividend is declared or not declared? How does it impact on the value of share?

14. a) Define Cash Management and explain the importance of Cash in liquidity assets management. 13,K2,CO4

OR

- b) Discuss the different importance factors of determining Working Capital in beverage sector. 13,K2,CO4

15. a) Explain the importance of leasing in Indian business growth. 13,K2,CO5

OR

- b) As finance Manager, explain the source of long term finance for your newly formed manufacturing company in Tamilnadu. 13,K3,CO5

PART - C (1 × 15 = 15 Marks)

16. a) From the following capital structure of Nippon paints Holding Co. Ltd. For the year 2021. 15,K3,CO6

Equity Share capital	Rs. 40,00,000
12% preference share Rs.100 each	Rs. 10,00,000
10% Debentured of Rs.100 each	Rs. 20,00,000

	Rs. 70,00,000

The corporate current market price of Rs.120, the shareholders expected rate of dividend Rs.25 and the firm expected growth rate of dividend is @ 7%. The corporate tax rate is in 40% bracket.

As a Finance Analyst - Determine the overall Cost of Capital of the firm and also give your expert views about the corporate borrowed capital performance position.

OR

- b) Distinguish between Equity share Capital and Preference share capital. As a fund's manager, which type of capital is more important for your business? 15,K3,CO6