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Question Paper Code	12344
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B.E. / B.Tech. - DEGREE EXAMINATIONS, NOV / DEC 2023

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 financial management. | <i>2,K1,CO1</i> |
| 2. List out the techniques of time value of money. | <i>2,K1,CO1</i> |
| 3. State any two importance of Cost of capital. | <i>2,K1,CO2</i> |
| 4. Recall the term DCF. | <i>2,K1,CO2</i> |
| 5. Infer the term of EBIT and EPS. | <i>2,K2,CO3</i> |
| 6. State the importance of leverage in your business. | <i>2,K1,CO3</i> |
| 7. What are the components of working capital? | <i>2,K1,CO4</i> |
| 8. List the motives for holding cash. | <i>2,K1,CO4</i> |
| 9. State any three long term financial instruments used for your new venture. | <i>2,K1,CO5</i> |
| 10. Rephrase the concept of commercial paper used. | <i>2,K2,CO5</i> |

PART - B (5 × 13 = 65 Marks)

Answer ALL Questions

11. a) Define Financial Management and discuss its various importances for Financial Decision making. *13,K2,CO1*
- OR**
- b) Profit maximization is more than the wealth maximization. Do you agree – Discuss. *13,K2,CO1*
12. a) Discuss the different techniques of capital budgeting and its merits and demerits. *13,K2,CO2*
- OR**
- b) Following are the details regarding the capital structure of Xiaomi India Ltd: *13,K2,CO2*

Sources of capital	Book Value	Market value	Specific Cost
Equity shares	8,00,000	10,00,000	10%
Preference Capital	3,00,000	3,00,000	9%
Bond	500,000	500,000	11%
Retained Earnings	1,00,000	-----	10%
	17,00,000	1800000	

Determine the WACC using (i) book value weights and (ii) market value weights and also find out the difference between book value weight and market value and why?

13. a) Discuss different factors determining in dividend decision and which factors are highly influence in your decision? *13,K2,CO3*

OR

- b) Elaborate the various factors affecting capital structure of a company. *13,K4,CO3*

14. a) Discuss the various sources of working capital finance. *13,K2,CO4*

OR

- b) State the objectives of inventory management and the various techniques of inventory management. *13,K2,CO4*

15. a) Explain the various stages of venture capital financing in detail. *13,K1,CO5*

OR

- b) Explain in detail the various classifications of long term sources of finance for a manufacturing company. *13,K3,CO5*

PART - C (1 × 15 = 15 Marks)

16. a) Following are the details regarding Maruti Motors, Hyundai Motors and Tata Motors. *15,K5,CO6*

Particulars	Maruti Motors	Hyundai Motors	Tata Motors
r	15%	5%	10%
Ke	10%	10%	10%
E	Rs.20	Rs.20	Rs.20

Calculate the value of equity share of each of these companies applying Walter's Model and suggest which corporate is more viable and Why? Interpret the results. When D/P ratio is (a) 50% (b) 75% and (c) 25%.

OR

b) A proforma cost sheet of a company provides the following data:

15,K5,CO6

Elements of cost	Amount per unit (Rs.)
Raw materials	160
Labour	60
Overheads	120
Total cost	340
Profit	60
Selling price	400

Additional information:

- a. Raw materials are held in stock on an average for four weeks. Materials are in progress for two weeks. Finished goods are in stock on an average for four weeks.
- b. Credit allowed by suppliers is four weeks and credit allowed to debtors is eight weeks. Time lag in payment of wages is 1.5 weeks.
- c. Time lag in payment of outstanding overheads is four weeks. One fourth of the finished goods are sold against cash.
- d. Cash in hand is expected to be Rs. 50,000 and expected level of production to 1, 04,000 units.
- e. You may assume that production is carried out evenly throughout the year. Discover the net working capital required for the company.