



LAKIREDDY BALI REDDY COLLEGE OF ENGINEERING
(AUTONOMOUS)

L.B. Reddy Nagar :: Mylavaram-521 230 :: Krishna Dist. :: A.P
Approved by AICTE, New Delhi. Affiliated to JNTUK, Kakinada

MBA (II Semester) (R17) Supplementary Examinations, August - 2021

TIME TABLE

Time: 10.00AM to 01.00PM

A.Y. 2020-21

Date	Course Code & Name
12-08-2021 (Thursday)	17MB07 - Organizational Behavior
13-08-2021 (Friday)	17MB08 - Marketing Management
14-08-2021 (Saturday)	17MB09 - Financial Management
16-08-2021 (Monday)	17MB10 - Human Resource Management
17-08-2021 (Tuesday)	17MB11 - Business Research Methods
18-08-2021 (Wednesday)	17MB12 - Operations Management

Note: Any omissions or clashes in the time table may please be informed to the Controller of Examinations immediately.

Date: 29-07-2021

Copy to: 1. Vice-Principal, Deans & HoD
2. Transport in-charge & Librarian
3. Canteen, Security & Hostels
4. Notice Boards

K. Lakshman

M. Chokkappa Reddy
CONTROLLER OF EXAMINATIONS

9/2/21
PRINCIPAL

14 AUG 2021

H.T.No

R17

**LAKIREDDY BALI REDDY COLLEGE OF ENGINEERING
(AUTONOMOUS)**

L.B. Reddy Nagar :: Mylavaram – 521 230 :: Krishna Dist.: A.P.

M.B.A (II Semester) ~~Regular~~/Supplementary Examinations

17MB09-FINANCIAL MANAGEMENT

Time : 3 hours

Max. Marks : 60

Answer one question from each unit.

All questions carry equal marks

Q.No	Questions	Marks	CO	BL															
1(a)	Elucidate the importance of financial management.	6M	CO1	L2															
(b)	Critically evaluate the goals of maximisation of profits and maximizations of return on the equity.	6M	CO1	L5															
(OR)																			
2(a)	Discuss the relationship of financial management to economics and accounting.	6M	CO1	L2															
(b)	Comment on the emerging role of the financial manager in India.	6M	CO1	L5															
3(a)	XYZ Co has plans to issue 7,000, Eleven percent Debentures of Rs.100 each at a discount of 5%. The debentures are redeemable after 4 years and the commission payable to brokers & underwriters is Rs. 32,000. Calculate the After Tax Cost of the debt, if the tax rate is assumed as 50%.	6M	CO2	L3															
(b)	Compare and contrast NPV with IRR.	6M	CO2	L4															
(OR)																			
4(a)	<p>Sky lax Co is contemplating the following Projects A & B as detailed below. Calculate the NPV assuming at 10% discount rate. And IRR of both the projects and suggest which project is more feasible?</p> <table border="1"> <thead> <tr> <th>Year></th><th>0</th><th>1st year</th><th>2nd year</th><th>3rd year</th></tr> </thead> <tbody> <tr> <td>Project A</td><td>40,000</td><td>17000</td><td>17000</td><td>41000</td></tr> <tr> <td>Project B</td><td>48,000</td><td>22,000</td><td>22,000</td><td>23,000</td></tr> </tbody> </table>	Year>	0	1 st year	2 nd year	3 rd year	Project A	40,000	17000	17000	41000	Project B	48,000	22,000	22,000	23,000	6M	CO2	L3
Year>	0	1 st year	2 nd year	3 rd year															
Project A	40,000	17000	17000	41000															
Project B	48,000	22,000	22,000	23,000															
(b)	Determine the present value of Rs78,67,597 receivable at the end of 4 th year at an effective rate of interest of 12% p.a.	6M	CO2	L3															
5(a)	Calculate the Operating Leverage, Financial Leverage & Combined Leverage for a Firm using the following information:- Sales 60,000 Units at Rs. 10 per unit; Variable cost at Rs. 4 per unit; The Fixed Cost is Rs. 2,00,000; Also 10% Debentures of Rs. 3,00,000 were raised by the firm.	6M	CO3	L3															
(b)	Distinguish between the capital structure and financial structure.	6M	CO3	L2															
(OR)																			
6(a)	<p>A company expected Net operating income (EBIT) is Rs 1, 00,000. The company has issued Rs 5, 00,000, 10% Debenture of Rs 100 each. The cost of equity is 12.5%. assume no taxes; find out overall cost of capital and market value of the firm according to NI approach under 2 conditions:</p> <p>Condition1: when debt capital (M.V of debt) is Rs 5, 00,000.</p> <p>Condition2: when debt capital (M.V of debt) is Rs 6, 00,000.</p>	6M	CO3	L3															

17MB09-FINANCIAL MANAGEMENT

(b)	List out and summarize various long term external sources of finance.	6M	CO3	L2
7(a)	Describe the different types of working capital.	6M	CO4	L1
(b)	Analyse various factors affecting the requirement of working capital.	6M	CO4	L4
(OR)				
8(a)	The following data is available for Roger group. Earnings per share: Rs 40.00 Rate of Return on Investment: 20% Rate of Return required by shareholders: 30% If the Gordon valuation model holds, what will be the price per share when the dividend payout ratio is 25%?	6M	CO5	L3
(b)	Critically examine the assumptions of the relevance hypothesis of James Walter's model regarding dividend distribution.	6M	CO5	L3
9.	Case study (Compulsory question) ABC Ltd. needs Rs. 30, 00,000 for the installation of a new factory. The new factory expects to yield annual earnings before interest and tax (EBIT) of Rs.5, 00,000. In choosing a financial plan, ABC Ltd., has an objective of maximizing earnings per share (EPS). The company proposes to issuing ordinary shares and raising debt of Rs. 3, 00,000 and Rs. 10, 00,000 of Rs. 15, 00,000. The current market price per share is Rs. 250 and is expected to drop to Rs. 200 if the funds are borrowed in excess of Rs. 12, 00,000. Funds can be raised at the following rates. -up to Rs. 3,00,000 at 8% -over Rs. 3,00,000 to Rs. 15,000,00 at 10% -over Rs. 15,00,000 at 15% Assuming a tax rate of 50% advice the company.	12M	CO3	L5
