RV College of Engineering®
Mysore Road, RV Vidyaniketan Post,
Bengaluru - 560059, Karnataka, India

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Academic year 2023-2024 (EVEN Sem)

DEPARTMENT OF
INDUSTRIAL ENGINEERING & MANAGEMENT

Date	24th July 2024	Maximum Marks	10
Course Code	21IE6F8	Duration	30 Min
Sem	VI	CIE – II	
Elements of Financial Management (Institutional Elective)			

Note:
1. Answer all the Questions.

Sl. No.	Questions	M	BT	CO
	Part – A			
1	In the context of bond valuation, what does the term Yield to maturity refer to?	1	2	CO1
2	________ type of bond pays no periodic interest but is issued at a discount.	1	1	CO2
3	The model used to determine the expected return on a stock based on its risk relative to the market is______________.	1	1	CO2
4	Name the valuation method that calculates the present value of a project's cash flows minus its initial investment.	1	1	CO1
5	What is the term for the risk associated with an entire market or market segment?	1	2	CO1
6	______ refers to a strategy that involves spreading of investments to reduce risk.	1	1	COI
7	What is the term that describes the potential for loss in an investment?	1	2	COI
8	Mention the capital budgeting technique that measures the profitability of a project by calculating the return rate that makes the NPV equal to zero.	1	I	CO2
9	The period required for the return on an investment to repay the original investment is __________.	1	1	CO2
10	____________ method evaluates the efficiency of an investment by comparing the accounting profit to the initial investment cost.	1	1	CO2

BT-Blooms Taxonomy, CO-Course Outcomes, M-Marks

Marks Distribution	Particulars		CO1	CO2	CO3	CO4	L1	L2	L3	L4	L5	L6
	Quiz	Max Marks	05	05	--	--	07	03	--	--	--	--

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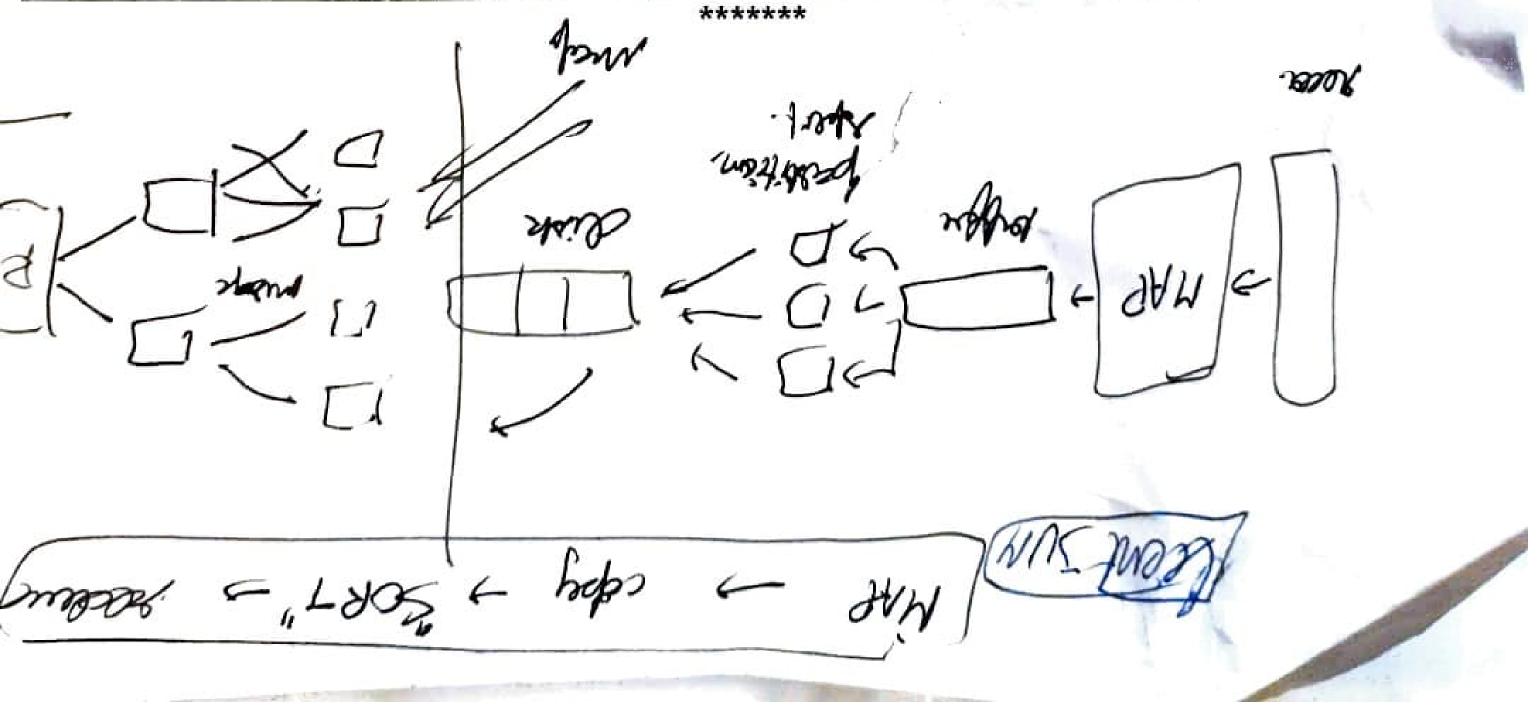

Mysore Road, RV Vidyaniketan Post,
Bengaluru - 560059, Karnataka, India

USN | 1RV21AI057

Academic year 2023-2024 (EVEN Sem)

DEPARTMENT OF INDUSTRIAL ENGINEERING & MANAGEMENT

Date	24th July 2024	Maximum Marks	50
Course Code	21IE6F8	Duration	90 Min
Sem	VI	CIE – II	

Elements of Financial Management (Institutional Elective)

Note:

1. Answer all the Questions.

Sl. No.	Questions	M	BT	CO
	Part –B			
1.a.	A Rs.200/-par value bond carries a coupon rate of 12% and maturity period of 8 years. The interest rate is payable semi-annually. Compute the value of the bond if Required Rate of Return is 14%.	5	3	CO1
b.	The expected dividend per share is Rs.12/-.The dividend is expected to grow at the rate of 7% per year. If the price of the share is Rs.145/- now, determine the Expected rate of Return. 15.27	5	3	CO1
2.a.	The current dividend for an equity share is Rs.6/-.If the constant compound growth rate is 6%, determine the dividend 10 years hence. 44.6	5	3	CO1
b.	The price per bond of M/S. Akshara Industries is Rs.180/-.The par value of the share is Rs.200/-.The coupon rate of the bond is 14%.The maturity period for the bond is 6 years. Determine the Yield to Maturity for the investor. 43.9	5	3	CO1
3.	The stock of Box Limited performs well relative to other stocks during recessionary periods. The stock of Cox Limited, on the other hand, does well during growth periods. Both the stocks are currently selling for ₹ 100 per share. You assess the rupee return (dividend plus price) of these stocks for the next year as follows: (table below) Calculate the expected return and standard deviation of investing: (i) ₹ 1,000 in the equity stock of Box Limited 116 (ii) ₹ 1,000 in the equity stock of Cox Limited 121	10	4	CO1
4.a.	Enumerate the steps involved the process of Capital Budgeting.	5	2	CO2
b.	A project which is being evaluated by a firm has a cost of capital of 12%. The initial outlay for the project is Rs.2 lakhs. The benefits accrued for the next four years are given below. (table below) Calculate the Benefit Cost Ratio and Net Benefit Cost Ratio for the project. Also based on the standard decision criteria, suggest the feasibility of investing in the project.	5	4	CO2
5.	Long-term finance is critical for a company's growth and stability, providing the necessary capital to fund substantial investments and strategic initiatives. In the light of the above statement, provide a brief review of different types of sources.	10	2	CO3

Table for Q3:

	Economic Condition			
	High Growth	Low Growth	Stagnation	Recession
Probability	0.3	0.4	0.2	0.1
Return on Box's Stock	100	110	120	140
Return on Cox's Stock	150	130	90	60

Table for Q4.b:

Year	1	2	3	4
Amount (Rs)	50,000	80,000	80,000	1,00,000

1.144

BT-Blooms Taxonomy, CO-Course Outcomes, M-Marks

Marks Distribution	Particulars	CO1	CO2	CO3	CO4	L1	L2	L3	L4	L5	L6
	Test Max Marks	30	10	10	--	--	15	20	15	--	--

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