

SCHOOL OF TECHNOLOGY MANAGEMENT & ENGINEERING, NAVI-MUMBAI

Academic Year: 2022-2023

Program: B.tech Stream: CSBS

Year: IV Semester: VII

Subject: FINANCIAL MANAGEMENT

Time: 45 MINS (11:50 PM to 12:50 PM)

Date: 01/09/2022

No. of Pages: 2

Marks: 20

Mid-Term Examination

Instructions: Candidates should read carefully the instructions printed on the question paper and on the cover of the Answer Book, which is provided for their use.

- 1) All Questions are compulsory.
- 2) Answer to each new question to be started on a new page.
- 3) Figures in brackets on the right-hand side indicate full marks.
- 4) Calculators are allowed.
- 5) Assume Suitable data if necessary.

Q.No.	Statement of the question	CO/ BL SO/	Marks
Q.1	Write Short notes on the following: (a) Intrinsic value (b) Relationship between Coupon rate, required yield and Price. (c) Qualities of Finance Manager (d) Compounding and Discounting	Remember & Understand	(2 X 4 = 8)
Q.2 (a)	Sumedh takes Loan of ₹ 1450000 from a bank for a period of 5 years at 9% p.a. compound interest. Compute the EMI on monthly reducing balance.	Apply & Analyze	(3)
Q.2 (b)	The accumulated value of a certain principal after 3 years is ₹ 6655 and after 4 years it becomes ₹ 7320.5. find the rate of interest and principal. And also calculate accumulated value after 10 years.	Apply & Analyze	(3)
Q.2 (c)	The market price of a ₹ 1000 par bond carrying a coupon rate of 14% and maturing after 5 years is 1200. What is the YTM using trial and error method?	Apply & Analyze	(3)
Q.2 (d)	i. A company whose face value per equity share is ₹ 10 has just paid dividend of ₹ 4 per share. The expected growth rate of dividends is 12%. The current price per share is ₹ 25. Calculate the <u>cost of equity capital</u> . $r = ?$ ii. Compute the intrinsic value of a 10% preference stock which is redeemable after 5 year, and has a par value of ₹ 1000 when	Apply & Analyze	(3)

required return on this preference stock is 9%.

Present value table extract for the reference of the students:

	PVIF for 5 years	PVIFA for 5 years
@5%	0.784	4.329
@ 6%	0.747	4.212
@ 7%	0.713	4.1
@ 8%	0.681	3.993
@9%	0.65	3.89
@10%	0.621	3.791
@11%	0.593	3.696
@12%	0.567	3.605
@13%	0.543	3.517
@ 14%	0.519	3.433
@ 15%	0.497	3.352
@ 16%	0.476	3.274
@17%	0.456	3.199
@18%	0.437	3.127

19%.

20%.

0.419

0.402.

0.419 3.058

0.402 2.991.