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Total No. of Printed Pages: 2

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**B. Tech. (EE) (Semester – 8<sup>th</sup>)**  
**FINANCE FOR ENGINEERING**  
**Subject Code: BBAD0F96**  
**Paper ID: [OE2111504]**

**Time: 03 Hours**

**Maximum Marks: 60**

**Instruction for candidates:**

1. Section A is compulsory. It consists of 10 parts of two marks each.
2. Section B consist of 5 questions of 5 marks each. The student has to attempt any 4 questions out of it.
3. Section C consist of 3 questions of 10 marks each. The student has to attempt any 2 questions.

**Section – A**

**(2 marks each)**

- Q1. Explain the following:
- a. Gross Working Capital
  - b. Venture Capital
  - c. Treasury Bills
  - d. Retained Earning
  - e. Share Warrants
  - f. Primary Market
  - g. Certificate of Deposit
  - h. ARR
  - i. Agency Cost
  - j. Optimal Capital Structure

**Section – B**

**(5 marks each)**

- Q2. Interpret different liquidity ratio with example.
- Q3. Differentiate between NPV and IRR.
- Q4. Describe Long Term Source of Finance
- Q5. The machine cost Rs. 1,00,000 and has scrap value of Rs. 10,000 after 5 years. The net profits before depreciation and taxes for the five-year period are to be projected as Rs. 20,000, Rs. 24,000, Rs. 30,000, Rs. 26,000 and Rs. 22,000.  
Applicable tax rates are 50%.  
Calculate pay-back period and accounting rate of return.
- Q6. Discuss the Net Operating Income Approach in detail.

**Section – C**

**(10 marks each)**

- Q7. What do you mean by Working Capital? Write the factors affecting the Working Capital requirement in a company.

Q8. Which project will be selected under NPU and IRR from the following details?

Particular	A	B
Cash outflow	200,000	300,000
Cash inflows at the end of		
Year 1	60,000	40,000
Year 2	50,000	50,000
Year 3	50,000	60,000
Year 4	40,000	90,000
Year 5	30,000	100,000

The cost of capital is 10%.

Hint: (Reject the two projects because less than the cost of capital)

Q9. Compute the market value of the firm, value of shares and the average cost of capital from the following information.

Net operating income Rs. 1,00,000

Total investment Rs. 5,00,000

Equity capitalization Rate:

(a) If the firm uses no debt 10%

(b) If the firm uses Rs. 25,000 debentures 11%

(c) If the firm uses Rs. 4,00,000 debentures 13%

Assume that Rs. 5,00,000 debentures can be raised at 6% rate of interest whereas Rs. 4,00,000 debentures can be raised at 7% rate of interest.