UNIVERSITY OF PETROLEUM AND ENERGY STUDIES
End Semester Examination, December 2022

Course: **Engineering Economics and Financial Management** **Semester: VII**
Program: **B.Tech Mechanical** **Time : 03 hrs.**
Course Code: MECH4030P **Max. Marks: 100**

Instructions: Make suitable assumptions (if any needed)

SECTION A (5Qx4M=20Marks)			
S. No.	Question	Marks	CO
Q 1	What are the objectives of financial management?	4	CO1
Q 2	What is average cost, how does it affect the profit margin of a company.	4	CO1
Q 3	What is the difference between profit maximization and wealth maximization?	4	CO1
Q 4	Differentiate between the monopoly and monopolistic market.	4	CO1
Q 5	What do you mean by sunk cost? How is this important in entry and exit decisions for a company?	4	CO1
SECTION B (4Qx10M= 40 Marks)			
Q 6	What is the relation between the markup and elasticity of demand? Explain with the help of a neat plot of the same	10	CO3
Q 7	Differentiate between cash dividend and stock dividend. Also, Explain the "share repurchase" as dividend.	10	CO3
Q 8	What is working capital management, what are the internal and external factor that affect the working capital needs?	10	CO3
Q 9	The "Great company" has current assets of $ 9 Million, current liabilities of $ 7.8 million, cash of $1 million, short term investment of $ 1.5 million and receivables' of &0.3 million. Find the "current ratio" and "quick ratio" to satisfy the current liabilities. **OR** What is liquidity? What are the primary and secondary sources of liquidity and what are different drags and pulls of liquidity.	10	CO4
SECTION-C (2Qx20M=40 Marks)			
Q 10	What is the present value of Rs.100004000.00 if the interest is compounded annually at a rate of 8 % for a period of 3 years. Also, compute the future values	20	CO4

	of Rs. 100004000.00 if the interest is compounded annually at a rate of 8 % for a period of 3 years.		
Q 11	A company is planning to expand its business after 5 years from now. The money required for the expansion programme is Rs. 4, 00, 00,000. What annual equivalent amount should the company deposit at the end of every year at an interest rate of 15% compounded annually to get Rs. 4,00,00,000 after 5 years from now? **OR** A company wants to set-up a reserve, which will help it to have an annual equivalent amount of Rs. 15, 00,000 for the next 20 years towards its employees welfare measures. The reserve is assumed to grow at the rate of 15% annually. Find the single-payment that must be made as the reserve amount now.	20	CO2