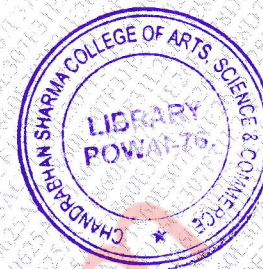


Time: 2:30 Hours

Marks: 75



Note – All questions are compulsory with internal choice.

Round off upto 2 decimals unless specified in the question.

Q1A. Multiple Choice Questions (any 8)

(08)

1. The lock in period for equity linked saving scheme is -----.
  - a. 3years
  - b. 5 years
  - c. 8 years
  - d. 12 years
2. -----funds will invest 65% to 80% of total assets in equities and 20% to 35% in debt instruments.
  - a. Balanced hybrid
  - b. Conservative
  - c. Aggressive hybrid
  - d. Multi asset allocation
3. The main objective in Accounts Receivable management is to -----the Days Sales Outstanding (DSO) and processing costs whilst maintaining good customer relations.
  - a. Balance
  - b. Minimize
  - c. Maximize
  - d. None of the above.
4. “5/ 15 net 45” on an invoice represents ----- discount provided by the seller to the buyer on account of prompt or pre – payment.
  - a. Trade
  - b. Cash
  - c. Partly trade partly cash
  - d. Credit
5. ----- assumes to reinvest only positive cash inflows at the firm’s cost of capital.
  - a. MIRR
  - b. IRR
  - c. NPV
  - d. Discounted Payback
6. A ----- is a graphical depiction of a decision and every potential outcome of making that decision.
  - a. Sensitivity Analysis
  - b. Break Even Analysis
  - c. Scenario Analysis
  - d. Decision Tree Analysis
7. Functional strategy is a -----plan for achieving one or more goals of a business by one or more functional areas.
  - a. Short term
  - b. Long term
  - c. Medium term
  - d. All of the above
8. ----- is the concept of increasing the value of a business in order to increase the value of the shares held by stockholders
  - a. Profit
  - b. Sales
  - c. Wealth
  - d. None of the above







Particulars	Rs. (in Crores )
Managers Salary	0.20
Operational Expenses	0.80
Amount payable on shares	0.25
Bonds and debentures at cost	0.60
Interest Income	0.32
Listed Securities at cost	0.93
Dividend Income	0.10
Cash in hand	0.24

**Other information**

- Value of listed bonds and debentures is appreciated by 15% of Cost while unlisted display a downfall of 5% from cost.
- All the listed securities were purchased when market index was 9500 and currently it is 9300.
- Out of total bonds quoted above 30% of them are unlisted.
- No of outstanding units is 3,50,000

Also calculate the amount receivable by an investor who wishes to sell 125 units at NAV as on 30<sup>th</sup> September with 5% exit load.

Q2D. A bond with face value 1000 yields 6% returns with maturity value of 4 years. Currently the market price of the bond is 840. Calculate the yield to maturity investment in the bond. (05)

Q3A. Angad Ltd is considering following projects which are divisible in nature, you are asked to choose the optimal project if capital constraint is Rs 65,00,000 (08)

Project	Initial Outlay ( Rs)	NPV ( Rs)
A	51,00,000	17,00,000
B	12,00,000	3,05,000
C	2,00,000	(16,000)
D	20,00,000	5,25,000
E	10,00,000	2,30,000

Q3B. Manju Ltd is evaluating 4 alternatives on investments whose returns are based on the state of economy (07)

State	Fair (Rs.)	Good (Rs.)	Great (Rs.)
Probability	0.2	0.5	0.3

The returns are as follows



Alternative	Fair (Rs.)	Good (Rs.)	Great (Rs.)
S	1000	9000	13600
U	0	10000	16000
N	(8000)	12000	17000

Draw decision Tree and determine the expected return for each alternative.

OR

Q3C. Meena Ltd has prepared the following projections for the next financial year (15)

Sales – 63000 units @Rs 20 per unit (Credit period – 30 days)

Variable Costs – Rs 12.50 per unit

Total Costs = Rs17.50 per unit

The CFO proposes to increase the credit by another 30 days resulting into increase in sales by 8%.

The company desires to earn 25% return on its investments. Assuming 360 days a year calculate

1. Incremental Contribution due to extension of credit period.
2. Incremental Investment on Funds based on Variable Costs only.
3. Incremental Investment on Funds based on Total Costs
4. Advise whether the proposal should be accepted or not based on total cost.

Q4A. Kaira Ltd is considering evaluating an investment proposal of Rs 7,00,000 with expected cash flows as below – (08)

Year	Cash flows after tax before depreciation. ( Rs)
1	2,50,000
2	2,80,000
3	3,25,000
4	3,00,000

The company's cost of capital is 12% p.a . Compute the NPV, PI and Discounted Payback Period.

Q4B. The following data relates to Suraj Ltd – (07)

Rate of Return = 15% , Earning Per share = Rs 80.

Find the market price per share in the following cases using Gordon's Model –

Sr. No	Dividend Payout (%)	Cost of Capital (%)
1.	50	12
2.	60	18

Treat each case independently

OR

Q4C. Kadam Ltd has an EBIT of Rs 8 lakhs and 8% debentures of Rs 20,00,000. The overall capitalization rate is 10% based on which you are required to compute the present value of Kadam Ltd and equity capitalization rate. The company decides to further raise Rs 4 lakhs through 8% debentures and use the same



to pay off the equity shareholders. Compute the proposed total value of the company and proposed equity capitalization rate based on Net Operating Income Approach. (15)

Q5A. Discuss the need and importance of financial planning at corporate level. (08)

B. Discuss the process of capital budgeting in brief. (07)

OR

Q5. Write Short notes on ( any 3 ) (15)

1. Scenario Analysis
2. Wealth Maximization
3. Trade off Theory
4. Ethics in Mutual Fund Entities
5. Ageing Schedule

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