[Time: 2 ½ Hours] **[Marks: 75]**

N.B.
1) Q. 1 is compulsory.
2) Q.2 to Q.5 are compulsory with internal choice.
3) Figures to the right indicate full marks.
4) Workings should form part of your answer.
5) Use of simple calculator is allowed.

Q.1 (A) Match the columns: **(Any 8)** **(08)**

	Column A		Column B
	1. Interest of Stakeholders		a) Form of Demerger
	2. Separation of ownership from management		b) Reason for Merger
	3. Compliance Certifiate		c) Dispersion of Cash Flow is ascertained
	4. Irrelevance Approach		d) Released on 31st July, 2000
	5. Relevance Approach		e) Board of Directors
	6. Recommendation of Dividend		f) Shareholders
	7. First Taxonomy of XBRL		g) Modigliani & Miler
	8. Standard Deviation		h) Walter & Gordon
	9. Going Private		i) Mandatory requirement
	10. Economies of Scale		j) Agency Theory
			k) Principle of Corporate governance

Q-1 (B) State whether the following statements are True or False:**(Any 7)** **(07)**

1. Corporate Restructuring decreases EPS.
2. Corporate Restructuring increases return.
3. Preference Dividend is deducted from NPAT for calculation of EPS.
4. Trade Creditors is spontaneous source of finance.
5. Retained profit is an internal source of finance.

6. CRISIL awards A1 plus.

7. Term loan is an advance given by a bank to customers.

8. Rebate on Bills discounted is unearned discount.

9. Premises carry 100% risk.

10. MVA is external measure of performance.

Q.2 A. The following information of a company is available: **(15)**
K_e = 15%, E= Rs. 30, (i) r= 14%, or (ii) r= 15%, or (iii) r= 16%.
You are required to calculate the market price of a share of the Company as per Gordon Model if: i) b=40%, (ii) b= 60% and (iii) b= 80%.

OR

Q.2 B. M ltd belongs to a risk class for which the capitalisation rate is 10%. It has 25,000 outstanding shares and the current market price is Rs. 100. It expects a net profit of Rs. 2,50,000 for the year and the Board is considering dividend of Rs. 5 per share. M Ltd. Requires to raise Rs. 5,00,000 for an approved investment expenditure. Show, how does the MM approach affect the value of M Ltd, if dividends are paid or not paid.

(15)

Q.3A KPR is evaluating six capital investment projects. The company has allocated Rs. 20,00,000 for capital budgeting purposes. The relevant particulars of the projects, which are independent of one another, are as follows: **(15)**

Project	Investment needed (Rs.)	Profitability Index
P1	10,00,000	1.21
P2	3,00,000	0.94
P3	7,00,000	1.20
P4	9,00,000	1.18
P5	4,00,000	1.20
P6	8,00,000	1.05

If there is strict capital rationing, which of the projects should be undertaken?

OR

Q.3B. A company is considering two mutually exclusive Projects X and Y. Project X cost Rs.30,000 and Project Y Rs. 36,000. You are given below the Net Present Value and Probability. **(15)**

Project X		Project Y	
NPV Estimate	Probability	NPV Estimate	Probability
3,000	0.1	3,000	0.2
6,000	0.4	6,000	0.3
12,000	0.4	12,000	0.3
15,000	0.1	15,000	0.2

i) Compute the expected net present value of projects X and Y.
ii) Compute the risk attached to each project, i.e. standard deviation of each probability distribution.
iii) Which project do you consider more risky and why?
iv) Compute the profitability index of each project.

Q. 4 (A) MANAN Industries Ltd is engaged in textile business. Its income statement and balance sheet are given below: **(15)**

I. Income Statement for the year ended 31-3-2024

Particulars	(Rs. In lacs)
Sales Revenue	12,000
Less: Cost of Production	(9,000)
PBIT	3,000
Less: Interest on loan	(20)
PBT	2,980
Less: Tax @ 30%	(894)
Earnings After Tax	2,086

II. Balance Sheet as on 31-3-2024

Liabilities	Rs. In lacs	Assets	Rs. In lacs
Equity Share Capital (Rs. 10 each)	400	Land & Building	200
Reserves & Surplus	300	Plant and Machinery	400
10% Bank Loan	200	Debtors	200
Creditors	100	Stock	150
		Cash and Bank	50
	1,000		1,000

III. The Company's weighted average cost of capital is 15%.
IV. The Company is listed on BSE and has a P/E Ratio of 6 times.
You are required to calculate (a) value of the firm (b) EVA and (c) MVA.

OR

Q.4 (B) You are supplied with the following information in respect of Pramod Ltd for the year 2024. **(15)**

Production for the year: 72,000 units
Finished goods in stores : 3 months
Raw Material in stores : 2 months consumption
Production Process : 1 month
Credit allowed by suppliers : 2 months
Credit given to Debtors: 3 months
Selling Price per unit : Rs. 40
Raw Material Cost: 50% of selling price
Direct Wages : 20% of selling price
Overheads : 10% of Selling price
There is a regular production and sales cycle and wages and overheads accrue evenly. Wages

are paid in the next month of accrual and overhead are paid in the same month. Materials are introduced in the beginning of production cycle. Debtors should be computed at sales value.
You are required to find out:
a) Working Capital Requirements of Pramod Ltd.
b) Permissible Bank Borrowings as per first and second method of lending.

Q.5 (A) Explain the flow chart that outlines steps for implementation of XBRL? **(7)**
(B) What are the merits and demerits of Retained Earnings? **(8)**

OR

Q.5 C) Write Short Notes on: (Any three) **(15)**
a. Short-term sources of working capital finance
b. Limitations of Mergers
c. Commercial Paper
d. Principles of Good Corporate Governance
e. Non Performing Assets
