Duration: - 2 ½ Hours   53F2071123   Seat Number: -_____

Marks: - 75

Note: - A) All questions are compulsory.   B) Figures to the right indicate full marks.

Q.1a) State whether the following statements are True or False: - (Any 8)   CO1,2 (U/R)   (8m)

1. Decisions involving deciding upon the proportion of own funds and borrowed funds in business are also termed as Capital structure decisions.
2. Capital budgeting decisions are also termed as investing decisions.
3. If Profitability index is relation between present values of cash inflow and present values of cash outflow.
4. Higher the risk, higher returns are associated with assets
5. Cost of Equity if DPS is 8/-, MPS is 40 /- & Growth rate is 5 % will be 25%.
6. Trade Credit is a source of Working Capital.
7. Equity share holders are real risk takers of company.
8. The future value of Annuity of 1,00,000/- for 5 years at 12 % p,a will be Rs.66,500. /-
9. The Tenure of Public deposits is 48 months.
10. Long term Finance refers to finance with tenure of less than one year.

Q.1 b) Match the following: - (Any 7)   **CO1,2 (U/R)   (7m)**

"A"	"B"
1. FDI	a. ADR
2. Degree of Combined Leverage	b. Fixed rate of dividend
3. Cost of Equity	c. Current Assets – Current Liability
4. American Depositary Receipt	d. PAT + Depreciation
5. IRR	e. Non Quick Asset
6. Cash Inflow	f. Foreign Direct Investment
7. Working Capital	g. Present Values
8. Stock	h. DOL x DFL
9. Equity Shares	i. Ke
	j. Risk Takers
	k. Modern Technique of Capital Budgeting
	l. Ko

Q.2 a) Calculate Weighted Average cost of capital using

a) Book Value as weights,   b) Market Value as weights.   **CO1,2 (AN)   (8m)**

Type of Capital	Book Value	Market Value	Specific Cost
Debentures	6,00,000	5,00,000	14%
Preference capital	2,00,000	3,00,000	9%
Equity Capital	1,80,000	1,20,000	12%
Retained Earnings	1,20,000	1,80,000	11%
	11,00,000	11,00,000	

Q.2 b) A GOI Bond with face value of Rs. 100 /- per share is currently quoted at Rs.240/- per share, carries 12% coupon rate. The bond will mature after 8 years. **Calculate Yield to Maturity of bond. CO1 (AP)   (7m)**

OR

Q.2 Divyansh Ltd. needs Rs 5,00,000 /- for commissioning of a new plant. The following three financial plans are feasible:

Source of Finance	Plan X	Plan Y
Equity Share Capital (Face Value 10/-)	80 %	50%
8% Preference Share Capital	-	50%
10% Debentures	20%	-

Calculate EBIT at Indifference point. Assume corporate tax rate to be 50%.   **CO1 (AN)   (15m)**

Q.3 A Company can make either of two investment options. Calculate Payback Period of both the machines and comment on the result.   **CO2 (AP/AN)   (15m)**

Particulars	Machine A	Machine B
Cost of Machine	2,50,000	3,00,000
Life	5 Years	5 Years
Scrap Value	50,000	20,000
Profit After Tax		
Year		
1	80,000	1,50,000
2	60,000	1,00,000
3	1,60,000	80,000
4	2,00,000	1,20,000
5	1,10,000	1,00,000

OR

Q: 3 Calculate Degree of operating, Financial and combined leverage :-   CO1 (AN)   (15m)

Particulars	Firm A	Firm B
Output (Units)	20,000	15,000
Fixed Cost	20,000	15,000
Variable Cost	20	20
Selling Price	60	50
Interest on Debentures	10,000	8,000

Q.4 (a) Find the future value of 3,50,000 /- after 4 years at 12 %p.a.   CO1 (U)   (8m)

Q.4 (b) A company can make either of two investment with cost of capital at 10%. Calculate Net Present Value of Project   CO1 (AP)   (7m)

Particulars	Project R
Cost of Investment	2,60,000
Life	5 Years
Cash Flows	
Year	
1	80,000
2	60,000
3	1,00,000
4	1,00,000
5	1,00,000

OR

Q.4 Calculate Expected Return & Standard Deviation from the following data. Which project is better for investment? Probability is 0.3, 0.6, and 0.1 respectively.   CO2 (AN)   (15m)

Particulars	Stock X (% Return)	Stock Y (% Return)
Boom	80	70
Normal	40	30
Recession	10	20

Q.5 a) Explain in detail short term sources of finance?   CO1 (U)   (8m)

Q.5 b) Define FDI. Explain its Importance   CO1 (R)   (7m)

OR

Q.5 Write short notes :- (Any 3)   (15m)
1. Role of SEBI in Investment   CO2 (U)
2. Types of Preference shares   CO1 (R)
3. Capital Budgeting techniques   CO2 (U)
4. Public Deposits   CO2 (R/U)
5. Capital structure decisions based on Break Even Point   CO1 (R/U)

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