Duration :- 3.00 Hrs C619OCF19 Maximum Marks : 100

Note : 1) All questions are compulsory.
2) Figures to the right indicate full marks.

Q.1.A. True or False. (Any-8) **8 M**

1) Preference shares are redeemable.
2) Temporary Working Capital is the excess of working capital over the permanent working capital.
3) The objective of operating leverage is to magnify the effect of changes in operating profit & earning per share.
4) DFL = EBT / EBIT
5) Advantage of preference share is that the company gets tax benefit.
6) NPV measures the length of time required to recover the initial outlay in the project.
7) Future value is the value of money held presently at some given future time at a given rate of interest.
8) Public deposit is a secured loan.
9) Capital flow refers to the movement of money for the purpose of investment, trade or business production.
10) Technical collaboration includes integrating of foreign technology with domestic technology.

B. Match the following. (Any – 7) **7 M**

Group A	Group B
1. NPV	a. PV of cash inflow / outflow
2. Pay back period	b. Budget constraint
3. Profitability Index	c. Non payment of Interest & Principal amt
4. Capital Rationing	d. Return on investment
5. Default risk	e. PV of Inflow = PV of Outflow
6. ARR	f. Large debt
7. IRR	g. Inflation
8. Financial risk	h. time taken by company to recover the initial cost
9. Purchasing power risk	i. Economic factors
10. Systematic Risk	j. Time value of money

Q.2.(a) Super Ltd. is considering three financial plans:

Plans	Equity	Debt	Pref. Shares
A	100%	-	-
B	50%	50%	-
C	50%	-	50%

Total funds to be raised	Rs.200 crore
Interest on debenture	12%
Tax rate of Company	35%
Dividend on Preference Share	9%

Equity share are of Rs.10 each and will be issued at Rs.10 premium; expected EBIT is Rs.80 crores. Calculate the EPS. **15 M**

OR

Q.2.b) Capital structure of Hindustan Ltd. is as follows :

Equity shares of Rs.100 each	10 Crores
Reserves	2 Crores
14% Debentures	3 Crores

Company has paid equity dividend of 20% and expects a growth rate of 5%; **15 M**
Market price of equity share is Rs.80; tax rate is 5%.
Assume cost of capital of reserves at 7.625%
Calculate the WACC of the company.

Q.3.a) sales is 75% of installed capacity
Selling price per unit is Rs. 30
Contribution per unit Rs.15
Fixed cost amounts to 25,000
and Interest of Rs. 9000
Calculate the 3 leverages & PV ratio of the company. **15 M**

OR

(b) Find the future value of Rs.3,00,000 at 8% interest for 3 years; compounded half yearly. **8 M**

(c) What is the present value of 5 years annuity of Rs.10,000 at 10% interest. **7 M**

Q.4. a) M/s Onwards Ltd. is planning to invest in a project which cost Rs.5,00,000 life 5 years. Company expects a inflow of Rs.50,000 each year.
Calculate Pay Back period; Pay Back Profit & ARR **15 M**

OR

b) A project required on initial Cash Outflow of Rs. 10 Lacs and generates a Cash flow as follows :

Year	1	2	3	4	5
Cash flow (lakhs)	6	3	2	4	5

Cost of capital is 10%. Calculate discounted Pay Back period; NPV and PI of the project. **15 M**

Q.5.a) What are the characteristics of Corporate Finance? **8 M**

b) What do you mean by under capitalisation? What are its indicators? What are its causes? **7 M**

OR

Q.5. Short Note. (Any 3) **15 M**

a) Expected returns
b) Measures of Risk
c) Types of Non Banking Financial Companies. (NBFC's)
d) Features of Foreign Collaboration
e) Short term sources of finance.