

(GI-7 & GI-8, VDI-3 & FMT)

DATE: 16.04.2023

MAXIMUM MARKS : 100

TIMING: 3¼ Hours

PAPER: FM + ECO**SECTION - A****Q. No. 1 is compulsory.****Candidates are also required to answer any four questions from the remaining five questions.****In case, any candidate answers extra question(s)/sub-question(s) over and above the required number, then only the requisite number of questions top answered in the answer book shall be valued and subsequent extra question(s) answered shall be ignored.****Working Notes should form part of the respective answer.****Question 1:**

- (a) A company wants to invest in a machinery that would cost Rs. 50,000 at the beginning of year 1. It is estimated that the net cash inflows from operations will be Rs. 18,000 per annum for 3 years, if the company opts to service a part of the machine at the end of year 1 at Rs. 10,000. In such a case, the scrap value at the end of year 3 will be Rs. 12,500. However, if the company decides not to service the part, then it will have to be replaced at the end of year 2 at Rs. 15,400. But in this case, the machine will work for the 4th year also and get operational cash inflow of Rs. 18,000 for the 4th year. It will have to be scrapped at the end of year 4 at Rs. 9,000. Assuming cost of capital at 10% and ignoring taxes, will you recommend the purchase of this machine based on the net present value of its cash flows? If the supplier gives a discount of Rs. 5,000 for purchase, what would be your decision? (The present value factors at the end of years 0, 1, 2, 3, 4, 5 and 6 are respectively 1, 0.9091, 0.8264, 0.7513, 0.6830, 0.6209 and 0.5644).

(7 Marks)

- (b) A&R Ltd. is considering one of two mutually exclusive proposals, Projects - X and Y, which require cash outlays of Rs. 42,50,000 and Rs. 41,25,000 respectively. The certainty-equivalent (C.E) approach is used in incorporating risk in capital budgeting decisions. The current yield on government bonds is 5.5% and this is used as the risk-free rate. The expected net cash flows and their certainty equivalents are as follows:

Year-end	Project X		Project Y	
	Cash Flow (Rs.)	C.E.	Cash Flow (Rs.)	C.E.
1	16,50,000	0.8	16,50,000	0.9
2	15,00,000	0.7	16,50,000	0.8
3	15,00,000	0.5	15,00,000	0.7
4	20,00,000	0.4	10,00,000	0.8
5	21,00,000	0.6	8,00,000	0.9

The Present value (PV) factor @ 5.5% is as follows:

Year	0	1	2	3	4	5
PV factor	1	0.947	0.898	0.851	0.807	0.765

Required:

DETERMINE the project that should be accepted?

(7 Marks)

- (c) XYZ Ltd. has Owner's equity of Rs. 2,00,000 and the ratios of the company are as follows:

Current debt to total debt	0.3
Total debt to Owner's equity	0.5
Fixed assets to Owner's equity	0.6
Total assets turnover	2 times
Inventory turnover	10 times

COMPLETE the following Balance Sheet from the information given above:

Liabilities	(Rs.)	Assets	(Rs.)
Current Debt	-	Cash	-
Long-term Debt	-	Inventory	-
Total Debt	-	Total Current Assets	-
Owner's Equity	-	Fixed Assets	-

(6 Marks)

Question 2:

A company has applied to the Commercial Bank for the first time for financing its working capital requirements. The following information is available about the projections for the current year:

	Per unit
Elements of cost:	(Rs.)
Raw material	40
Direct labour	15
Overhead	30
Total cost	85
Profit	15
Sales	100

Other information:

Raw material in stock: average 4 weeks consumption, Work – in progress (completion stage, 50 per cent), on an average half a month. Finished goods in stock: on an average, one month.

Credit allowed by suppliers is one month. Credit allowed to debtors is two months.

Average time lag in payment of wages is 1½ weeks and 4 weeks in overhead expenses. Cash in hand and at bank is desired to be maintained at Rs. 50,000.

All Sales are on credit basis only. Required:

Prepare statement showing estimate of working capital needed to finance an activity level of 96,000 units of production. Assume that production is carried on evenly throughout the year, and wages and overhead accrue similarly. For the calculation purpose 4 weeks may be taken as equivalent to a month and 52 weeks in a year.

(10 Marks)

Question 3:

Akash Limited provides you the following information:

	(Rs)
Profit (EBIT)	2,80,000
Less: Interest on Debenture @ 10%	(40,000)
EBT	2,40,000
Less Income Tax @ 50%	(1,20,000)
	1,20,000
No. of Equity Shares (Rs. 10 each)	30,000
Earnings per share (EPS)	4
Price /EPS (PE) Ratio	10

The company has reserves and surplus of Rs. 7,00,000 and required Rs. 4,00,000 further for modernisation. Return on Capital Employed (ROCE) is constant. Debt (Debt/Debt + Equity) Ratio higher than 40% will bring the P/E Ratio down to 8 and increase the interest rate on additional debts to 12%. You are required to ASCERTAIN the probable price of the share.

- (i) If the additional capital are raised as debt; and
- (ii) If the amount is raised by issuing equity shares at ruling market price.

(10 Marks)

Question 4:

You are required to determine the weighted average cost of capital of a firm using (i) book-value weights and (ii) market value weights. The following information is available for your perusal:

Present book value of the firm's capital structure is:

	(Rs.)
Debentures of Rs. 100 each	8,00,000
Preference shares of Rs. 100 each	2,00,000
Equity shares of Rs. 10 each	10,00,000
	20,00,000

All these securities are traded in the capital markets. Recent prices are:

Debentures @ Rs. 110, Preference shares @ Rs. 120 and Equity shares @ Rs. 22. Anticipated external financing opportunities are as follows:

- (i) Rs. 100 per debenture redeemable at par : 20 years maturity 8% coupon rate, 4% floatation costs, sale price Rs. 100.
- (ii) Rs. 100 preference share redeemable at par : 15 years maturity, 10% dividend rate, 5% floatation costs, sale price Rs. 100.
- (iii) Equity shares : Rs. 2 per share floatation costs, sale price Rs. 22.

In addition, the dividend expected on the equity share at the end of the year is Rs. 2 per share; the anticipated growth rate in dividends is 5% and the firm has the practice of paying all its earnings in the form of dividend. The corporate tax rate is 50%.

(10 Marks)

Question 5:

The following details of RST Limited for the year ended 31st March, 2015 are given below:

Operating leverage	1.4
Combined leverage	2.8
Fixed Cost (Excluding interest)	Rs. 2.04 lakhs
Sales	Rs. 30.00 lakhs
12% Debentures of Rs. 100 each	Rs. 21.25 lakhs
Equity Share Capital of Rs. 10 each	Rs. 17.00 lakhs
Income tax rate	30 per cent

Required:

- (i) Calculate Financial leverage
- (ii) Calculate P/V ratio and Earning per Share (EPS)
- (iii) If the company belongs to an industry, whose assets turnover is 1.5, does it have a high or low assets turnover?
- (iv) At what level of sales the Earning before Tax (EBT) of the company will be equal to zero?

(10 Marks)

Question 6:

निम्नलिखित पर संक्षिप्त नोट्स लिखें:

- (a) वित्त प्रबंधक के कार्य।
- (b) निवेश, वित्तपोषण और लाभांश निर्णयों के बीच अंतर संबंध।
- (c) ऋण प्रतिभूतिकरण।

(4 Marks)

(3 Marks)

(3 Marks)

SECTION - B

Q. No. 7 is compulsory.

Answer any three from the rest.

In case, any candidate answers extra question(s)/sub-question(s) over and above the required number, then only the requisite number of questions top answered in the answer book shall be valued and subsequent extra question(s) answered shall be ignored.

Working Notes should form part of the respective answer.

Question 7:

- (a) निम्न सूचना के आधार पर ज्ञात कीजिये:
- फर्म A तथा फर्म B का मूल्य वर्धित
 - बाजार भाव पर सकल घरेलू उत्पाद
 - साधन लागत पर शुद्ध घरेलू उत्पाद

	Particulars	Rs. crore
(i)	Sales by firm B to general government	300
(ii)	Sales by firm A	1500
(iii)	Sales by firm B to households	1350
(iv)	Change in stock of firm A	200
(v)	Closing stock of firm B	140
(vi)	Opening stock of firm B	130
(vii)	Purchases by firm A	270
(viii)	Indirect taxes paid by both the firms	375
(ix)	Consumption of fixed capital	720
(x)	Sales by firm A to B	300

(5 Marks)

- (b) विनिमय दर में बदलाव की प्रकृति को तथा वास्तविक अर्थव्यवस्था पर उनके प्रभाव को स्पष्ट करें।

(3 Marks)

- (c) 'सामान्य लोगों की त्रासदी' शुद्ध का वर्णन कीजिए।

(2 Marks)

Question 8:

- (a) किस प्रकार से विदेशी प्रत्यक्ष निवेश प्राप्तकर्ता देशों से मानव पूँजी को प्रभावित करते हैं?

(3 Marks)

- (b) उपयोग फंक्शन को परिभाषित करें। परीक्षण करें क्या घटित होगा यदि योग व्यय अर्थव्यवस्था की उत्पादन क्षमता से अधिक है?

(2 Marks)

- (c) मौद्रिक नीति फ्रेमवर्क समझौते का उल्लेख करें।

(3 Marks)

- (d) एक देश में धन आपूर्ति का विभिन्न निर्धारक को वर्णित करें।

(2 Marks)

Question 9:

- (a) एक अर्थव्यवस्था में आय का पुनः वितरण के लिए वित्तीय नीति माप के कौन से प्रकार उपयोगी है? परीक्षण करें।

(5 Marks)

- (b) नकद संचय अनुपात (CRR) पर नोट लिखें। नकद संचय अनुपात (CRR) के परिचालन को स्पष्ट करें।

(3 Marks)

(c) 'एंटी डम्पिंग' माप से आप क्या समझते हैं?

(2 Marks)

Question 10:

(a) हमारी अर्थव्यवस्था में बाजार स्थायीकरण योजना की क्या भूमिका है?

(3 Marks)

(b) आपकी स्थानीय कंटेंट आवश्यकता क्या है? यह किस प्रकार व्यापार का प्रभावित करेगी?

(3 Marks)

(c) GATT ने किस प्रकार 1980 तक अपनी प्रासंगिकता को खो दिया?

(2 Marks)

(d) राष्ट्रीय आय की गणना करते हुए पेंशन तथा आय सुरक्षा भुगतान को अल्प कर दिया जाता है?

(2 Marks)

Question 11:

(a) WTO के संबंध में तथा इसकी उदार विश्व व्यापार का सिस्टम को बनाये रखने तथा बढ़ाने की इसकी योग्यता के संबंध में कई भांका को उठाया है।

(3 Marks)

(b) चाहे यदि एक राष्ट्र सभी वस्तु का उत्पादन में अन्य राष्ट्र में कम कुशल है, पारस्परिक लाभ व्यापार का फिर भी स्क्रोप है। विस्तार में व्याख्या करें।

(3 Marks)

(c) निम्न में से प्रत्येक स्थिति के लिए बाजार परिणाम की पहचान करें।

(i) कुछ युवा रात्रि को तेज संगीत बजाते हैं। पड़ोसी रात को सो नहीं पाते।

(ii) राम एक बड़ी SUV का क्य करता है जो भारी है।

(2 Marks)

(d) अंतर्राष्ट्रीय व्यापार के मर्केटिलिस्ट दृष्टिकोण को स्पष्ट करें।

(2 Marks)

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