

(GI-8, FMT)

DATE: 23.03.2023

MAXIMUM MARKS: 100

TIMING: 3¼ Hours

FINANCIAL MANAGEMENT**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 had the following Balance Sheet as on 31st March, 2014:

Liabilities	(Rs. in Cores)	Assets	(Rs. in cores)
Equity Share Capital (50 lakhs shares of Rs. 10 each)	5	Fixed Assets (Net)	12.5
Reserves and Surplus	1	Current Assets	7.5
15% Debentures	10		
Current Liabilities	4		
	20		20

The additional information given is as under:

Fixed cost per annum (excluding interest)	Rs. 4 crores
Variable operating cost ratio	65%
Total assets turnover ratio	2.5
Income Tax rate	30%

Required:

Calculate the following and comment:

- Earnings Per Share
- Operating Leverage
- Financial Leverage
- Combined Leverage

(5 Marks)**(b)** Using the following information, complete this balance sheet:

Long-term debt to net worth	0.5 to 1
Total asset turnover	2.5 x
Average collection period*	18 days
Inventory turnover	9 x
Gross profit margin	10%
Acid-test ratio	1 to 1

*Assume a 360-day year and all sales on credit.

	Rs.		Rs.
Cash	–	Notes and payables	1,00,000
Accounts receivable	–	Long-term debt	–
Inventory	–	Common stock	1,00,000
Plant and equipment	–	Retained earnings	1,00,000
Total assets	–	Total liabilities and equity	–

(5 Marks)

- (c) Amita Ltd’s operating income is Rs. 5,00,000. The firm’s cost of debt is 10% and currently the firm employs Rs. 15,00,000 of debt. The overall cost of capital of the firm is 15%.

You are required to determine:

- (i) Total value of the firm.
- (ii) Cost of equity.

(5 Marks)

- (d) Ganapati Limited is considering three financing plans. The key information is as follows:

(a) Total investment to be raised Rs. 2,00,000

(b) Plans of Financing Proportion:

Plans	Equity	Debt	Preference Shares
A	100%	-	-
B	50%	50%	-
C	50%	-	50%

- (c) Cost of debt 8%
- Cost of preference shares 8%
- (d) Tax Rate 50%
- (e) Equity shares of the face value of Rs. 10 each will be issued at a premium of Rs. 10 per share.
- (f) Expected EBIT is Rs. 80,000.

You are required to determine for each plan: -

- (i) Earnings per share (EPS)
- (ii) The financial break-even point.
- (iii) Indicate if any of the plans dominate and compute the EBIT range among the plans for indifference.

(5 Marks)

Question 2:

M/s. Navya Corporation has a capital structure of 40% debt and 60% equity. The company is presently considering several alternative investment proposals costing less than Rs. 20 lakhs. The corporation always raises the required funds without disturbing its present debt equity ratio.

The cost of raising the debt and equity are as under:

Project Cost	Cost of Debt	Cost of equity
Upto Rs. 2 lakhs	10%	12%
Above Rs. 2 lakhs to upto to Rs. 5 lakhs	11%	13%
Above Rs. 5 lakhs to upto to Rs. 10 lakhs	12%	14%
Above Rs. 10 lakhs to upto to Rs. 20 lakhs	13%	14.5%

Assuming the tax rate at 50%, CALCULATE:

- (i) Cost of capital of two projects X and Y whose fund requirements are Rs. 6.5 lakhs and Rs. 14 lakhs respectively.
- (ii) If a project is expected to give after tax return of 10%, DETERMINE under what conditions it would be acceptable?

(10 Marks)

Question 3:

(a) Determine the risk adjusted net present value of the following projects:

	X	Y	Z
Net cash outlays (Rs.)	2,10,000	1,20,000	1,00,000

Project life	5 years	5 years	5 years
Annual Cash inflow (Rs.)	70,000	42,000	30,000
Coefficient of variation	1.2	0.8	0.4

The Company selects the risk-adjusted rate of discount on the basis of the coefficient of variation:

Coefficient of Variation	Risk-Adjusted Rate of Return	P.V. Factor 1 to 5 years At risk adjusted rate of discount
0.0	10%	3.791
0.4	12%	3.605
0.8	14%	3.433
1.2	16%	3.274
1.6	18%	3.127
2.0	22%	2.864
More than 2.0	25%	2.689

(5 Marks)

(b) The following information is available in respect of Sai trading company:

- (i) On an average, debtors are collected after 45 days; inventories have an average holding period of 75 days and creditor's payment period on an average is 30 days.
- (ii) The firm spends a total of Rs. 120 lakhs annually at a constant rate.
- (iii) It can earn 10 per cent on investments.

From the above information, you are required to calculate:

- (a) The cash cycle and cash turnover,
- (b) Minimum amounts of cash to be maintained to meet payments as they become due,
- (c) Savings by reducing the average inventory holding period by 30 days.

(5 Marks)

Question 4:

A company has to make a choice between two projects namely A and B. The initial capital outlay of two Projects are Rs. 1,35,000 and Rs. 2,40,000 respectively for A and B. There will be no scrap value at the end of the life of both the projects. The opportunity Cost of Capital of the company is 16%. The annual incomes are as under:

Year	Project A (Rs.)	Project B (Rs.)	Discounting factors @ 16%
1	--	60,000	0.862
2	30,000	84,000	0.743
3	1,32,000	96,000	0.641
4	84,000	1,02,000	0.552
5	84,000	90,000	0.476

Required:

CALCULATE for each project:

- (i) Discounted payback period
- (ii) Profitability index
- (iii) Net present value

DECIDE which of these projects should be accepted?

(10 Marks)

Question 5:

Aneja Limited, a newly formed 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: Estimated level of activity: 1,04,000 completed units of production plus 4,000 units of work-in-progress. Based on the above activity, estimated cost per unit is:

Raw material	Rs. 80 per units
Direct wages	Rs. 30 per units
Overheads (exclusive of depreciation)	Rs. 60 per units
Total Cost	Rs. 170 per units
Selling Price	Rs. 200 per units

Raw materials in stock: Average 4 weeks consumption, work-in-progress (assume 50% completion stage in respect of conversion cost) (materials issued at the start of the processing).

Finished goods in stock 8,000 units

Credit allowed by suppliers Average 4 weeks

Credit allowed to debtors/receivables Average 8 weeks

Lag in payment of wages Average 1.5 weeks

Cash at banks (for smooth operation) is expected to be Rs. 25,000.

Assume that production is carried on evenly throughout the year (52 weeks) and wages and overheads accrue similarly. All sales are on credit basis only.

You are required to calculate the net working capital required.

(10 Marks)

Question 6:

(a) मुख्य वित्तीय अधिकारी की भूमिका पर चर्चा कीजिए?

(4 Marks)

(b) फैक्ट्रिंग और बिलों की छूट के बीच में अन्तर कीजिए?

(4 Marks)

(c) पुनर्भगुतान व्युत्क्रम से क्या आशय है?

(2 Marks)

ECONOMICS FOR FINANCE

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 first 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) (i) मूल्य स्तर में स्थिरता सुनिश्चित करने के लिए सरकार कैसे हस्तक्षेप करती है? (2 Marks)

(ii) आरबीआई ने 31 मार्च, 2018 को निम्नलिखित आंकड़े प्रकाशित किए। आपको M4 की गणना करना आवश्यक है:

	(Rs. in crores)
जनता के पास मुद्रा	1,12,206.6
बैंकों के पास डिमांड डिपॉजिट	1,93,300.4
बैंकों के पास शुद्ध समय जमा	2,67,310.2
RBI के पास अन्य जमाएँ	614.8
डाकघर बचत जमाएँ	277.5
डाकघर राष्ट्रीय बचत पत्र (NSCs)	110.5

(3 Marks)

(b) विश्व व्यापार संगठन (WTO) की कुछ चिंताओं का उल्लेख करें।

(3 Marks)

(c) DOHA ROUND पर एक संक्षिप्त नोट लिखें।

(2 Marks)

Question 8:

(a) नीचे दिए गए आंकड़ों से आय और व्यय विधि का उपयोग करके राष्ट्रीय आय की गणना करें:

मद:	Rs. in crores
(i) वस्तुओं और सेवाओं की सरकारी खरीद	7,000
(ii) अप्रत्यक्ष कर	9,000
(iii) सब्सिडी	1,800
(iv) सकल व्यापार अचल पूंजी	13,000
(v) इन्वेंटरी निवेश	3,000
(vi) अचल पूंजी की खपत	4,000
(vii) व्यक्तिगत उपभोग व्यय	51,000
(viii) वस्तुओं और सेवाओं का निर्यात	4,800
(ix) विदेश से शुद्ध कारक आय	(-) 300
(x) वस्तुओं और सेवाओं का आयात	5,600
(xi) स्वरोजगार की मिश्रित आय	28,000
(xii) किराया, ब्याज और मुनाफा	10,000
(xiii) कर्मचारियों को मुआवजा	24,000

(5 Marks)

- (b) (i) विभिन्न प्रकार की बाह्यताओं का वर्णन कीजिए जो बाजार की विफलता का कारण बनती है।
(3 Marks)
- (ii) ऐसे किन्हीं चार क्षेत्रों का उल्लेख कीजिए जिनमें प्रत्यक्ष विदेशी निवेश निषिद्ध है।
(2 Marks)

Question 9:

- (a) मेरिट गुड्स के सरकारी प्रावधान के कारण बताएं।
(3 Marks)
- (b) सूचना विफलता को ठीक करने के लिए सरकारी हस्तक्षेप की व्याख्या करें।
(2 Marks)
- (c) राजकोषीय नीति की कुछ कमियों का उल्लेख करें।
(3 Marks)
- (d) राजकोषीय नीति के साधन के रूप में करें की व्याख्या करें।
(2 Marks)

Question 10:

- (a) (i) फिशर का विनिमय समीकरण है: $MV = PT$. यदि वेग (V) = 25, मूल्य (P) 110.5 और लेनदेन की मात्रा (T) = 200 अरब है।
गणना:
(1) कुल धन आपूर्ति (m)
(2) M पर प्रभाव जब वेग (V) बढ़कर 75 हो जाता है
(3) वेग (V) जब लेनदेन की मात्रा बढ़कर 325 अरब हो जाती है
(3 Marks)
- (ii) अपने देश से उत्पादों के साथ प्रतिस्पर्धा करने के लिए वस्तुओं का आयात करते समय देशों को नए व्यापार सिद्धांतों की दो प्रमुख अवधारणाओं के लाभों की संक्षेप में व्याख्या करें।
(2 Marks)
- (b) (i) विश्व व्यापार संगठन के किन्हीं तीन प्रमुख उद्देश्यों का उल्लेख कीजिए।
(3 Marks)
- (ii) चलनिधि समायोजन सुविधा (LAF) और सीमांत स्थायी सुविधा (MSF) के बीच अंतर का वर्णन करें।
(2 Marks)

Question 11:

- (a) बाजार विफलता की अवधारणा को परिभाषित करें। बाजार विफलता की विभिन्न स्रोत को वर्णित करें।
(5 Marks)
- (b) निम्नलिखित में से प्रत्येक का साख गुणक (क्रेडिट मल्टीप्लायर) तथा मुद्रापूर्ति पर क्या प्रभाव होगा?
(i) यदि व्यापारिक बैंक 100 प्रतिशत कोष (रिजर्व) रखते हैं।
(ii) यदि व्यापारिक बैंक कोष नहीं रखते हैं।
(iii) यदि व्यापारिक बैंक अधिक कोष (Excess Reseve) रखते हैं।
(3 Marks)
- (c) स्थिर विनिमय दर तथा परिवर्तनशील विनिमय दर में अन्तर के बिन्दुओं की सूची बताइये।
(2 Marks)