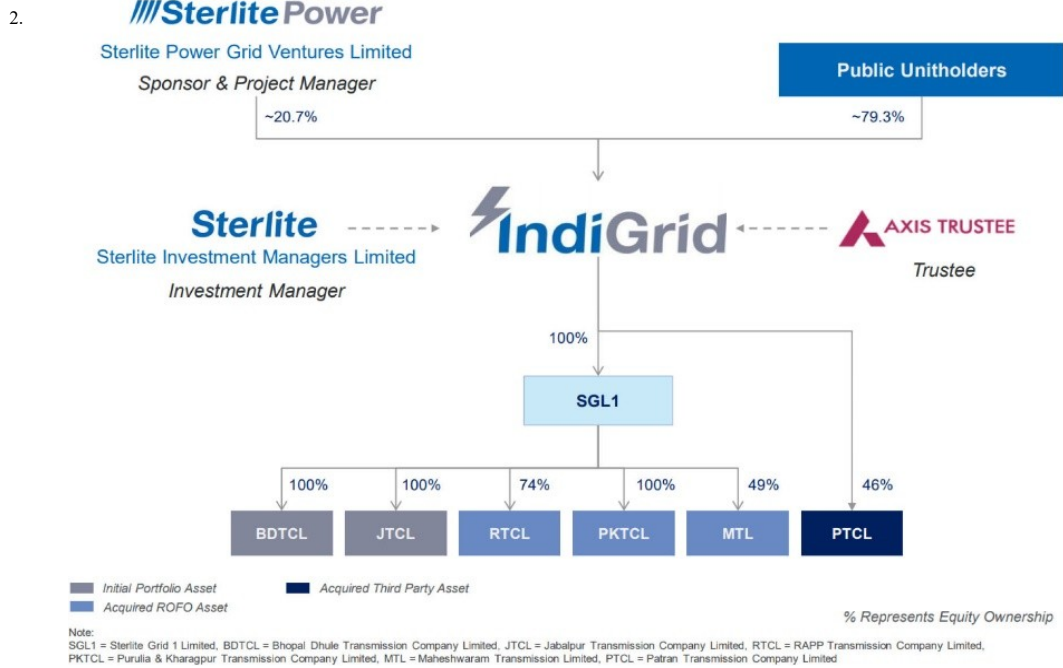


<b>Trim: June – Nov 24</b>		
<b>Maximum Marks: 50</b>	<b>Examination: ETE Exam</b>	<b>Date: 6<sup>th</sup> Nov. 2024</b>
<b>Duration: 2 Hrs.</b>		
<b>Programme code: 06</b> <b>Programme: MBA (HCM)</b>	<b>Class: FY</b>	<b>Semester/Trimester: I</b>
<b>College: K. J. Somaiya Institute of Management</b>	<b>Name of the department/Section/Center:</b> <b>Finance and Law</b>	
<b>Course Code: 317P06C103</b>	<b>Name of the Course: Fundamentals of Finance</b>	
<b>Instructions:</b> <b>1. Question No. 1 is compulsory.</b> <b>2. Solve any three of the remaining questions.</b> <b>3. Use of normal or scientific calculators is allowed.</b>		

Question No.		Max. Marks
Q1	<p><b>Apollo Hospitals Enterprise Limited:</b> One of the largest healthcare groups in Asia, Apollo Hospitals operates hospitals, pharmacies, and diagnostic clinics across India and is known for pioneering private healthcare in the country.</p> <p><b>Fortis Healthcare Limited:</b> A leading healthcare service provider, Fortis Healthcare operates hospitals, diagnostic centers, and day-care facilities throughout India and internationally, focusing on tertiary and quaternary care.</p> <p>Both companies are renowned for their extensive healthcare services and competitive market positions in India's healthcare industry.</p> <p>Based on the financial information provided <b>at the end of the paper</b>, comment on the financial performance of both competitive companies. Suggest which company shares you would be recommended to invest in.</p>	14
Q2 (A)	<p>An American importer has purchased goods worth euro 1500000. Payments are to be made after 6 months. The spot rate of Euro is US \$ 1.100/€.</p> <p>The American importer expects dollar depreciation against the euro in the coming months. A New York bank gives the 6-month forward rate as US\$ 1.1500/€. If the American importer uses the forward rate to hedge its currency risk, what is its loss or profit under the following circumstances?</p> <ol style="list-style-type: none"> <li>1. The spot price of the euro after 6 months is US\$ 1.1000/€.</li> <li>2. The spot price of the euro after 6 months is US\$ 1.2000/€.</li> <li>3. The spot price of the euro after 6 months is US\$ 1.0950/€.</li> </ol>	6
Q2 (B)	Explain foreign exchange risk management techniques.	6
Q3	<p>Harsh Shah, the CEO of IndiGrid/Sterlite Investment Managers Limited (SIML), and his team worked diligently to review and get the approval of the unitholders for acquiring Patran Transmission Company Limited (PTCL), their first third-party asset, in September 2018. Looking out from the large glass window of his fifth-floor office at North Avenue, Mumbai, with a cup of coffee in his hand, Shah had a satisfying smile on his face. At the beginning of 2019, he was due to discuss and formulate the future plan with Pratik Agarwal, representing the Sponsor of IndiGrid—one of the two listed Infrastructure Investment Trusts (InvITs) in India. He reflected on the long journey undertaken to give shape to a new securitization vehicle—the InvIT in an emerging market—and the successful initial public offering (IPO) of his InvIT. Although about 18 months had already passed since the units of IndiGrid were listed on the major stock exchanges, Shah knew that it was only the beginning and many changes were still needed to grow the platform and attract many investors.</p>	12

1. Based on the structure presented in the figure above explain the concept of InvITs and the above structure in detail.



Explain the difference between REITs and InvITs.

Source: Agarwalla, S. K., & Pandey, A., (2023). Indigrid: creating india's first power transmission invit (a). In *Sage Business Cases*. SAGE Publications, Ltd., <https://doi.org/10.4135/9781529619669>

Q4	Explain the Indian Financial System in detail.	12																																													
Q5 (A)	Mr. Max has Rs.100000 to deposit in a bank account for 3 years. Assuming (i) annual compounding, (ii) semi-annual compounding, and (iii) quarterly compounding at a stated annual interest rate of 4%, compute (a) The amount he would have at the end of the third year, leaving all interest paid on deposit in the bank (compute for all three compoundings). (b) The effective rate of interest he would earn on each alternative (compute for all three compounding). (c) Which plan should be chosen?	8																																													
Q5 (B)	HCM Limited has borrowed Rs.3000000 from Canbank Home Finance Limited to finance the purchase of a house for 15 years. The interest rate on such loans is 24% p.a. Compute the annual payment/ installment amount.	4																																													
Q6 (A)	<p>The financial statistics about the profitability of Asian Paints (India) Limited for years 1 to 4 are tabulated below:</p> <table border="1"> <thead> <tr> <th>Particulars</th> <th>Year 1</th> <th>Year 2</th> <th>Year 3</th> <th>Year 4</th> </tr> </thead> <tbody> <tr> <td>EBIT</td> <td>107.06</td> <td>120.77</td> <td>125.82</td> <td>163.47</td> </tr> <tr> <td>Interest</td> <td>21.68</td> <td>19.58</td> <td>22.33</td> <td>20.29</td> </tr> <tr> <td>EBT</td> <td>85.38</td> <td>100.19</td> <td>103.49</td> <td>143.18</td> </tr> <tr> <td>Tax</td> <td>30.00</td> <td>33.00</td> <td>24.00</td> <td>45.75</td> </tr> <tr> <td>EAT</td> <td>55.38</td> <td>67.19</td> <td>79.49</td> <td>97.43</td> </tr> <tr> <td>Sales</td> <td>938.11</td> <td>1046.80</td> <td>1158.38</td> <td>1383.55</td> </tr> <tr> <td>Average Total Assets</td> <td>---</td> <td>591.07</td> <td>666.75</td> <td>728.46</td> </tr> <tr> <td>Average equity funds</td> <td>---</td> <td>243.45</td> <td>282.50</td> <td>330.96</td> </tr> </tbody> </table> <p>From the above financial information, you are required to conduct a DuPont analysis (five-point analysis) related to ROE and interpret the results.</p>	Particulars	Year 1	Year 2	Year 3	Year 4	EBIT	107.06	120.77	125.82	163.47	Interest	21.68	19.58	22.33	20.29	EBT	85.38	100.19	103.49	143.18	Tax	30.00	33.00	24.00	45.75	EAT	55.38	67.19	79.49	97.43	Sales	938.11	1046.80	1158.38	1383.55	Average Total Assets	---	591.07	666.75	728.46	Average equity funds	---	243.45	282.50	330.96	8
Particulars	Year 1	Year 2	Year 3	Year 4																																											
EBIT	107.06	120.77	125.82	163.47																																											
Interest	21.68	19.58	22.33	20.29																																											
EBT	85.38	100.19	103.49	143.18																																											
Tax	30.00	33.00	24.00	45.75																																											
EAT	55.38	67.19	79.49	97.43																																											
Sales	938.11	1046.80	1158.38	1383.55																																											
Average Total Assets	---	591.07	666.75	728.46																																											
Average equity funds	---	243.45	282.50	330.96																																											
Q6 (B)	Explain the concept of Sustainable Growth Rate. From the following financial ratios determine the growth rate that can be sustained with retentions and external debt financing: Net profit margin 8% Assets to equity ratio 2.5 Assets to sales ratio 2 Target retention ratio 60%.	4																																													

Financial Ratios of Apollo Hospitals Enterprise Limited and Fortis Healthcare Limited

<b>Financial Ratios</b>	<b>Apollo Hospitals Enterprise Limited</b>	<b>Fortis Healthcare Limited</b>
Ratio ( Standalone )	Mar 2024	Mar 2024
Operational & Financial Ratios		
Earnings Per Share (Rs)	70.2712	2.6419
DPS(Rs)	16.0000	1.0000
Adjusted DPS(Rs)	16.0000	1.0000
Tax Rate(%)	23.9425	19.1050
Dividend Pay Out Ratio(%)	22.7689	37.8515
P/E Ratio	90.39	158.94
Price/Book(x)	11.84	3.49
Market Cap (Million)	1004177.6660	455805.9819

Closing Price	6983.9000	603.7500
Margin Ratios		
Core EBITDA Margin(%)	24.7120	16.3199
EBIT Margin(%)	21.6998	27.8034
Pre Tax Margin(%)	18.2656	20.8698
PAT Margin (%)	13.8923	16.8826
Cash Profit Margin (%)	19.3778	25.4301
Performance Ratios		
ROA (%)	7.6233	1.9308
ROE (%)	13.8087	2.2099
ROCE (%)	17.2014	3.5063
Asset Turnover(x)	0.5487	0.1144
Inventory Turnover(x)	67.0396	91.6052
Debtors Turnover(x)	8.9342	10.3368
Sales/Fixed Asset(x)	0.8777	1.2058
Working Capital/Sales(x)	3.1558	-9.9584
Efficiency Ratios		
Fixed Capital/Sales(x)	1.1393	0.8293
Receivable days	40.8541	35.3108
Inventory Days	5.4445	3.9845
Payable days	126.9375	548.0746
Growth Ratio		
Net Sales Growth(%)	11.4793	12.2038
Core EBITDA Growth(%)	7.8778	18.7776
EBIT Growth(%)	7.6451	52.6901
PAT Growth(%)	-6.8492	107.2472
EPS Growth(%)	-6.8492	107.2404
Financial Stability Ratios		
Total Debt/Equity(x)	0.2536	0.0347
Current Ratio(x)	2.6822	0.8439
Quick Ratio(x)	2.5955	0.8269
Interest Cover(x)	6.3187	4.0099

Source: ACE Equity Database