QUESTION PAPERS

BRANCH: Bachelor of Commerce (Financial Market)	SEM: III
	OCT/NOV-2023

Sr. No.	Subject	Available
1.	131U04V301 – Corporate & Security Laws (A), (B)	
2.	131U04C301 – Management Theories & Applications (A), (B)	
3.	131U04K301 – Statistical Techniques	
4.	131U04C303 – DEBT Market (A)	
5.	131U04C303 – DEBT Market (B)	
6.	131U04V303 – Corporate Finance (A), (B)	
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Semester (July 2023 to October 2023) **Examination: End Semester Examination October/November 2023 (UG/PG Programmes)**		
Programme code: 04 **Programme: SYBFM**	**Class:** SY	**Semester:** III
Name of the Constituent College: **S.K Somaiya Collage**	**Name of the Department:** **Accounting and finance**	
Course Code: 131U04V301	**Name of the Course: Corporate and security Laws**	
Duration: 2 Hrs.	**Maximum Marks: 60**	
Instructions: All the question are compulsory		

Question No.		Max. Marks	Co Attainment
Q.1	(A) Define Offer and explain Lapse of Offer (8) (B) 'An Agreement with enforceable at Law is called a contract' in this statement we can understand 2 features of contract Agreement and Law enforceability. Explain these 2 features and other features of Contract Act with proper examples (7) OR (C) Mr. Fekulal, a fraudster, made an agreement with 2 foreigners to organize their marriage ceremony at Taj Mahal, Agra. As a Law subject student Consult these two foreigners to save them from such fraud and to avoid any more mistakes by them give detailed list of situations in which agreement can be declared void (15)	**15**	**CO 1** **CO 1** **CO 1**
Q.2	(A) Discuss the Object clause, Registered office Clause and Explain any four features of Company (8) (B) Explain any four types of Company (7) OR (C) Mr. Jatadhari wrote a book on different homemade medicines to cure chikungunya. Under which Intellectual Property Right he will get protection? Also state tenure of that right with Registration procedure and remedies for using his right without his permission (15)	**15**	**CO 2** **CO 2** **CO 3**
Q.3	(A) India witnessed lots of scams from Harshad Mehta to Ketan Parekh. Discuss if SEBI has any Powers by which it can	**15**	**CO 4**

	provide fines and penalties against any contraventions. Explain the Fines and penalties under SEBI Act (8) (B) Miss Surekha is a dress designer, and she is starting her own boutique. She has decided the mark for her designer wear which is a Butterfly. But without registering that mark she started using it. Whether she will get any legal benefit if her mark is not registered, and it got infringed? Explain in detail the provision relating to this (7) OR (C) SEBI as a regulatory authority has lots of functions to perform. Explain the constitution of SEBI and importance of SEBI Act with its Protective function and write one scam in the company. (15)		CO 3 CO 4
Q.4	**EXPLAIN THE FOLLOWING QUESTIONS:** Mr. Lonely is starting a company. He is not interested in sharing the profit with any other person. So he decided to start a one person company. Mr. Lonely is not aware how the SEBI has regulatory powers over a company. Mr. Lonely also wants information on Patent Law. (A) Explain the provision of Nominee under One Person company. (5) (B) Write down the objectives of SEBI. (5) (C) Explain any one case study relating to Patent. (5)	**15**	**CO 1** **CO 4** **CO 3**

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Course Code: 131U04V301	**Name of the Course: Corporate and Security Laws.**	
Duration : 2 Hrs.	**Maximum Marks : 60**	
Instructions: All the questions are mandatory.		

Question No.		Max. Marks	Co Attainment
Q.1	(A) Explain the Minors Agreement (8)	15	CO 1
	(B) Suhani Khanna residing in Solang booked a banquet hall to celebrate the first birthday of her son. Before the birthday happened, Delhi experienced a devastating natural disaster, in which the banquet hall building collapsed. Hence, the offer made by Suhani lapsed. Explain other reasons when an offer can get lapsed with a proper example. (7)		CO 1
	OR		
	(C) In a Bollywood movie Shaan, there is a scene where one actor is talking about the car whereas the other is talking about a girl. Such a situation may be there in contract act. If both the parties are not on the same thing in the same sense, can they complete such a contract? Specify all the points regarding Free consent. (15)		CO 1
Q.2	(A) Acura is an upcoming company, going for registration procedure. The Promoter is having problems in making the Prospectus. Explain the contents of the prospectus. (8)	15	CO 2
	(B) Stay fit Co. Pvt Ltd, is a private company as the name suggests. The directors are forming the AOA of the company. Imagine yourself a solicitor and form an AOA for them. (7)		CO 2
	OR		CO 3
	(C) There are 2 friends Mr. Sleepysinghand Mr. Hardworkinglal Mr. Sleeysingh made detailed research on how to sleep for		

	48 hours at a stretch. Now he is applying for Patent registration. Also Mr. Hardworklal made research and developed a mediation program for a relaxed mind with a peaceful sleep. He is also applying for patent registration. Who will get the Patent? (15)		
Q.3	(A) Mr. Zaveri is a diamond merchant, he can file a criminal case if any of his diamonds get stolen, which is his ownership. But if a person writes a book and if his work is used without his permission, can he file any case. Explain the IPR right (8) (B) After enactment of SEBI Act 1992, SEBI got lots of powers. Explain the powers of SEBI. (7) OR (C) One of the biggest shocks to the Stock market were the scams committed by Harshad Mehta and Ketan Parikh. Before this scam SEBI was there but with few powers. But after SEBI Act 1992 the SEBI got lots of powers. With these powers which functions can be performed by SEBI (15)	**15**	**CO 3** **CO 4** **CO 4**
Q.4	**EXPLAIN THE FOLLOWING QUESTIONS:** Mr. Mittal, a trader, is investing huge amounts in Sipro co. He made the payment to the company for shares, but still the share certificate is not issued to him. This is called a partly executed contract. Mr. Mittal is unaware of the company's characteristics. 1.Explain why it is called a partly executed contract? (5) 2. Explain Mr. Mittal the perpetual succession of the company. (5) 3. Enumerate the constitution of SEBI. (5)	**15**	**CO 1** **CO 2** **CO 4**

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Semester (July 2023 to October 2023) **Examination: End Semester Examination October/November 2023 (UG/PG Programmes)**		
Programme code: 04 **Programme: B. Com (Financial Markets)**	**Class:** SY	**Semester:** III
Name of the Constituent College: **S. K. Somaiya College**	**Name of the Department** : Accounting & Finance	
Course Code: 131U04C301	**Name of the Course: Management Theories and Applications**	
Duration : 2 Hrs.	**Maximum Marks : 60**	
Instructions: 1)Draw neat diagrams 2)Assume suitable data if necessary 3)		

Question No.		Max. Marks	Co Attainment
Q.1 (a)	Discuss the term Management. Explain 6M's of Management at length.	(8)	CO 1 & 2
Q.1 (b)	Outline the main functions of Middle level Management.	(7)	
	OR		
Q.1 (c)	Enumerate the term Scientific management. Explain the techniques of scientific management in detail.	(8)	
Q.1 (d)	Trace the Evolution of Management thoughts.	(7)	
Q.2 (a)	Discuss Graicuana's Theory relating to span of control with example.	(8)	CO 2 & 3
Q.2 (b)	Describe the Factors influencing span of management in detail.	(7)	
	OR		
Q.2 (c)	Elaborate the steps in Planning Process.	(8)	
Q.2 (d)	List the importance of decision making in Management.	(7)	
Q.3 (a)	Evaluate the Arguments for and against Conflict between Line and Staff Organization.	(15)	CO 3 & 4
	OR		
Q.3 (b)	Discuss the term Organization Structure. Explain the factors determining Organization Structure.	(8)	
Q.3 (c)	Describe the term Organizing. Explain the Need for and Importance of Organizing.	(7)	
Q.4 (a)	Suppose Mr. Aryan is the finance manager of the organization & is supposed to provide the financial statements of the company, what type of financial statements he must provide and what types of financial reporting he must do, explain in detail.	(15)	CO 4
	OR		
Q.4 (b)	Pankaj Tours and Travels is comfortably placed in the business. Mr. Chaturvedi is CEO of the organization. He is a workaholic. With his long tenure in the service business and rich experience to support, he attends to every aspect of the business personally. The staff feels a little let down because they are not given freedom to take decisions. Even on routine matters, they feel uncomfortable taking the decisions. At times, Chaturvedi over-rules their decisions and settles for a new one. This has resulted in frustration and depression and the staff is working only machine-like. Chaturvedi is not conscious of the low morale of the staff. As impartial observers, senior staff feel the organization needs correction.	(15)	

	Questions: (1) How serious is the situation in Raj and Raj Tours and Travels? (2) Highlight the importance of delegation of authority. (3) What suggestions would you offer to improve the workings in the organization?		

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Name of the Constituent College: **S. K. Somaiya College**	**Name of the Department** : Accounting & Finance	
Course Code: 131U04C301	**Name of the Course: Management Theories and Applications**	
Duration : 2 Hrs.	**Maximum Marks : 60**	
Instructions: 1)Draw neat diagrams 2)Assume suitable data if necessary 3)		

Question No.		Max. Marks	Co Attainment
Q.1 (a)	Describe the relevance of Henri Fayol's in today's business.	(8)	CO 1 & 2
Q.1 (b)	State the criticisms against scientific management.	(7)	
	OR		
Q.1 (c)	Apply Contingency approach & its contributions to management.	(8)	
Q.1 (d)	Elaborate the Objectives of Planning in detail.	(7)	
Q.2 (a)	Discuss how to make an effective Planning.	(8)	CO 2 & 3
Q.2 (b)	Extend your opinion on Decision Making.	(7)	
	OR		
Q.2 (c)	Compare Centralization & Decentralization.	(8)	
Q.2 (d)	Discuss Standing Plans & Single use Plans in detail.	(7)	
Q.3 (a)	No single organization structure can suit all situations. Considering this statement discuss the forms of organizational structure with appropriate examples.	(15)	CO 3 & 4
	OR		
Q.3 (b)	Elaborate Virtual Organization with example in detail.	(8)	
Q.3 (c)	Enumerate the Challenges faced by Modern Organizations.	(7)	
Q.4 (a)	In the early 20th century, a French industrialist Henri Fayol stated that management had five main functions viz. Planning, organizing. commanding leading), coordinating and controlling. Since then, several debates have taken place but broadly everyone agrees that what Henri Fayol stated stands valid even now. Bengal Steels located at Durgapur is considered a progressive business organization. It holds conferences and workshops at regular intervals where executives are allowed to express their viewpoints on academic and business matters. In one such conferences executives had a brainstorming session about the functions of management. Mr. Vikas Pandey, HR manager asserted that the true function of management is to take care of the needs of the staff and allow the staff to take care of the goals of the organization. Some agreed while some others disagreed. Mr. Ramesh Nair, the marketing manager stated that the real function of management is to take care of the market and staff must work within the broad policies of the organization. In this regard, the staff will not get any option. (1) Which of these views is correct and why? (2) Can you think of any other opinion about functions of management?	(5)	CO 3 & 4

Q.4 (b)	Suppose Ms. Mansi is a strategist of WPT Organization and she's focusing currently on cutting down her firm's expenses. Discuss, when does a company decide to contract or shut down a business or Discontinue of a Product line.	(5)	
Q.4 (c)	Mruńal Shah hailed from a middle-class family. She is intelligent and hard working. From her school days she harbored the thought of making a career in the corporate world. Her father Sunil shah worked as a senior clerk in a private firm and her mother is a schoolteacher. Being the only child, she did not face any constraints of resources. This is her final year B. com. She has joined a reputable coaching Centre for four papers in Accountancy. She wants to score distinction. Simultaneously she is preparing for the entrance exam to be admitted to an MBA. She knows it is a difficult target but not impossible. She keeps telling herself "If others can do it, why not me?" Questions: (1) Identify the problems faced by Mrunal Shah? (2) How should she plan to excel in her examination and achieve her goal in life?	(5)	

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Semester (July 2023 to October 2023) Examination: End Semester Examination October/November 2023 (UG/PG Programmes)		
Programme code: 04 Programme: B. Com(Financial Markets)	Class: SYBFM	Semester: III
Name of the Constituent College: S K Somaiya	Name of the Department : Accounting and Finance	
Course Code 131U04K301	Name of the Course: Statistical Techniques	
Duration : 2 Hrs.	Maximum Marks : 60	
Instructions: 1)Draw neat diagrams 2)Assume suitable data if necessary 3) Use of Simple Calculators is allowed.		

Question No.	Solve:	Max. Marks	Co Attainment
Q.1	a. (i) Average yield of a certain crop was found to be 20.5 kgs. per plot with standard deviation of 3.2kgs. Assuming normal distribution of yield, find how many plots out of 2000 will have yield of 23.7 kgs or more. (04) (ii) For a normal distribution in which N=100, Arithmetic Mean= 680 and standard deviation = 70, find the first quartile, third quartile, interquartile range, and mode. (04) b. It is observed that 30% of the students appearing for a certain entrance test are science graduates. If 5 students are randomly selected from this group, what is the probability that among them (i) two are science graduates (ii) no one is science graduate (iii) at least two are science graduates. (Assume binomial distribution) (07) **OR** c. Calculate 3-yearly, 4-yearly, and 5-yearly moving averages for the following time series giving the number of units produced (in thousand) in a factory during 1997-2004.	(15) (15)	II II

Year	1997	1998	1999	2000	2001	2002	2003	2004
No. of units	243	251	254	256	256	245	250	254

(10)

d. A random variable X follows Poisson distribution with mean 2, find the probability that (i) $X = 2$ (ii) $X \geq 2$. ($e^{-2} = 0.1353$) (05)

Q.2	a. A researcher wishes to see if the average number of sick days a worker takes per year is greater than 5. A random sample of 26 workers at a large department store had a mean of 5.2. The standard deviation of the population is 1.3. Is there enough evidence to support the	(15)	III

researcher's claim? Assume that the variable is normally distributed. Use 1% LOS.

(i) State the hypothesis. (02)
(ii) State the test selected. (02)
(iii) Justify your selection of test and critical region. (04)
(iv) Compute the test statistic. (04)
(v) State the statistical and business conclusion. (03)

OR

b. A certain drug is claimed to be effective in curing cold. In an experiment on 164 people with cold, half of them were given the drug and half of them given sugar pills. The patient's reactions to the treatment are recorded in the following table. Test the hypothesis, using chi square at 5% significance level, that the drug is no better than sugar pills for cuing colds. (15) III

	Helped	Harmed	No effect
Drug	52	10	20
Sugar pills	44	12	26

(08)

c. A manufacturer claimed that at least 95% of the equipment which he supplied to a factory conformed to specifications. An examination of a sample of 200 pieces of equipment revealed that 18 were faulty. Use proportion to test his claim at a significance level of 0.05. (07) III

Q.3

a. Calculate the rank correlation coefficient for the following data giving working capital in lakhs of Rs (x) and profit in thousands of Rs. (y) of ten companies for the year 1990-1991. (15) IV

X	15	32	25	30	35	20	19	22	27	31
Y	50	70	65	72	90	58	53	57	68	74

(08)

b. For a bivariate distribution, the following results are obtained: IV

Mean value of x =65,
Mean value of y =53
Standard deviation of x =4.7,
Standard deviation of y =5.2
Correlation coefficient, r = 0.78
Find the two regression equations. (07)

OR

c. Fit a regression line for the following data: (15) IV

Y	2	4	6	8
X1	7	8	4	2
X2	1	2	3	4

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	(08) **d**. The regression equation of y on x is $2x - 3y + 14 = 0$ and that of x on y is $3x - y - 42 = 0$. Find the correlation coefficient using regression coefficients. (07)		IV
Q.4	**Answer the following:** **a.** Discuss merits and demerits of secondary data. **b.** Explain the terms population and sample in research fields. **c.** State the guidelines to prepare a good questionnaire. **d.** Explain measurement and scaling with suitable examples. **e.** Differentiate between nominal and ordinal scale.	(15)	I

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Semester (July 2023 to October 2023) **Examination: End Semester Examination October/November 2023 (UG/PG Programmes)**		
Programme code: 04 **Programme: FINANCIAL MARKET**	**Class:** SYBFM	**Semester:** III
Name of the Constituent College: S K Somaiya College	**Name of the Department: Accounting & Finance**	
Course Code: 131U04C303	**Name of the Course: DEBT MARKET**	
Duration: 2 Hrs.	**Maximum Marks: 60**	
Instructions: Use simple calculator.		

Question No.		Max. Marks	Co Attainment
Q.1	A. Extend the term debt market instruments. Spell the different Indian debt market instruments. **OR** B. Illustrate different types of bonds. Also summarize the benefits of bond.	15 15	CO 1 CO 1
Q.2	A. Spell the term primary dealers. Highlight their responsibilities. **OR** B. Discuss the features of government Securities. List the participants in G - sec market?		CO 2 CO 2
Q.3	A. Simplify the features of secondary debt market . B. Explain in detail MIBNOR. **OR** C. Recall the Structure of interest rates . D. Define duration . Explain its types.	08 07 08 07	CO 3 CO 3 CO 4 CO 4
Q.4	**Attempt following.** **(5 Marks each)** a. Ram Ltd issued Bonds of par value of Rs. 100 having a coupon rate of 13% with maturity period of 7 years. The required rate of return on bond is 18% . **Calculate bond value using the time value of money.** b. **From the following information calculate duration of Bond :** c. Explain in detail Trading strategy used in debt market.	15	CO 4 CO 4 CO 1

Face value	Rs. 1,000
Coupon Rate	14%
Years to Maturity	5
Current market price	980
Yield to maturity	16%
Redemption value	Rs. 1000 (at par)

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Programme code: 04 **Programme: FINANCIAL MARKET**	**Class:** SYBFM	**Semester:** III
Name of the Constituent College: S K Somaiya College	**Name of the Department: Accounting & Finance**	
Course Code: 131U04C303	**Name of the Course: DEBT MARKET**	
Duration: 2 Hrs.	**Maximum Marks: 60**	
Instructions: Use simple calculator.		

Question No.		Max. Marks	Co Attainment
Q.1	A. Spell the term debt market. Elaborate its advantages and disadvantages. OR B. Outline the impact of debt market on Indian Economy.	15 15	CO 1 CO 1
Q.2	A. Simplify the term T-bills . Explain its merits and defects. **OR** B. Spell the primary issuance process of G-securities.	15 15	CO 2 CO 2
Q.3	A. Define Corporate bonds. Explain its merits and demerits. **OR** **B.** Discuss day count conventions used in bond valuation. C. Explain different options embedded in Bonds	15 08 07	CO 3 CO 4 CO 4
Q.4	**Attempt following.** **(5 Marks each)** a. Bonds of Sahil Ltd have a par value of Rs. 1,000. And bears a coupon rate of 14% with maturity period of 6 years. The required rate of return on bond is 17% . **Calculate bond value using the time value of money.** b. **From the following information calculate Macaulay duration of Bond :** c. Explain in detail Gross Fiscal Deficit.	15	CO 4 CO 4 CO 2

Face value	Rs. 100
Coupon Rate	13%
Years to Maturity	6
Current market price	90
Yield to maturity	15%
Redemption value	Rs. 100 (at par)

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Programme code: 04 **Programme: B.Com (Financial Markets)**	**Class:** SY	**Semester:** III
Name of the Constituent College: S K Somaiya College	**Name of the Department** Accounting and Finance	
Course Code: 131U04V303	**Name of the Course: Corporate Finance**	
Duration : 2 Hrs.	**Maximum Marks : 60**	
Instructions: 1)Draw neat diagrams 2)Assume suitable data if necessary 3)		

Question No.		Max. Marks	Co Attainment
Q.1	A. Discuss principles of Corporate Finance in detail. B. Elaborate the areas covered in Corporate Finance. **OR** C. Sevanti Ltd has the following Capital structure: Capital — Rs. Equity shares of Rs.20 each — 20,00,000 6% Preference shares of Rs. 10 each — 5.00.000 8% Debentures Rs. 100 each — 15,00,000 It proposes to borrow Rs.10,00,000 with interest The dividend on equity shares will increase from Rs.2 to Rs.3 per share. **You are required to ascertain the** **a. Present weighted average cost of Capital** **b. consequent weighted average cost of capital to proposed borrowings.**	8 7 15	CO1 and CO2
Q.2	A. XYZ company has an equity share capital of Rs. 25 lakhs, consisting of 25,000 shares of Rs. 100 each.The management is planning to raise another Rs. 20 lakhs to finance a major programme of expansion through one of four possible financing plans. The plans are : 1. Entirely through equity shares. 2. Rs. 10 lakhs through equity shares and Rs. 10 lakhs through long-term borrowing at 8 percent interest per annum. 3. Rs. 5 lakhs through equity shares and Rs. 15 lakhs through long- term borrowing at 9 percent interest per annum. The company expected earnings before interest and tax (EBIT) will be Rs. 8 lakhs. Assuming a corporate tax rate of 50%. Determine the Earning per Share (EPS) in each alternative and comment which one is the best alternative. **OR** B. You are furnished with the following information:	15 15	CO2 and CO3

Selling price per unit	Rs. 20
Variable price per unit	Rs. 10
Fixed cost for a period	Rs. 5000
Actual units sold	750 units.

Determine:

1. P/V ratio
2. Break- Even Point
3. Margin of safety sales are 1000 units and in rupees.
4. Profit, if sales are Rs. 1,000 units.
5. Sales , if profit is Rs. 15,000.

Q.3 — 15 — CO3 andCO4

A. Firm has sales of Rs. 75,00,000, Variable cost of Rs.42,00,000 and Fixed cost of Rs. 6,00,000. It has Debt of Rs. 55,00,000.

a. What is a firm's Return on investment?
b. Does it have a favourable financial leverage?
c. If the firm belongs to an industry whose assets turnover is 3 , does it have high or low assets leverage ?
d. What are the operating Financial and combined leverage ?
e. If sales drop to 50,00,000 what will be the new EBIT ?

OR

B. A choice is to be made between two competing projects which require equal investments of Rs. 50,000 and are expected to generate net **cash flows** as under: — 15

Particulars	**Project 1 (Rs)**	**Project 2 (Rs)**
1	25,000	10,000
2	15,000	12,000
3	10,000	18,000
4	0	25,000
5	12,000	8,000
6	6,000	4,000
Tax rate	50%	40%

Calculate :

1. Payback period
2. ARR (Original and Average)
3. Pay Back Profitability

Q.4 — 15 — CO1,CO2,CO3,CO4

Answer the following (3 marks each)

A. From the following calculate NPV @ 10% discount rate.

Year	Cash Inflow (Rs)	PV factor @10%

1	35,000	0.91
2	80,000	0.83
3	90,000	0.75
4	75,000	0.68
5	20,000	0.62
Cash Out flow	2,00,000	

B. Calculate Profit from the following data:

Particulars	Per unit Variable Cost (Rs)	Fixed Cost (Rs)
Direct Material	3.00	-
Direct Labour	3.00	-
Direct Overhead	2.00	50,000
Selling Expenses	2.00	20,000
Administrative Overhead	2.00	10,000
Sales Rs. 12,500 units @ Rs. 20.00 per unit.		

C. Calculate Financial Break Even Point for the following :

	Plan A	Plan B	Plan C
Interest	Nil	8,000	Nil
Tax	50%	50%	50%
Preference Dividend	Nil	Nil	8,000

D. A company issues a 20% Debentures of Rs.100 each at 10% premium, redeemable after 5 years at par . The company's tax rate is 30%. Determine cost of debt.

E. Y Ltd has sales of Rs. 2,00,000. Variable cost is 50% of sales while the fixed operating cost amounts to Rs.60,000. Interest on long term loan is amounted to Rs.20,000. **You are requires to calculate the composite leverage and analyze the impact if sales increases by 10%.**

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Name of the Constituent College: S K Somaiya College	**Name of the Department** Accounting and Finance	
Course Code: 131U04V303	**Name of the Course: Corporate Finance**	
Duration : 2 Hrs.	**Maximum Marks : 60**	
Instructions: 1)Draw neat diagrams 2)Assume suitable data if necessary 3)		

Question No.		Max. Marks	Co Attainment
Q.1	A. Explain the main features of Corporate Finance in detail . B. Elaborate the reasons why Corporate Finance is essential ? **OR** **C. A capital structure of H ltd as on 31st December 2022 is as follows:**	8 7 15	CO1 and CO2

Capital	Rs.
Equity shares of Rs.10 each	1,00,00,000
7.5% Preference shares	20,00,000
14% Debentures of Rs 100 each	30,00,000

For the year ended 31st December 2022 ; the company has paid an equity dividend at Rs. 4 per share. As the company is a market leader with a good future dividend is likely to grow by 5% every year. The equity shares are traded Rs.80 per share in the stock exchange .

Income tax applicable to the company is 40%.

You are required to calculate

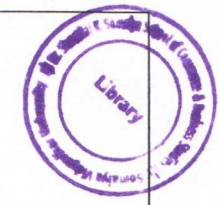
a. The current weighted average cost of capital .
b. The company has plans to raise a further Rs.50,00,000 by way of long term loan @15% interest. When this takes place , the market value of equity shares is expected to fall to Rs. 50 per share while dividend rises to Rs.5 per share. What will be the new weighted average cost of capital of the company ?

Q.2	A. A company's capital structure consists of the following: **Particulars** | **Rs.** Equity shares of Rs. 100 each | 20 Lakhs Retained Earnings | 10 Lakhs 9% Preference Share | 12 Lakhs 7% Debentures | 8 Lakhs **Total** | **50 Lakhs** The company earns 12% on capital. The income tax rate is 50%. The company requires a sum of Rs. 25 lakhs to finance expansion programme for which following alternatives are available to it. 1. Issue of 20,000 equity shares at a premium of Rs. 25 per share. 2. Issue of 10% preference shares. 3. Issue of 8% Debenture. Which of the three financing alternatives would you recommend and why? **OR** B. Ajay Ltd. summarized performance was declared as (Rs. Lakhs) **Particulars** | **2022** | **2023** Sales | 22,23,000 | 24,51,000 Profit | 2,39,400 | 3,07,800 **Calculate for 2022 and 2023:** 1. P/V ratio 2. Fixed Cost 3. Fixed Cost to Sales 4. BEP 5. MOS	15 15	CO2 and CO3
Q.3	**A. The selected financial data for A, B , and C companies for the year ended 31st March 2021 were as follows:** | | **A** | **B** | **C** | Variable cost as % to sales | 66 ⅔ % | 75% | 50% Interest Expenses | Rs.200 | Rs.300 | Rs.1,000 Degree of operating Leverage | 5 | 6 | 2 Degree of Financial leverage | 3 | 4 | 2	15	CO3 andCO4

	Income tax Rate	40%	40%	40%	

Prepare the income statement for each of the three companies.

15



OR

B. A company can make either of two investments. Assuming a required rate of return of 10% , determine for each project.

1. Payback period
2. Discounted Payback period
3. NPV at 10%.
4. Profitability Index

Calculate straight line method depreciation

	P	Q
Cost of Investment	2,00,000	2,80,000
Life of machine	5 years	5 years
Income (after depreciation , interest and taxes)		
Year	**Rs.**	**Rs.**
1	10,000	24,000
2	10,000	24,000
3	20,000	24,000
4	20,000	24,000
5	20,000	24,000

PV factor 10%	0.909	0.826	0.751	0.683	0.621
Year	1	2	3	4	5

Q.4	Answer the following (3 marks each) A. Calculate ARR(Original and Average) from the following data:			15	CO1,CO2,CO3,CO4

Average Annual Net profit before tax	Rs. 20,000
Tax rate	35%
Machine cost	2,00,000

B. From the following data find out current profit.

Total number of units manufactured and sold	800
Variable cost per unit	Rs. 20
Total fixed cost	Rs. 1,000
Selling price per unit	Rs. 120

C. Prepare Capital Structure for the following.
The company wishes to raise fund of Rs. 50 lakhs and has following options:

1. Issue new 10%debentures and 15%preference shares in equal proportion.
2. Issue of 10% preference shares to the extent of 25%, balance by way of 15% debentures.
3. Issue fully new debentures , carrying 14% interest rate .

D. A company issues irredeemable debentures of Rs100 each . The tax rate applicable to the company is 40%. calculate the cost of Debt if the debentures are
a. issued at par
b. issued at 10% premium
c. issued at 10% discount.

E. From the following information, Calculate the earnings before interest and tax, EPS , the operating leverage and financial leverage .

Sales	Units 20,000
Selling Price	Rs15 per unit
Variable cost	Rs. 10 per unit.
Fixed cost	Rs 30,000
Interest	Rs.15,000
Tax	40%

Number of Equity shares 5,000 .