

Third Year B.B.M Degree Examinations

October / November 2014

(Directorate of Distance Education)

COMMERCE

DBC 270: FINANCIAL MANAGEMENT AND INDIAN CAPITAL MARKET

Time: 3hrs.]

[Max. Marks: 70/80

Instructions to candidates:

«ZÁyðUÚF ÆZEUMA:

1. Students who have attended 30 Marks Internal Assessment scheme will have to answer for total of 70 Marks.
30 CAPUMA DAVJ PÍ YLZNAiR AII° e Sgjá a «ZÁyðUÚM 70 CAPUMA YLZNUUE GvJ, A'APÍ.
2. Students who have attended 20 Marks Internal Assessment scheme will have to answer for total of 80 Marks.
20 CAPUMA DAVJ PÍ YLZNAiR AII° e Sgjá a «ZÁyðUÚM 80 CAPUMA YLZNUUE GvJ, A'APÍ.
3. Note: Present value and annuity tables are allowed.

SECTION – A

I. Answer any TWO of the following questions. 5 marks each : **2 x 5 = 10 Marks**

1. Write a note on time value of money.
2. What are the objectives of cash management?
3. Explain the role of financial markets in India.
4. A Project requires an investment of ` 2,50,000 and has a scrap value of ` 10,000 after 5 years. It is expected to yield PADT during life time amounting to ` 20,000, ` 30,000, ` 35,000, ` 25,000 and ` 10,000. Calculate the average rate of return.

SECTION – B

II. Answer any THREE of the following questions. 10 marks each: **3 x 10 = 30 Marks**

5. Give the meaning & explain the functions of new issue market.
6. Write about the objectives & features of NSE.
7. Critically examine the traditional approach to capital structure.
8. Excel Ltd., is planning to purchase a machine costing ` 5 lakhs. It has a scrap value of ` 50,000 at the end of its life of 5 years. The machine requires additional investment

Contd.....2

of working capital ` 1 lakh, which is recovered at the end of 5th year. The cost of the capital of company is 12% and corporate tax is 50%. Following are the details of cash inflows (before depreciation & after tax):

Years:	1	2	3	4	5
CIF:	50,000	75,000	1,00,000	1,12,500	1,25,000
PVF at 12%	0.893	0.797	0.712	0.636	0.567

Evaluate the project by using NPV method.

9. From the following data calculate financial and operating leverages.

Sales	10,000 units
Selling price	` 25 per unit
Material cost	` 3 per unit
Labour cost	` 2 per unit
Fixed cost	` 30,000

Interest cost is 10% on debt of ` 1,50,000.

SECTION – C

III. Answer any TWO of the following questions. 15 marks each: $2 \times 15 = 30$ Marks

10. Explain the various components of money market.
 11. Explain the various kinds of dividend policies.
 12. A company has purchased patent rights for ` 60,000 which are to run for a period of three years. The future earnings after tax are given below:

Year	EAT (`)
1	10,000
2	10,000
3	10,000

Compute the followings:

- a) Payback period
- b) Average return on average investment.
- c) NPV at 15% rate of discount, PV of ` 1 for 3 years at 15% is 2.283.
- d) IRR using the following rates & PV's:

Rate	PV
23%	2.011
24%	1.981

13. From the following particulars, estimate the working capital requirement:

a) Expenses:	
Wages	52,000 p.a
Stores and materials	9,600 p.a
Office salaries	12,480 p.a
Rent	2,000 p.a
Other Expenses	9,600 p.a

Contd.....3

- b) Average amount of stocks to be maintained:

Stock of Finished Goods	1,000
Stock of materials and stores	1,600
- c) Expenses paid in advance (paid quarterly) 1,600 p.a.
- d) Sales:

Home Market	62,400 p.a
Foreign Market	15,600 p.a.
- e) Lag in payment of expenses:

Wages	$1\frac{1}{2}$ weeks
Stores and materials	$1\frac{1}{2}$ months
Office salaries	$\frac{1}{2}$ month
Rent	6 months
Other expenses	$1\frac{1}{2}$ months
- f) Credit allowed to customers:

Home market	6 weeks
Foreign market	$1\frac{1}{2}$ weeks

SECTION – D

Note: Compulsory question for 80 marks scheme only:

Answer any ONE of the following questions, 10 marks each: $1 \times 10 = 10$ Marks

- 14.** Explain the listing procedure and legal requirements for listing.
- 15.** Explain various determinant factors of working capital.

PERQA Da WU

« .. ÁUÀ - J

I. AiiA^azAzgME Jgqq ¥llukU Gvj 1j. vFÁ 5 CAPUMA: 2 x 5 = 10 Marks

1. °Atzà , PAAiA aE®izA SUE nYltA SgE-Aj .
2. EUzA oDo UAiA GzA±UMA aAí?
3. "AgVzR e°AtPA, aAgPinUMA ¥AvB EAB «Aj 1.
4. AiEAdEAzPE °APAVgA aErPE ` 2,50,000 DVzN 5 aUDUMA fAvgzR ` 10,000 GzPE aE®PE EAB °EACgVzE CzgA fA«vAciAA°EA , PRz aAvUvJ UE fAvgzA -AUMA PRzAAV ` 20,000, ` 30,000, ` 35,000, ` 25,000 aAvN ` 10,000 DVA! AiEAdEAiA , gA, j ¥llPZzgE PAqA»r-Aj .

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II. AiiA^azAzgME aEgA ¥llukU Gvj 1j. vFÁ 10 CAPUMA: 3 x 10 = 30 Marks

5. °EA , AErPE aAgPinUMA CxD SgEzA CzgA PAAiA*ò*UMEAB «Aj 1.
6. NSE fA GzA±UMA aAvU®PE UMA SUE SgE-Aj .
7. SAqPAVA gZEAiA SUE EgA , AA¥zz-APA aAzj AiEAB «A±AOVPAV ¥J 2A° 1.
8. JPEi oUPA ` 5 ®PA aZzA AiiAVECAZEAB RjAC , PRA AiiEFzN 5 aUDUMA fA«vAciAA CAVzR e CzgA GzPE aE® ` 50,000 EgVzE 5 aUDUMA CAVPE aAKE-AUA ` 1 ®PA zArA SAqPAVA AiiAVE °APAVgVzE PA¥FAiA SAqPAVA aZz ±A. 12 aAvU PA¥EogEmi vJ UAiA ±A. 50 DVgVzE EUzA MYPJ aA (, PRz ¥E aD aAvUvJ UE fAvgz) «AgUMA F PANEAwA!

a <small>U</small> DUMA	1	2	3	4	5
E <small>U</small> zA M <small>Y</small> P <small>J</small> a <small>A</small>	50,000	75,000	1,00,000	1,12,500	1,25,000
±A. 12 ¥ <small>E</small> A <small>A</small> a <small>E</small> ®	0.893	0.797	0.712	0.636	0.567

¤A WA ¥E AA aE® «ZAEF EAB S1A , AiEAdEAiAEB ¥J 2A° 1.

9. F PANEA zA±UMAzA oEtPA, aAvUPAiiAOZgME , EUMEAB PAqA»r-Aj :

- AAgAI 10,000 AiiEomUMA
- AAgAI °E ` 25 ¥ll AiiEomUÉ
- AAVEaZ ` 3 ¥ll AiiEomUÉ
- PE ° aZ ` 2 ¥ll AiiEomUÉ
- TgA aZ ` 30,000

` 1,50,000 , AEzA aA ` EUSrzA ZP ±A. 10 DVgVzE

« .. ÁUÀ - 1

III. AiiA^alzAzgⁱE Jgqⁱ Y^alUkUⁱE Gv^j 1. v^kA 15 CAPUMA:

2 x 15 = 30 Marks

10. o^lz^lz^a Ág^aP^mÁi^a « « z^l CAU^UME^b «^a j 1.
11. « « z^l SU^ai^a - Á^a Á^a±^a o^lw^UME^b «^a j 1.
12. P^Yh^aAi^aEz^z 60,000 ^alE^oiz^z Y^alM^aMⁱ o^lPE^b ^alEg^a ^alDU^UAC^alUⁱE Rj Á^c 1 z^l
Cz^l v^j U^e E^aV^ag^zz^a U^az^aPA^a «^a g^zU^a F^a P^Yh^aE^aW^aÉ

^alDU^U v^j U^e E^aV^ag^zz^a U^az^aP^a (`)

1	10,000
2	10,000
3	10,000

F^a P^Yh^aE^aW^aÉ P^Yh^aq^a»r^ajj :

- a) ^alAg^ao^lrP^a C^al^a
b) ,g^a,j o^lerP^a ^al^a° E^a,g^a,j U^az^aP^a
c) ± Á^a.15% ^alE^ar z^lz^aP^a o^llA^a Y^alM^aA^a a^{lE}o^l Á^a.15g^aV^a 3 ^alDU^UAC^alUⁱE ` 1g^a
Y^alM^aA^a a^{lE}o^l 2.283 DVg^aV^a
d) F^a P^Yh^aE^aW^aÉ z^lz^a a^{lA}l^aY^alM^aA^a a^{lE}o^lU^az^aÉ S^al^a DAv^a p^a Y^alM^aP^a z^l
z^lz^a Y^alM^aA^a a^{lE}o^l
23% 2.011
24% 1.981

13. F^a P^Yh^aE^a «^a g^zU^az^az^ar^a ÁSaq^a Á^al^az^aC^al^aP^a i^az^aÉ CAz^aF^a 1j :

- a) RZ^alDU^UÁ:
P^Yh^a 52,000 ^alA^al^aP^a
,g^a,j a^{lA}l^aY^alM^aA^a 9,600 ^alA^al^aP^a
P^Yh^a,j Á^aS^al^a 12,480 ^alA^al^aP^a
,l^aU^a 2,000 ^alA^al^aP^a
Ev^al^aE RZ^alDU^UÁ 9,600 ^alA^al^aP^a
- b) Eq^al^al^aP^az^a,g^a,j a^{lE}l^a
1z^al^al^az^a,g^a,j Á^al^aY^alM^aA^a 1,000
P^Yh^al^al^az^a,g^a,j 1,600
- c) RZ^alDU^UÁ a^{lA}l^aY^alM^aA^a (v^al^al^al^al^aY^alM^aA^a) 1,600 ^alA^al^aP^a
- d) ^alAg^al^a:
,l^aAAi^a ^alAg^al^a 62,400 ^alA^al^aP^a
«z^al^a ^alAg^al^a 15,600 ^alA^al^aP^a

Contd.....6

- e) RZÄÖUMÄ ¥Ä° ÄVAIÄ° ÈÄ «½ÄS:
 PÄE° 1½ a ÄGUUMÄ
 PIZÄN , ÄPÄ a ÄVÄU , ÄÄ ÄVÄ 1½ wAUUMÄ
 PläÄj , ÄS½Ä½ wAUUMÄ
 ..Är UÉ – 6 wAUUMÄ
 Evig a ÄZUMÄ – 1½ wAUUMÄ

f) UÄP PÄ UÉ xÄqÄ ÁZÄ , Ä®:
 , ÄÄAIA a ÄÄgÄPÄmÄ 6 a ÄGUUMÄ
 «ZÄ2Ä a ÄÄgÄPÄmÄ 1½ a ÄGUUMÄ

« ÁUJA - r

MEZELUMA: 80 CAPSULE

IV. AIAA^a AZAZONE MAZI YEEUE GVI 1, VÍÁ 10 CAPUUA: 1 x 10 = 10 Marks

14. AİMÄCÄP^gAT «ZÄE^aA ÄVÄU AİMÄCÄP^gAT PË , AŞAC^üZÄPÄEKEÄVÄP^aCA±UMIÄB «^a » 1.
 15. ZÄR^aÄL SÄQ^aPÄÄP^gÄB «Z^aD^a , A^a ««ZÄCA±UMIÄB «^a » 1.

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