P09/FM2101/EE/20121017

Time : Three Hours **Marks : 100**

Instructions to Candidates :

1) There are **two** sections.
2) Section I carries **60** marks and Section II carries **40** marks.
3) From Section I, answer **any four** questions. Section II is **compulsory**.
4) Figures to the right indicate full marks.
5) Answers to the two sections should be written in **one** and the **same** answer book.

SECTION I

1. Define risk and uncertainty. Explain the major risk return decision areas. **15**

2. What is capital budgeting? Point out the factors affecting capital investment decisions. **15**

3. Examine the advantages and limitations of ratio analysis. **15**

4. State and explain the reasons for mergers. Point out the dangers of mergers. **15**

5. M/s. Lalwani & Co. has Rs. 2,00,000 to invest. The following particulars are under consideration. The cost of capital for the company is estimated to be 15%. The other particulars are as follows : **15**

Project	Initial outlay (Rs.)	Annual cash (Rs.)	Life of project (Years)
A	1,00,000	25,000	10
B	70,000	20,000	08
C	30,000	6,000	20
D	50,000	15,000	10
E	50,000	12,000	20

Rank the given proposals (projects) on the basis of the following methods :

1) Payback method

2) Net present value method

3) Profitability index method

Present value of annuity of Re. 1 received in steady stream discounted at the rate of 15% is as per below :

8 years = 4.6586

10 years = 5.1790

20 years = 6.3345

6. From the following details, you are required to make an assessment of the average amount of working capital requirement of Super Ltd. **15**

Particulars	Average period of credit	Estimated for the first year (Rs.)
Purchase of material	6 weeks	26,00,000
Wages	1.5 weeks	19,50,000
Overheads :		
Rent, rates, etc.	6 months	1,00,000
Salaries	1 month	8,00,000
Others	2 months	7,50,000
Sales :		
Cash	–	2,00,000
Credit	2 months	60,00,000
Average amount of stock and work in progress	–	4,00,000
Average amount of undrawn profits	–	3,00,000

It is to be assumed that all expenses and incomes were made at an even rate for the year.

SECTION II

7. Read the following case and answer the questions given below :

Mr. N. P. Dave is a director of marketing for XYZ Company based in Pune with a turnover of Rs. 20 crores in 2003–04. XYZ Company is marketing localized brands of food products consisting of biscuits, breads, jams, pickles, as well as beverages used in leading hotels. The company sells its products throughout the country. In a fast growing competitive market, the company has been facing a setback for the last two years. The sales have declined by about 15 percent and marketing cost has increased by 3 percent. The gross margin now is only 6%. XYZ is a debt free company, the written down value of fixed assets is 2 crores and working capital requirements are met by internal accruals.

Mr. Dave has received a report from a management consultant about certain changes in the present sales organization of the company. The consultant summarizes that this setback is due to an ineffective distribution system and unstructured organization of the sales department of the company. The director of marketing is heading the sales organization. The sales manager assists him. The company has appointed regional managers based on regions as South at Bangalore, West at Mumbai, North at Delhi and East at Calcutta. The contribution to turnover from Southern region is 40%, Western region 45%, Northern region 10% and Eastern region 5%.

There are senior executives who assist the divisional managers in administration of accounts and supervision of sales activity. The salesman forms the first line of the sales force and spends his entire time in the field. All decisions are taken at the top level. Taking prompt decisions in the field has become increasingly necessary as a result of cutthroat competition for these products in the markets. The management consultant

feels that there exists a long chain at the top in the present set-up of the sales. He is also of the opinion that the posts of senior executives are almost redundant and should be abolished. The divisional managers should be given more decentralized powers. The salesmen should also be given intensive training to raise their efficiency of performance, as the current level of productivity is 60%.

The managing director of the company has plans to invest Rs. 8 crores in information technology. No significant gains in sales are expected. The manpower cost savings are estimated at Rs. 25 lakhs per year.

Questions :

a) Analyze the case. **20**

b) What action will you suggest to the managing director for meaningful results, in the short-term and the long-term? **20**

P09/FM2102/EE/20121018

Time : Three Hours **Marks : 100**

Instructions to Candidates :

1) There are **two** sections.
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SECTION I

1. State and explain the characteristics of income tax. **15**

2. What does salary include? What conditions must be satisfied for an income to be charged under the head, 'Income from Salaries'. **15**

3. Enumerate the expenses and payments that are not allowed as deductions from income chargeable under the head, profits and gains from business or profession. **15**

4. Describe the various exemptions granted from income tax under the head, 'capital gains' under Income Tax Act, 1961. **15**

5. State and explain the various deductions that are allowed to be made from the gross total income. **15**

6. Write notes on the following : **15**
   a) Objectives of custom law
   b) Liability for central excise
   c) Liability for central sales tax

o) She paid donation to the government for the promotion of family planning Rs. 5,000.

p) She paid life insurance premium Rs. 20,000 and tution fees for her son Rs. 50,000.

q) Professional tax paid Rs. 3,500 p.a.

Questions :

i) Compute the total income of Mrs. Vijaya for the assessment year, 2011–12. **25**

ii) Compute the tax liability of Mrs. Vijaya for the assessment year, 2011–12. **10**

iii) Show the working of the house rent allowance. **5**

P09/FM2103/EE/20121019

Time : Three Hours **Marks : 100**

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SECTION I

1. Differentiate between the following :

   a) Managing director and a whole-time director 8

   b) Manager and a managing director 7

2. Explain the duties of a director in a public limited company. 15

3. Write notes on the following :

   a) American depository receipt / GDR 7

   b) Indian joint ventures abroad 8

4. a) Who is a nonresident Indian (NRI)? 5

   b) Explain the different schemes under which NRIs can have deposits with banks in India. 10

5. Discuss the clauses of the Memorandum of Association. 15

6. Write an elaborate note on 'charge'. 15

SECTION II

7. A company at its extraordinary general meeting passed a resolution altering its articles and vested in the board of directors a blanket power to call upon any one or more members, where the board was of the prima facie view that an act or conduct of such a member or members was prejudicial to the interest of the company, to transfer his or her shares to such other members as may be nominated by the board in that behalf.

   a) What was the prima facie view of the board? **10**

   b) Discuss the legality of such an alteration. **10**

8. A. B. Limited owes an amount of Rs. 5,000 to *R*, a shareholder, as unpaid dividend. *R* has not yet paid his calls on shares to the company to the extent of Rs. 3,000. **10**

   Can A. B. Limited set off the dividend amount towards the calls in arrears and pay the balance to *R*?

9. A. E. Limited was registered with the Registrar of Companies, Calcutta, on 15th January, 2010. The Registrar of Companies, Bombay registered on 15th May, 2010 a company with the same name. On coming to know of this, the first company which was registered wants to prevent the other company from continuing with the same name. **10**

   Advise the company which registered itself on 15th May, 2010.

Time : Three Hours | Marks : 100

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SECTION I

1. What do you understand by a financial system? Give the functions of the financial market. **15**

2. Describe any five types of risks banks usually face. **15**

3. What are the functions of RBI as per the Act, 1948? Describe any three in detail. **15**

4. Discuss the position of merchant banking in India. **15**

5. Define a swap and state its uses. **15**

6. What is a stock exchange? Write a descriptive note on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). **15**

SECTION II

7. Case study I **20**

Tata Mutual Fund is a leading mutual fund in India which is managed by Tata Asset Management Company Ltd., a Tata Group company. The fund has given good returns on its many existing schemes. The Tata fund proposes to launch a new scheme under Tata Balanced Fund, an open-ended fund. The aim of the fund is to invest 50% in public securities and balance 50% in enquiry of leading companies. As a financial analyst, analyze the case.

8. Case study II. **20**

You are the financial consultant of KBC Ltd., a company set up for manufacturing motorcycles. Please prepare a report for the chairman of the company on the importance of current ratio, quick ratio, debt utilization ratio and debt equity ratio.

P09/FM2105/EE/20121020

Time : Three Hours | Marks : 100

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4) Figures to the right indicate full marks.
5) Answers to the two sections should be written in **one** and the **same** answer book.

SECTION I

1. Explain the role of the financial system in the economic progress of a country. **15**

2. What is a stock market index? Explain the process of computation of the Sensex. **15**

3. State and explain the different types of mutual fund schemes. **15**

4. Explain the concept of leasing. State the different types of lease agreements and their advantages. **15**

5. Describe the steps in a debt securitization process. Point out the advantages of securitization. **15**

6. Explain the process of venture capital financing. What are the different modes in which such financing is made? **15**

P09/FM2108/EE/20121022

Time : Three Hours **Marks : 100**

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4) Figures to the right indicate full marks.
5) Answers to the two sections should be written in **one** and the **same** answer book.

SECTION I

1 State and explain any five principles of global finance **15**

2. State and explain any four types of transaction in the foreign exchange market. **15**

3. What are the various determinants of exchange rates? **15**

4. State and explain the methods of translation used to translate the balance sheet of foreign branches of an organizations. **15**

5. When as banking became multinational? Explain. **15**

6. What are the various global funding avenues that are available in the global market? **15**

SECTION II

7. Foreign affiliate borrows pounds at a foreign interest rate of 10% and a pound is appreciated by 8%

   a) If Tau (τ) = 0, calculate the foreign affiliate percentage. **5**

   b) If Tau (τ) = 6%, calculate the foreign affiliate cost percentage. **5**

8. The current exchange rate of the dollar is Rs. 45 per dollar. An organization sells $ 80,000 (eighty thousand) through the forward contract at an exchange rate of Rs. 45 per dollar after speculating that the value of the dollar will depreciate in the future. When the exchange rate of the dollar becomes Rs. 42 per dollar then organization purchases the dollar currency. So what is the profit gained by the organization through speculation for a weak currency in the forward market. **10**

9. The bid rate of the US dollar against the rupee is 48.85 in the inter bank market. A bank decides its TT buying rate according to its exchange margin of 0.125%.

   a) What will be the value of TT buying rate? **5**

   b) If a customer wants to cash a draft of 10,000 USD from a bank according to the bid rate, how much it would pay? **5**

10. A company borrows 5,00,000 US dollars for a period from 2nd February, 2010 to 21st March, 2010. The rate of interest the company pays for this time period is 3%. Calculate the interest by following Swiss practice. **10**

P09/FM2109/EE/20121022

Time : Three Hours **Marks : 100**

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4) Figures to the right indicate full marks.
5) Answers to the two sections should be written in **one** and the **same** answer book.

SECTION I

1. Discuss in detail the role of financial institutions. **15**

2. What is a loan syndication? Explain the loan syndication procedure and its advantages in India. **15**

3. State and explain the advantages and disadvantages of leasing. **15**

4. Explain the various types of insurance. What are the various types of changes that have occurred in the insurance industry? **15**

5. Explain the guidelines that are followed by industrial banks at the time of providing finance to industrial project. **15**

6. Discuss the functions of Reserve Bank of India. **15**

SECTION II

7. Read the following case and answer the questions given below :

Even though the nationalized banking industry has, over the decades, built up extensive business, there is still a vast untapped potential and many lines of business have remained under-developed. Arrival of new players should speed up the spread of products with better reach to the markets. All this followed by the liberalization has led to customers hoping for excellent customer service. An insight where a customer has given some insights based on what he has experienced with a leading private sector bank – XYZ.

It was last week of June; XYZ bank announced a special Home loan scheme to any buyer of property in Pune. The scheme terms were attractive. Booking had to be on spot for a housing loan to be availed in six months for approved builders. The rate of interest offered was 8.25% p.a., the lowest rate prevailing in the market with 0.5% processing fees. The scheme was a grand success in Pune more than Rs. 200 crores worth property was booked within four days.

Mr. and Mrs. ABC opted for the scheme with an understanding that Mrs. ABC would only be the guarantor and not a co-borrower as she is an employee of a nationalized bank, and had already availed of a loan from a bank. ABC family booked a flat with a leading builder by registering the property in joint names valued at Rs. 15 lakhs. In August, after paying a sum of Rs. 10 lakhs as their contribution, they asked XYZ personnel to release the balance after complying with all the necessary documents as stipulated by Direct Selling Agency of XYZ.

After four days, they were informed that though Mrs. ABC was earning a decent salary and her income tax returns were filed, they could not be given the funds as in case of XYZ there is no guarantor scheme.

The builder had raised a demand for Rs. 3 lakhs with interest payable at 2% per month as per their agreement. Mr. Varma of XYZ stated that the document would have to be in Mr. ABC's name or Mrs. ABC would have to be a co-borrower. The former option meant re-registration, which had commercial implications of 5% for the first ten lakhs and 8% for every lakh or part thereof after. The latter option was time consuming as approval from head office was required and could take atleast two months.

ABC family decided to get a special clearance from their bank as Mr. Varma refused to budget. This took two months, which resulted in interest penalty payable to the builder. Mr. ABC was frustrated with his experience.

Questions :

a) Analyze the case. **20**

b) Suggest the right option to ABC family with suitable reasons. **10**

c) Compute the cost implications of various alternatives before ariving at a decision. **10**

P09/FM2110/EE/20121022

Time : Three Hours **Marks : 100**

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SECTION I

1. State and explain the various methods of estimating costs. **15**

2. What is the meaning of quality assurance? Discuss the management actions and activities for quality assurance. **15**

3. Write notes on the following : **15**

   a) JIT purchasing

   b) Elements of JIT purchasing

   c) JIT scheduling

4. State and explain any five factors that affect productivity of an organization. **15**

5. What are the various types of decisions? Describe any five. **15**

6. What do you understand by nonfinancial performance measures? Give the types of nonperformance measures. **15**

SECTION II

7. Read the following case and answer the questions given below :

Global teck India Ltd. is accelerating entry level training program called "Global teck academy" to churn out more ready to deploy fresh enginnering graduates. The company has also increased its focus on contracting employees as well as restricting international travel.

The above measures will help it to keep expenses flat for next few months till the uncertainties passes away. Additionally, they are trying to seek out suggestions/innovative ideas from employee to manage costs and enhance productivity.

Questions :

a) Do you think that stategic cost management is usually inextricably associated with revenue and profit planning? Give your opinions and suggestions. **10**

b) Give the innovative ideas on work force management tools the firm will adopt to control labour cost. **10**

c) What are the policies and techniques adopted to minimize compliance risk? **10**

d) What are the steps taken to improve work force productivity? **10**