Instructions :

1. All questions are compulsory.
2. Figures to the right indicates marks.
3. Use of simple calculator is allowed.
4. Show working wherever necessary.

Q.1 Three Firms X, Y, and Z manufacture the same product. The selling price is Rs. 8/- per unit. The fixed costs for firms X, Y and Z are Rs. 80,000/-, Rs. 2,00,000/- and Rs. 3,30,000/- respectively.

The variable cost per unit are Rs. 6, Rs. 4 and Rs. 3 respectively.

Determine the Break-even-point for all the three firms. How much profits are earned by each of the firms when they sell 80000 units each? **[15]**

OR

Q.1 Calculate P/V Ratio, Margin of safety and Break Even Point (Both in terms of units and value) from the following data. **[15]**

Total No. of units manufactured & sold	400
Variable cost per unit	Rs. 30/-
Total Fixed cost	Rs. 5000/-
Selling price per unit	Rs. 80/-

Q.2 Aishwarya Engineering Ltd. is considering two investments each of which requires an initial investment of Rs. 1,80,000/- The total cash inflow i.e. Profit after Taxes and depreciation charges for each project are : **[15]**

Year	Project A	Project B
1	30,000	60,000
2	50,000	1,00,000
3	60,000	65,000
4	65,000	45,000
5	40,000	—
6	30,000	—
7	16,000	—

The cost of capital is 8%

Rank their profits under Net Present Value method. which is most profitable?

Year	1	2	3	4	5	6	7

OR

Q.2 What is Corporate Finance ? State and explain the features and importance of Corporate Finance. **[15]**

Q.3 Calculate the Weighted Average Cost of Capital from the following . **[15]**

Particualrs	Rs. in Lakhs
Equity Capital	400
Internal Generation	200
12% Preference Shares	100
13% Debentures	800
12% Cash Credit From Banks	700
Current Liabilities	300
TOTAL	**2500**

The required after tax rate of return on equity is 18% and on internal cash generation is 15% and on Debentures is 7.8%. The tax rate is 40%.

OR

Q.3 Explain the term cost of capital. Discuss the components of cost of capital. **[15]**

Q.4 SRK Ltd. planning an expansion programme which will require Rs. 30 crores and can be funded through one of the following options. **[15]**

a) Issue further equity shares of Rs. 100/- each at par

b) Raise loans at 15% interest.

c) Issue preference shares at 12%

Present paid up capital is Rs. 60 crores and average annual EBIT is Rs. 12 crores. Assume Income Tax rate at 50%. After the expansion EBIT is expected to be Rs. 15 crores per annum.

Calculate EPS under the three financing options to indicating the alternative giving the highest return to the equity shareholders.

OR

Q.4 a) What is Preference share ? Discuss in detail the various types of Preference shares. **[8]**

b) Write note on : a) IPO **[7]**

b) Bill Discounting