(3 Hours) **Total Marks: 80**

Note:

1. **Question No. 1 is compulsory**.
2. Attempt any **THREE** out of the remaining **FIVE** questions.
3. Assume suitable data if necessary.

<table>
<tr><td>Q. 1.</td><td></td><td>Write short notes on any FOUR</td><td>(20)</td></tr>
<tr><td></td><td>(a)</td><td>Equity shares</td><td></td></tr>
<tr><td></td><td>(b)</td><td>Trade Credit and Bank finance</td><td></td></tr>
<tr><td></td><td>(c)</td><td>Gordon’s Approach</td><td></td></tr>
<tr><td></td><td>(d)</td><td>Cash Flow Statement</td><td></td></tr>
<tr><td></td><td>(e)</td><td>Corporate Finance</td><td></td></tr>
<tr><td></td><td></td><td></td><td></td></tr>
<tr><td>Q. 2.</td><td>(a)</td><td>Explain Functions of Financial systems.</td><td>(10)</td></tr>
<tr><td></td><td>(b)</td><td>The Both the stocks of ITML[Industrial Tube manufacturers Ltd.] And PRL[industrial Refrigeration Limited] are selling at Rs. 100 per share. The required details are given below
<table>
<tr><td></td><td colspan="4">Economic Condition</td></tr>
<tr><td></td><td>High Growth</td><td>Low Growth</td><td>Stagnation</td><td>recession</td></tr>
<tr><td>Probability</td><td>0.3</td><td>0.4</td><td>0.2</td><td>0.1</td></tr>
<tr><td>Return on ITML Stock</td><td>100</td><td>120</td><td>140</td><td>160</td></tr>
<tr><td>Return on PRL Stock</td><td>150</td><td>140</td><td>130</td><td>120</td></tr>
</table>
Calculate the Expected Return and standard deviation of investing
a] Rs. 10000 in the equity stocks of ITML.
b] Rs. 10000 in the equity stocks of IRL.
c] Rs. 5000 each in equity stocks of ITML and IRL.</td><td>(10)</td></tr>
<tr><td></td><td></td><td></td><td></td></tr>
<tr><td>Q. 3.</td><td>(a)</td><td>Explain Money market and instruments used for it.</td><td>[10]</td></tr>
<tr><td></td><td>(b)</td><td>Explain Walter’s Approach for dividends</td><td>[10]</td></tr>
<tr><td>Q. 4.</td><td>(a)</td><td>Explain different types of Liquidity Ratios</td><td>(10)</td></tr>
<tr><td></td><td>(b)</td><td>Consider a project in which details of cash flow is given below
<table>
<tr><td>year</td><td></td><td>Cash flow</td></tr>
<tr><td>[Investment]</td><td>0</td><td>80,00,000</td></tr>
<tr><td>Benefits -</td><td>1</td><td>20,00,000</td></tr>
<tr><td></td><td>2</td><td>25,00,000</td></tr>
<tr><td></td><td>3</td><td>30,00,000</td></tr>
<tr><td></td><td>4</td><td>35,00,000</td></tr>
</table></td><td>(10)</td></tr>
</table>

		5 | 40,00,000 A] Calculate NPV if the cost of Capital, r, is 10 percent. B] Calculate Benefit Cost Ratio and Net Benefit Cost Ratio. if the cost of Capital, r, is 11 percent.	
Q. 5.	(a)	Explain Short term sources of finance.	(10)
	(b)	Consider a project in which details of cash flow is given below year | Cash flow [Investment] 0 | 90,00,000 Benefits - 1 | 20,00,000 2 | 25,00,000 3 | 30,00,000 4 | 35,00,000 5 | 40,00,000 A] Calculate discounted payback period if the rate of discount is 12 percent **B]** Calculate the Internal Rate of return for the above project.	(10)
Q.6	(a)	Explain Long term sources of finance.	[10]
	(b)	Write different types of efficiency or Activity Ratios	[10]