

12. (a) What are the differences between NPV and IRR?

Or

- (b) Calculate internal rate of return from the following information:

Particulars	Amount (Rs.)
Initial investment	60,000
Life of the asset	4 years
Estimated net annual cash flows:	
1 st year	15,000
2 nd year	20,000
3 rd year	30,000
4 th year	20,000

13. (a) What are the factors that affect dividend policy? Briefly discuss each of them.

Or

- (b) The data relating to two companies are as given below:

Particulars	Company - A	Company — B
Capital (Rs.)	6,00,000	3,50,000
Debentures (Rs.)	4,00,000	6,50,000
Output per annum (Units)	60,000	15,000
Selling price (per unit)	30	250
Fixed cost (per annum)	7,00,000	14,00,000
Variable cost (per unit)	10	75

You are required to calculate operating, financial and combined leverages of the two companies.

14. (a) What are the factors affecting working capital management decisions?

Or

- (b) From the following information of Ruthvik Limited, you are required to calculate

- (i) Net Operating Cycle Period,
(ii) No. of Operating Cycles in a Year.

	Rs.
1 Raw material inventory consumed during the year	6,00,000
2 Average stock of raw material	50,000
3 Work-in-progress inventory	5,00,000
4 Average work-in-progress inventory	30,000

5	Finished goods inventory	8,00,000
6	Average finished goods stock held	40,000
7	Average collection period from debtors	45 days
8	Average credit period availed	30 days
9	No. of days in a year	360

15. (a) Explain the recent developments in the Indian new issue market.

Or

(b) What is venture capital finance? Explain the modes of financing used by venture capitalists.
