

Program/Sem:	M.Com Part II – Sem - III	Course:	Financial Services
Program Code:	2120361	Course Code:	59333
Duration:	2 Hours	07 NOV 2025	Max. Marks: 50
Instructions:			
<ol style="list-style-type: none"> 1. All questions are compulsory. 2. Figures to the right indicate full marks. 3. Draw neat diagrams wherever necessary. 			

Q. 1 Case Study [10]

Haldiram Foods Pvt. Ltd., a food manufacturing company based in Rajasthan, plans to build a new processing unit. The company needs a piece of land measuring 10,000 sq. ft.

They have two options:

- Option 1: Lease the land for 10 years at a lease rent of ₹2,00,000 per year, payable at the end of each year.
- Option 2: Purchase the land outright for ₹15,00,000.

If purchased, the land is expected to have a resale value of ₹10,00,000 after 10 years.

The company's cost of capital is 10% per annum.

Questions:-

- Q1. Calculate what will be the total lease rent paid over 10 years?
- Q2. If Haldiram buys the land, what will be its effective cost after resale at the end of 10 years?
- Q3. Calculate and prove which option appears cheaper based only on total amount (without discounting)?
- Q4. If the time value of money (10%) is considered, calculate and show which option is financially better?
- Q5. Mention one non-financial benefit of leasing the land instead of buying it.

Q. 2 Attempt the following (Any One). [10]

A. Distinguish between Operating Lease and Financial Lease

OR

B. Adani Ltd. is planning to lease the asset having total value of Rs. 1,00,000 on rentals of Rs. 33,000 p.a. for three years. The following additional information is available.

- (a) The company has an effective tax rate of 30%
- (b) The company employs a discounting rate of 10%

You are required to calculate net cash outflow of the company, if company opts for leasing of asset for three years, considering the above discount rate. Define and

Q. 3 Attempt the following (Any One).

[10]

A. Define Factoring. Explain types of Factoring.

OR

B. Factor charge 1% and interest rate of 18% on all advanced, monthly sales is Rs. 1,25,000 and factor advanced 80% receivables submitted after deducting the 1% fee and the interest, credit term is net 30 days. What amount can the company receive from the factoring company?.

Q. 4 Attempt the following (Any One).

[10]

A. A bond of Rs. 1,000 has a coupon rate of 8% p.a. The bond is currently selling at Rs. 910. Calculate the yield to maturity in the investment of this bond if the maturity period is,
1) 3 years 2) 5 years 3) 7 years

OR

B. What is Private Equity Fund, explain it's advantages and disadvantages.

Q. 5 Attempt the following (Any One).

[10]

A. Define Diversification. Explain the Advantages and Disadvantages of Diversification.

OR

B. Distinguish between Active and Passive Strategies of Portfolio Management Services

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