

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:**

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 its 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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