**Corporate Finance**

**NMIMS Centre for Distance and Online Education (NCDOE)**

**Internal Assignment Applicable for April 2025 Examination**

**1. Mr. Joshi is the Finance Manager at M/s Vriddhi Impex. The Company is looking at lateral growth and diversification into garment making from cloth making. For doing this, there needs to be put up a factory with all the latest machinery for cutting and stitching garments. The cost of acquisition of land, setting up the factory and buying the machinery works out to Rs. 100 lacs. It is estimated that the project will start generating revenue immediately from year 1. The Net revenue (after tax) for the next 5 years is Rs. 20 lacs, 30 lacs, 35 lacs, 45 lacs, 48 lacs.**

**A new loan is available to Vridhi Impex at 9% p.a. interest rate (net of tax). Mr. Joshi has another proposal which gives him a return of 12% p.a. and hence he does not want to invest below this rate.**

**Assist Mr. Joshi to evaluate the project proposal using NPV and IRR. (Show all calculations for comparing it with the alternative proposal also). Should he go ahead with the project proposal?**

**Answer:**

**Introduction:**

Mr. Joshi, the Finance Manager at M/s Vriddhi Impex, is considering a diversification project into garment manufacturing. The company plans to set up a new factory with machinery costing Rs. 100 lacs, and it expects to generate net revenues over the next five years. To assess the viability of this investment, the Net Present Value (NPV) and Internal Rate of Return (IRR) of the project will be calculated. These evaluations will be compared with an alternative proposal offering a 12% return to guide the decision.

**This is partially solved sample answer**

**Unlock your academic success with our fully solved NMIMS assignments available for the April 2025 session!**

**We guarantee the lowest price of just INR 150 per assignment, ensuring you receive top-quality solutions tailored to your needs.**

**Reach out today and secure your fully solved NMIMS assignments at the best prices.**

**Email: For inquiries and orders, reach out to us at** [**smu.assignment@gmail.com**](smu.assignment%40gmail.com)

**WhatsApp: You can also contact us directly at +919741410271 for immediate assistance**

**Our website:** [**https://www.mbaassignmentsolutions.com/**](https://www.mbaassignmentsolutions.com/)

**2. Parag is evaluating 3 options for investment of his surplus money of Rs. 15,00,000/- for a period of 5 years.**

**i. Invest it in a Debenture which gives him a return of 12% compounded quarterly.**

**ii. Invest in a Corporate Deposit at a rate of 9% compounded bi-annually.**

**iii. Invest it in a Business Proposal which gives him the following returns.**

**Considering the risk involved, the discounting factor is considered @ 11%.**

|  |  |
| --- | --- |
| **Year** | **CF** |
| **1** | **250,000** |
| **2** | **350,000** |
| **3** | **575,000** |
| **4** | **525,000** |
| **5** | **645,000** |

**As his finance advisor which option would you suggest him. Provide reasons.**

**Answer:**

**Introduction:**

Parag is considering three investment options for his surplus funds of Rs. 15,00,000 over a 5-year period. The options include investing in a debenture offering 12% quarterly compounded return, a corporate deposit at 9% compounded bi-annually, and a business proposal with varying cash flows over the five years. As his financial advisor, a thorough evaluation of the return on investment (ROI), including NPV and the overall risk-reward profile of each option, will help in recommending the most suitable investment strategy.

**This is partially solved sample answer**

**Unlock your academic success with our fully solved NMIMS assignments available for the April 2025 session!**

**We guarantee the lowest price of just INR 150 per assignment, ensuring you receive top-quality solutions tailored to your needs.**

**Reach out today and secure your fully solved NMIMS assignments at the best prices.**

**Email: For inquiries and orders, reach out to us at** [**smu.assignment@gmail.com**](smu.assignment%40gmail.com)

**WhatsApp: You can also contact us directly at +919741410271 for immediate assistance**

**Our website:** [**https://www.mbaassignmentsolutions.com/**](https://www.mbaassignmentsolutions.com/)

**3. a) In the following Balance sheet, calculate the Current Ratio and the Acid Test Ratio for both years Mar 2024 and Mar 2023. What do they indicate about the company’s financial position and the movement over the years?**

|  |  |  |
| --- | --- | --- |
| **Tata Motors** |  |  |
|  | **--------------- in Rs. Cr. --------------** |
|  | **Mar 24** | **Mar. 23** |
| **EQUITIES AND LIABILITIES** |  |  |
| **SHAREHOLDER'S FUNDS** |  |  |
| **Equity Share Capital** | **766.50** | **766.02** |
| **Total Share Capital** | **766.50** | **766.02** |
| **Reserves and Surplus** | **29,374.83** | **21,701.37** |
| **Total Reserves and Surplus** | **29,374.83** | **21,701.37** |
| **Money Received Against Share Warrants** | **-** | **-** |
| **Total Shareholders’ Funds** | **30,141.33** | **22,467.39** |
|  | **1.72** | **2.46** |
| **NON-CURRENT LIABILITIES** |  |  |
| **Long Term Borrowings** | **5,235.67** | **10,445.70** |
| **Deferred Tax Liabilities [Net]** | **49.78** | **51.16** |
| **Other Long-Term Liabilities** | **1,392.16** | **1,411.78** |
| **Long Term Provisions** | **1,936.92** | **1,588.75** |
| **Total Non-Current Liabilities** | **8,614.53** | **13,497.39** |
| **CURRENT LIABILITIES** |  |  |
| **Short Term Borrowings** | **8,535.37** | **8,426.74** |
| **Trade Payables** | **8,826.46** | **7,162.60** |
| **Other Current Liabilities** | **8,830.41** | **9,805.30** |
| **Short Term Provisions** | **1,133.92** | **408.89** |
| **Total Current Liabilities** | **27,326.16** | **25,803.53** |
| **Total Capital and Liabilities** | **66,083.74** | **61,770.77** |
| **ASSETS** |  |  |
| **NON-CURRENT ASSETS** |  |  |
| **Tangible Assets** | **11,990.26** | **12,129.14** |
| **Intangible Assets** | **2,353.79** | **2,413.18** |
| **Capital Work-In-Progress** | **645.03** | **575.65** |
| **Intangible Assets Under Development** | **588.92** | **509.30** |
| **Fixed Assets** | **15,578.00** | **15,627.27** |
| **Non-Current Investments** | **30,315.57** | **29,181.62** |
| **Deferred Tax Assets [Net]** | **1,558.65** | **1,477.26** |
| **Long Term Loans and Advances** | **101.89** | **114.40** |
| **Other Non-Current Assets** | **3,321.96** | **3,870.27** |
| **Total Non-Current Assets** | **50,876.07** | **50,270.82** |
| **CURRENT ASSETS** |  |  |
| **Current Investments** | **1,993.50** | **3,142.96** |
| **Inventories** | **3,470.38** | **3,027.90** |
| **Trade Receivables** | **2,765.16** | **2,307.72** |
| **Cash And Cash Equivalents** | **5,150.96** | **1,414.65** |
| **Short Term Loans and Advances** | **132.19** | **132.29** |
| **Other Current Assets** | **1,695.48** | **1,474.43** |
| **Total Current Assets** | **15,207.67** | **11,499.95** |
| **Total Assets** | **66,083.74** | **61,770.77** |

**Answer:**

**Introduction:**

The analysis of Tata Motors' financial position for the years ending March 2024 and March 2023 focuses on assessing the company's liquidity using key financial ratios: the Current Ratio and the Acid Test Ratio. These ratios help in evaluating the company's ability to meet its short-term liabilities with its short-term assets. By comparing the two years, we can gauge the changes in the company's financial health, liquidity, and risk, offering insights into its operational efficiency and stability.

**This is partially solved sample answer**

**Unlock your academic success with our fully solved NMIMS assignments available for the April 2025 session!**

**We guarantee the lowest price of just INR 150 per assignment, ensuring you receive top-quality solutions tailored to your needs.**

**Reach out today and secure your fully solved NMIMS assignments at the best prices.**

**Email: For inquiries and orders, reach out to us at** [**smu.assignment@gmail.com**](smu.assignment%40gmail.com)

**WhatsApp: You can also contact us directly at +919741410271 for immediate assistance**

**Our website:** [**https://www.mbaassignmentsolutions.com/**](https://www.mbaassignmentsolutions.com/)

**b) Monica has a debenture of Face value Rs. 100/- @ 8.5%. Calculate its current yield if:**

**i) Market Price is Rs. 98.90**

**ii) Market Price is Rs. 95.20 iii) Market Price is Rs. 105**

**What inference can you draw from this about the relation between Market price and yield?**

**Answer:**

**Introduction:**

Monica holds a debenture with a face value of Rs. 100 and an annual coupon rate of 8.5%. The current yield of a bond or debenture is calculated by dividing the annual interest income by the market price. The task is to compute the current yield for three different market prices: Rs. 98.90, Rs. 95.20, and Rs. 105. By analyzing the results, we can understand the inverse relationship between market price and yield, which helps in making informed investment decisions.

**This is partially solved sample answer**

**Unlock your academic success with our fully solved NMIMS assignments available for the April 2025 session!**

**We guarantee the lowest price of just INR 150 per assignment, ensuring you receive top-quality solutions tailored to your needs.**

**Reach out today and secure your fully solved NMIMS assignments at the best prices.**

**Email: For inquiries and orders, reach out to us at** [**smu.assignment@gmail.com**](smu.assignment%40gmail.com)

**WhatsApp: You can also contact us directly at +919741410271 for immediate assistance**

**Our website:** [**https://www.mbaassignmentsolutions.com/**](https://www.mbaassignmentsolutions.com/)