

Table A-4 Present Value Interest Factors for a One-Dollar Annuity Discounted at k Percent for n Periods:  $PVIFA = [1 - (1 + k)^{-n}] / k$

Period	1%	2%	3%	4%	5%	6%	7%	8%	9%	10%	11%	12%	13%	14%	15%	16%	20%	24%	25%	30%
1	0.9901	0.9804	0.9709	0.9615	0.9524	0.9434	0.9346	0.9259	0.9174	0.9091	0.9009	0.8929	0.8850	0.8772	0.8696	0.8621	0.8333	0.8065	0.8000	0.7892
2	1.9704	1.9416	1.9135	1.8861	1.8594	1.8334	1.8080	1.7833	1.7591	1.7355	1.7125	1.6901	1.6681	1.6467	1.6257	1.6052	1.5278	1.4560	1.4400	1.3699
3	2.9410	2.8859	2.8326	2.7811	2.7313	2.6830	2.6363	2.5911	2.5474	2.5051	2.4643	2.4249	2.3869	2.3502	2.3148	2.2807	2.1659	1.9813	1.9520	1.8161
4	3.9020	3.8077	3.7151	3.6240	3.5345	3.4465	3.3600	3.2750	3.1915	3.1094	3.0287	2.9494	2.8714	2.7947	2.7193	2.6452	2.4843	2.2443	2.2016	2.0000
5	4.8534	4.7195	4.5871	4.4561	4.3265	4.1983	4.0714	3.9459	3.8217	3.6988	3.5771	3.4566	3.3373	3.2192	3.1023	2.9865	2.7843	2.5043	2.4544	2.1992
6	5.7955	5.6144	5.4352	5.2578	5.0821	4.9080	4.7354	4.5643	4.3947	4.2265	4.0597	3.8943	3.7303	3.5676	3.4062	3.2460	2.9943	2.6743	2.6188	2.3192
7	6.7282	6.4970	6.2678	6.0404	5.8148	5.5908	5.3683	5.1473	4.9277	4.7095	4.4927	4.2773	4.0633	3.8506	3.6393	3.4293	3.1363	2.7843	2.7233	2.3792
8	7.6517	7.3705	7.0903	6.8110	6.5326	6.2550	5.9781	5.7027	5.4288	5.1554	4.8825	4.6101	4.3381	4.0665	3.7953	3.5244	3.1913	2.8043	2.7373	2.3492
9	8.5660	8.2348	7.9046	7.5753	7.2469	6.9193	6.5924	6.2661	5.9403	5.6150	5.2901	4.9657	4.6417	4.3180	3.9947	3.6717	3.2843	2.8543	2.7813	2.3492
10	9.4713	9.0901	8.7099	8.3306	7.9522	7.5747	7.1980	6.8221	6.4468	6.0720	5.6977	5.3238	4.9503	4.5772	4.2045	3.8319	3.3843	2.9143	2.8353	2.3492
11	10.3684	9.9372	9.5070	9.0777	8.6493	8.2218	7.7951	7.3691	6.9438	6.5190	6.0947	5.6708	5.2473	4.8241	4.4012	3.9785	3.4743	2.9743	2.8893	2.3492
12	11.2585	10.7773	10.2970	9.8177	9.3393	8.8618	8.3851	7.9091	7.4338	6.9590	6.4847	6.0108	5.5373	5.0641	4.5911	4.1182	3.5843	3.0543	2.9643	2.3492
13	12.1416	11.6104	11.0801	10.5508	10.0224	9.4949	8.9682	8.4421	7.9165	7.3914	6.8667	6.3424	5.8184	5.2946	4.7711	4.2477	3.6543	3.0843	2.9893	2.3492
14	13.0167	12.4355	11.8552	11.2759	10.6975	10.1190	9.5414	8.9647	8.3887	7.8132	7.2381	6.6633	6.0887	5.5142	4.9397	4.3652	3.7113	3.1143	3.0193	2.3492
15	13.8838	13.2526	12.6223	12.0430	11.4646	10.8871	10.3104	9.7345	9.1593	8.5846	8.0102	7.4360	6.8619	6.2878	5.7137	5.1395	4.4243	3.7943	3.6993	2.3492
16	14.7429	14.0617	13.3814	12.7421	12.1037	11.4662	10.8295	10.1936	9.5584	8.9237	8.2893	7.6550	7.0207	6.3864	5.7521	5.1178	4.3543	3.6943	3.5993	2.3492
17	15.5940	14.8628	14.1325	13.4432	12.7539	12.1164	11.4797	10.8438	10.2079	9.5725	8.9371	8.3017	7.6663	7.0309	6.3955	5.7601	4.9543	4.2943	4.1993	2.3492
18	16.4371	15.6559	14.8756	14.1363	13.4470	12.8095	12.1728	11.5369	10.9009	10.2649	9.6289	8.9929	8.3569	7.7209	7.0849	6.4489	5.5943	4.8943	4.7993	2.3492
19	17.2722	16.4410	15.6107	14.8214	14.1321	13.4940	12.8573	12.2214	11.5854	10.9494	10.3134	9.6774	9.0414	8.4054	7.7694	7.1334	6.2443	5.5443	5.4493	2.3492
20	18.1003	16.8361	15.9558	15.1665	14.4772	13.8391	13.2032	12.5673	11.9313	11.2953	10.6593	10.0233	9.3873	8.7513	8.1153	7.4793	6.5343	5.7843	5.6893	2.3492
21	18.9214	17.2012	16.3219	15.5522	14.8123	14.1642	13.5283	12.8924	12.2564	11.6204	10.9844	10.3484	9.7124	9.0764	8.4404	7.8044	6.8143	6.0643	5.9693	2.3492
22	19.7345	17.5463	16.6170	15.8073	15.0674	14.3693	13.7334	13.0975	12.4615	11.8255	11.1895	10.5535	9.9175	9.2815	8.6455	8.0095	7.0643	6.3143	6.2193	2.3492
23	20.5396	17.8714	16.8821	16.0324	15.2925	14.5944	13.9585	13.3225	12.6865	12.0505	11.4145	10.7785	10.1425	9.5065	8.8705	8.2345	7.2343	6.4843	6.3893	2.3492
24	21.3367	18.1765	17.1272	16.2275	15.4875	14.7895	14.1535	13.5175	12.8815	12.2455	11.6095	10.9735	10.3375	9.7015	9.0655	8.4295	7.3743	6.6243	6.5293	2.3492
25	22.1258	18.4616	17.3923	16.3926	15.6426	14.9446	14.3086	13.6726	13.0366	12.3906	11.7546	11.1186	10.4826	9.8466	9.2106	8.5746	7.5193	6.7693	6.6743	2.3492
26	22.9069	18.7267	17.6274	16.5277	15.7977	15.1097	14.4647	13.8287	13.1927	12.5467	11.9107	11.2747	10.6387	10.0027	9.3667	8.7307	7.6753	6.9253	6.8303	2.3492
27	23.6790	18.9718	17.8325	16.6328	15.9228	15.2648	14.6198	13.9838	13.3478	12.7018	12.0658	11.4298	10.7938	10.1578	9.5218	8.8858	7.8303	7.0803	6.9853	2.3492
28	24.4421	19.1969	18.0076	16.7179	16.0479	15.3899	14.7449	14.1089	13.4729	12.8259	12.1899	11.5539	10.9179	10.2819	9.6459	9.0099	7.9543	7.2043	7.1093	2.3492
29	25.1962	19.4020	18.1627	16.7830	16.1430	15.4850	14.8300	14.1940	13.5580	12.9110	12.2750	11.6390	11.0030	10.3670	9.7310	9.0950	8.0393	7.2893	7.1943	2.3492
30	25.9413	19.5871	18.2978	16.8381	16.2181	15.5601	14.9151	14.2891	13.6421	13.0061	12.3701	11.7341	11.0981	10.4621	9.8261	9.1901	8.1343	7.3743	7.2793	2.3492
31	26.6774	19.7522	18.4129	16.8832	16.2832	15.6252	14.9802	14.3542	13.7072	13.0712	12.4352	11.7992	11.1632	10.5272	9.8912	9.2552	8.1993	7.4493	7.3543	2.3492
32	27.4045	19.8973	18.5080	16.9183	16.3283	15.6703	15.0153	14.3993	13.7523	13.1163	12.4803	11.8443	11.2083	10.5723	9.9363	9.3003	8.2443	7.5143	7.4093	2.3492
33	28.1226	20.0224	18.5831	16.9434	16.3534	15.6954	15.0404	14.4244	13.7774	13.1414	12.5054	11.8694	11.2334	10.6074	9.9714	9.3354	8.2893	7.5693	7.4593	2.3492
34	28.8317	20.1275	18.6482	16.9585	16.3685	15.7005	15.0655	14.4495	13.8025	13.1665	12.5305	11.8945	11.2585	10.6325	10.0075	9.3705	8.3343	7.6143	7.5093	2.3492
35	29.5318	20.2126	18.7033	16.9636	16.3736	15.7056	15.0706	14.4646	13.8276	13.1916	12.5556	11.9196	11.2836	10.6576	10.0326	9.4056	8.3793	7.6693	7.5593	2.3492
36	30.2229	20.2877	18.7484	16.9687	16.3787	15.7057	15.0707	14.4697	13.8427	13.2167	12.5807	11.9447	11.3087	10.6827	10.0577	9.4307	8.4043	7.7143	7.6093	2.3492
37	30.9050	20.3528	18.7835	16.9688	16.3738	15.7008	15.0658	14.4648	13.8578	13.2418	12.6058	11.9698	11.3338	10.7078	10.0828	9.4558	8.4293	7.7693	7.6593	2.3492
38	31.5781	20.4079	18.8086	16.9639	16.3689	15.6959	15.0609	14.4599	13.8729	13.2669	12.6309	11.9949	11.3589	10.7329	10.1079	9.4809	8.4543	7.8143	7.7093	2.3492
39	32.2422	20.4530	18.8237	16.9540	16.3540	15.6810	15.0460	14.4500	13.8880	13.2920	12.6560	12.0199	11.3840	10.7580	10.1329	9.5059	8.4793	7.8693	7.7593	2.3492
40	32.8973	20.4881	18.8288	16.9391	16.3391	15.6661	15.0311	14.4401	13.9031	13.3171	12.6811	12.0449	11.4091	10.7831	10.1579	9.5309	8.5043	7.9143	7.8093	2.3492
41	33.5434	20.5132	18.8239	16.9242	16.3242	15.6512	15.0162	14.4302	13.9182	13.3422	12.7062	12.0702	11.4342	10.8082	10.1829	9.5559	8.5293	7.9693	7.8593	2.3492
42	34.1805	20.5283	18.8090	16.9093	16.3093	15.6363	15.0013	14.4203	13.9333	13.3673	12.7313	12.0953	11.4593	10.8333	10.2079	9.5809	8.5543	8.0143	7.9093	2.3492
43	34.8086	20.5334	18.7941	16.8944	16.2944	15.6214	14.9864	14.4104	13.9484	13.3924	12.7564	12.1204	11.4844	10.8584	10.2329	9.6059	8.5793	8.0693	7.9593	2.3492
44	35.4267	20.5285	18.7792	16.8795	16.2795	15.6065	14.9715	14.4005	13.9635	13.4175	12.7815	12.1455	11.5095	10.8835	10.2579	9.6309	8.6043	8.1143	8.0093	2.3492
45	36.0348	20.5136	18.7643	16.8646	16.2646	15.5916	14.9566	14.3906	13.9786	13.4426	12.8066	12.1706	11.5346	10.9086	10.2829	9.6559	8.6293	8.1693	8.0593	2.3492
46	36.6329	20.4887	18.7494	16.8497	16.2497	15.5767	14.9417	14.3807												

(b) What are Financial System Designs? Explain any two. (5)

2. (a) Elaborate the Book Building Process for IPOs. (10)

(b) What do you understand by E-IPO? (5)

3. MobiRevolution Pvt. Ltd. manufactures high end smart phones. They are planning to add new products in their portfolio for which they are evaluating whether to buy or lease an equipment. The equipment can be bought for Rs. 20,00,000 and is expected to have a useful life of 5 years with a salvage value of Rs. 1,50,000. The purchase can be financed by a 15 percent loan repayable in 5 equal annual installments including interest payable at the end of each year. Alternatively, it can be taken on annual year end lease rentals of Rs. 8,00,000. The machine is depreciated on Written Down Value Method at the rate of 20 percent, tax rate is 20 percent, cost of capital is 12 percent. Advise the company, whether they should buy or lease the equipment. (15)

Present Value and Future Value Tables

Table A-3 Present Value Interest Factors for One Dollar Discounted at k Percent for n Periods:  $PVIF_{k,n} = 1/(1+k)^n$

Period	1%	2%	3%	4%	5%	6%	7%	8%	9%	10%	11%	12%	13%	14%	15%	16%	20%	25%	30%
1	0.9901	0.9804	0.9709	0.9615	0.9524	0.9434	0.9346	0.9259	0.9174	0.9091	0.9009	0.8929	0.8850	0.8772	0.8695	0.8621	0.8333	0.8065	0.7820
2	0.9803	0.9612	0.9426	0.9246	0.9070	0.8900	0.8734	0.8573	0.8417	0.8264	0.8115	0.7972	0.7833	0.7695	0.7561	0.7432	0.6944	0.6504	0.6100
3	0.9706	0.9423	0.9151	0.8890	0.8638	0.8396	0.8163	0.7938	0.7722	0.7513	0.7312	0.7118	0.6931	0.6750	0.6575	0.6407	0.5787	0.5245	0.4750
4	0.9610	0.9228	0.8865	0.8514	0.8277	0.8043	0.7819	0.7602	0.7390	0.7184	0.6983	0.6787	0.6595	0.6407	0.6223	0.6043	0.5245	0.4375	0.3500
5	0.9515	0.9037	0.8683	0.8342	0.8109	0.7884	0.7665	0.7451	0.7242	0.7038	0.6838	0.6642	0.6450	0.6262	0.6077	0.5894	0.4750	0.3500	0.2500
6	0.9420	0.8851	0.8505	0.8171	0.7943	0.7724	0.7510	0.7300	0.7094	0.6891	0.6691	0.6494	0.6300	0.6109	0.5921	0.5735	0.4375	0.3000	0.2000
7	0.9327	0.8766	0.8427	0.8099	0.7876	0.7658	0.7444	0.7234	0.7027	0.6823	0.6621	0.6421	0.6223	0.6027	0.5833	0.5641	0.4000	0.2500	0.1500
8	0.9235	0.8681	0.8348	0.8024	0.7805	0.7590	0.7378	0.7169	0.6963	0.6759	0.6557	0.6356	0.6157	0.5960	0.5765	0.5572	0.3500	0.2000	0.1000
9	0.9143	0.8595	0.8267	0.7947	0.7731	0.7519	0.7309	0.7101	0.6895	0.6691	0.6487	0.6285	0.6084	0.5885	0.5688	0.5492	0.3000	0.1500	0.0500
10	0.9053	0.8511	0.8187	0.7870	0.7657	0.7446	0.7236	0.7027	0.6819	0.6613	0.6408	0.6204	0.6001	0.5799	0.5598	0.5397	0.2500	0.1000	0.0000
11	0.8963	0.8427	0.8107	0.7794	0.7584	0.7374	0.7164	0.6955	0.6747	0.6540	0.6334	0.6128	0.5923	0.5718	0.5514	0.5310	0.2000	0.0500	0.0000
12	0.8874	0.8344	0.8028	0.7719	0.7512	0.7303	0.7094	0.6886	0.6678	0.6471	0.6264	0.6057	0.5851	0.5645	0.5440	0.5235	0.1500	0.0000	0.0000
13	0.8787	0.8262	0.7949	0.7644	0.7439	0.7232	0.7024	0.6816	0.6608	0.6401	0.6193	0.5985	0.5777	0.5570	0.5363	0.5156	0.1000	0.0000	0.0000
14	0.8700	0.8180	0.7870	0.7568	0.7365	0.7158	0.6950	0.6742	0.6534	0.6325	0.6116	0.5907	0.5698	0.5489	0.5280	0.5071	0.0500	0.0000	0.0000
15	0.8613	0.8100	0.7793	0.7494	0.7293	0.7088	0.6881	0.6673	0.6464	0.6254	0.6044	0.5834	0.5624	0.5413	0.5202	0.5000	0.0000	0.0000	0.0000
16	0.8528	0.8021	0.7717	0.7420	0.7219	0.7015	0.6808	0.6600	0.6391	0.6181	0.5970	0.5759	0.5547	0.5335	0.5123	0.4911	0.0000	0.0000	0.0000
17	0.8444	0.7942	0.7641	0.7346	0.7145	0.6940	0.6733	0.6524	0.6314	0.6103	0.5891	0.5678	0.5465	0.5251	0.5037	0.4823	0.0000	0.0000	0.0000
18	0.8360	0.7863	0.7565	0.7273	0.7073	0.6869	0.6663	0.6455	0.6245	0.6034	0.5822	0.5609	0.5395	0.5180	0.4965	0.4750	0.0000	0.0000	0.0000
19	0.8277	0.7784	0.7488	0.7198	0.6999	0.6793	0.6584	0.6373	0.6161	0.5948	0.5734	0.5519	0.5303	0.5086	0.4868	0.4650	0.0000	0.0000	0.0000
20	0.8195	0.7706	0.7413	0.7125	0.6927	0.6721	0.6512	0.6300	0.6087	0.5873	0.5658	0.5442	0.5225	0.5006	0.4787	0.4567	0.0000	0.0000	0.0000
21	0.8114	0.7629	0.7338	0.7052	0.6856	0.6651	0.6444	0.6235	0.6024	0.5811	0.5597	0.5381	0.5163	0.4944	0.4724	0.4503	0.0000	0.0000	0.0000
22	0.8034	0.7553	0.7265	0.6982	0.6787	0.6581	0.6372	0.6161	0.5948	0.5733	0.5517	0.5299	0.5079	0.4858	0.4636	0.4413	0.0000	0.0000	0.0000
23	0.7954	0.7477	0.7192	0.6911	0.6717	0.6511	0.6301	0.6089	0.5874	0.5657	0.5439	0.5219	0.4997	0.4773	0.4548	0.4322	0.0000	0.0000	0.0000
24	0.7875	0.7401	0.7118	0.6839	0.6646	0.6439	0.6228	0.6014	0.5797	0.5578	0.5357	0.5134	0.4909	0.4682	0.4453	0.4222	0.0000	0.0000	0.0000
25	0.7798	0.7327	0.7046	0.6769	0.6576	0.6368	0.6155	0.5938	0.5718	0.5495	0.5269	0.5041	0.4810	0.4577	0.4341	0.4103	0.0000	0.0000	0.0000
30	0.7419	0.6961	0.6687	0.6418	0.6225	0.6027	0.5824	0.5616	0.5403	0.5185	0.4961	0.4731	0.4495	0.4253	0.4006	0.3754	0.0000	0.0000	0.0000
35	0.7053	0.6608	0.6341	0.6079	0.5892	0.5690	0.5483	0.5271	0.5054	0.4831	0.4602	0.4367	0.4125	0.3877	0.3623	0.3364	0.0000	0.0000	0.0000
40	0.6717	0.6284	0.6023	0.5767	0.5576	0.5370	0.5158	0.4941	0.4718	0.4489	0.4253	0.4010	0.3761	0.3506	0.3245	0.2979	0.0000	0.0000	0.0000
50	0.6000	0.5715	0.5441	0.5177	0.4921	0.4671	0.4426	0.4184	0.3945	0.3708	0.3473	0.3239	0.2997	0.2757	0.2518	0.2280	0.0000	0.0000	0.0000

(c) Factoring Vs. Forfaiting

(d) Red Herring Prospectus

(e) Functions of Financial System (3×5=15)

4. (a) Morphogenesis Bio Technology Pvt. Ltd. (Morpho) has been offered a hire purchase deal by Hire Financing Solutions Pvt. Ltd. (HFS) to finance the purchase of a biotechnology equipment costing Rs. 100 Lakhs. The flat rate of interest would be 12 percent. Repayment would be made in 60 equated monthly installments payable in advance. Morpho is also required to make a cash down payment of 30%. Show allocation of Finance Charge on basis of Effective Rate of Interest (ERI) method. (10)
- (b) Explain the Process of Securitization. (5)
5. (a) What are the Stages in Selection of Investment for Venture Capital Financing? (8)
- (b) Discuss the Rating Methodology followed by Credit Rating Agencies. (7)
6. Write short notes on **any three** out of the following :
- (a) Instruments of Securitization
- (b) Health Insurance