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Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 6

Total number of printed pages : 4

NOTE : Answer **ALL** Questions.

1. Following are the balance sheets and statements of profit and loss of XYZ Ltd. for the years ended 31st March, 2012 to 31st March, 2014 :

Balance sheets of XYZ Ltd. as at

<i>Liabilities</i>	<i>31st March, 2014</i> (₹ in million)	<i>31st March, 2013</i> (₹ in million)	<i>31st March, 2012</i> (₹ in million)
Share capital	1,880.20	1,878.80	1,879.30
Reserves and surplus	58,282.00	47,398.50	39,647.80
Net worth	60,162.20	49,277.30	41,527.10
Secured loans	5,500.00	4,500.00	2,660.30
Unsecured loans	169.20	320.30	403.80
Total liabilities	65,831.40	54,097.60	44,591.20
<i>Assets</i>			
Gross block	68,262.70	58,356.70	54,640.70
(-) Acc. depreciation	26,679.80	23,659.70	21,493.50
Net block	41,582.90	34,697.00	33,147.20
Capital work in progress	21,562.10	16,028.60	6,491.90
Investments	14,756.40	6,790.80	8,448.10
Inventories	7,789.80	7,932.70	7,308.60
Trade receivables	2,037.00	3,101.70	2,892.90
Cash and bank	7,463.80	9,842.40	7,434.80
Loans and advances	7,145.50	7,797.60	5,443.10
Total current assets	24,436.10	28,674.40	23,079.40
Current liabilities	25,587.30	22,453.90	19,912.70
Provisions	10,918.80	9,639.30	6,662.70
Total current liabilities	36,506.10	32,093.20	26,575.40
Net current assets	(-)12,070.00	(-)3,418.80	(-)3,496.00
Total assets	65,831.40	54,097.60	44,591.20

Statements of profit and loss of XYZ Ltd. for the year ended

<i>Particulars</i>	<i>31st March, 2014 (₹ in million)</i>	<i>31st March, 2013 (₹ in million)</i>	<i>31st March, 2012 (₹ in million)</i>
Sales	80,215.90	72,299.70	68,947.90
Other income	1,361.70	2,115.90	1,422.40
Total income	81,577.60	74,415.60	70,370.30
Raw material cost	12,046.80	11,801.50	18,367.20
Excise	7,815.80	10,702.10	9,703.20
Other expenses	34,722.20	31,963.30	21,463.20
Operating profit	25,631.10	17,832.80	19,414.30
Interest	843.00	399.60	738.70
Gross profit	24,788.10	17,433.20	18,675.60
Depreciation	3,420.90	2,941.80	3,069.80
Profit before tax	22,728.90	16,607.30	17,028.20
Tax	6,889.30	5,246.00	4,917.00
Net profit	15,839.60	11,361.30	12,111.20
Other non-recurring income	227.70	766.40	2,269.50
Reported profit	16,067.30	12,127.70	14,380.70
Equity dividend	4,317.60	3,753.30	3,750.20

You are required to —

- (a) Prepare summary of the balance sheet and profit and loss account for the years ended 31st March, 2012 to 31st March, 2014. (15 marks)
- (b) Compute the balance sheet and profit and loss ratios for the years 2012 to 2014 which the bank would ask XYZ Ltd. to submit for financial appraisal of the company. (15 marks)
- (c) Comment on the ratios as computed above. (10 marks)
- (d) Compute working capital requirement for the years 2012 to 2014. (10 marks)

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2. (a) (i) Is it compulsory to open the account in banks with initial deposit as cash only ?
Examine.
- (ii) Why the banks try to cover themselves for different transactions in different manner under the garb of different relationship ?
- (iii) Banks freely negotiate cheques drawn by public *i.e.*, individuals, firms, companies, *etc.* and not negotiate cheques issued by Government departments. Explain.
- (iv) Can an instrument be endorsed for the partial amount ? Explain.
- (v) Why margins are maintained by the bank ?

(4 marks each)

- (b) Disaster recovery management plan (DRMP) and business continuity plan (BCP) are two important areas to mitigate the information technology risks in the banks. Explain.

(10 marks)

3. Answer the following questions in brief :

- (a) What is 'net worth' and explain its significance ?
- (b) Illustrate the concept of 'window dressing' with a suitable example.
- (c) State any two exclusive rights of bankers.
- (d) State the types of letter of credit.
- (e) Name any four ratios that the management of every firm is interested in along with their significance ?

(1 mark each)

4. Define 'customer' with special reference to banking and KYC policy/norms.

(5 marks)

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: 4 :

5. Dhan Bank Ltd. erroneously credits the account of a customer. Explain the legal position in the following situations :

- (a) The bank has to recover the said amount if the said customer has withdrawn the same.
- (b) The liability of the banker, if the customer has issued a cheque based on the entry and balance in the account.

(5 marks)

6. Discuss the implication of the Limitation Act, 1963 on the rights of bankers and remedy available to a banker when limitation sets in.

(5 marks)

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