

Roll No: \_\_\_\_\_

**Vidya Vikas Mandal's**  
**Shree Damodar College of Commerce & Economics, Margao-Goa**  
**SY BBA(FS), Semester- IV (REGULAR) Semester End Assessment June 2022**  
**BFS CC 13: CORPORATE FINANCE**

**Duration: 2 Hrs.**

**Maximum Marks: 60**

**Instructions:**

- 1) *Start each question on fresh page.*
- 2) *Figures to the right indicate maximum marks.*
- 3) *Q.1. is compulsory*
- 4) *Answer any Four from Q.2 to Q.6.*
- 5) *Use of Non Programmable calculator is permitted.*

**Q.1.** Write short note on ANY FIVE of the following:

**(05\*04=20 Marks)**

- a) Compound Interest
- b) Nominal v/s Real Interest Rate
- c) Equity v/s Preference Stock
- d) Non Redeemable Preference Stock
- e) Gordons Model
- f) Coupon Rate

**Q.2. a.** Calculate duration for Government bond A and Government Bond B with 10% and 12% coupon rate, having a maturity period of 5 years. The Face value is Rs. 1000, Bond A yields 6% and Bond B yield 8% at the end of the year.

**(07 Marks)**

**Q.2.b.** Muthood Finance share price on 21<sup>st</sup> May 2019 was Rs. 750 and the price on 30<sup>th</sup> August 2021 was Rs. 2500, the dividend paid was Rs. 10, Calculate holding rate of return.

**(03 Marks)**

**Q.3. Calculate the estimated stock price using Two stage growth model.**

**(10 Marks)**

The return of Punjab National Bank Ltd. at present is 35%, it is assumed to continue for next 4 years after that it is assumed to have a growth rate of 20%. The dividend paid for the year 2020-21 is Rs. 5.3 The rate of return is 20%, the present price of the stock is ₹ 96.

**Q.4. Calculate the present value of share using Multiple period model. (10 Marks)**

HDFC Ltd. has a common shares outstanding in the market with the price earning ratio of 7.5. The annual expected growth in earnings, dividend and price is 12%. The earning per share is ₹ 5.2, the dividend payout is 60% and the investors wants to hold the stock for 6 years. The rate of return is 16%. What would be the present value of the stock.

**Q.5. Bank loans are the easiest source of availing finance. A bank loan is an extension of credit by a bank to a customer or business. Explain.**

**(10 Marks)**

Roll No: \_\_\_\_\_

**Q.6.** The bond markets are a very liquid and active, but can take second seat to stocks for many retail or part-time investors. The bond markets are often reserved for professional investors, pension and hedge funds, and financial advisors. Elaborate.

**(10 Marks)**

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