

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 21st May 2019 was Rs. 750 and the price on 30th 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)**

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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)
