

Roll No: _____

Vidya Vikas Mandal's
Shree Damodar College of Commerce & Economics, Margao-Goa
TY BBA(FS), Semester V (REPEAT) Semester End Assessment November 2022
BFS C503: CORPORATE FINANCE

Duration: 02 Hours

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*

Q.1. Answer ANY FIVE of the following questions.

(05x04=20 Marks)

1. Differentiate between Nominal interest rate and Real interest rate.
2. Maruti share prices on 1st April 2021 was Rs. 1200 and the price on 10th March 2020 was Rs. 1300. The dividend received was Rs. 10. What is the holding period rate of return? Calculate the dividend yield and capital gain yield.
3. Time Value of Money
4. Coupon Rate
5. What is a Preference Share? Highlight the different types of preference shares.
6. Differentiate between Government bond and Corporate bond.

Q.2. ABC Ltd is currently selling at Rs. 59 per share. The stock is expected to pay Rs. 12 as a dividend per share at the end of next year. It is reliably estimated that the stock will be available for Rs. 78 at the end of one year.

a) If the forecasts about the dividend and price is same, is it advisable to buy at the present price? The required rate of return is 15%.

b) If the investor requires 12% rate of return when the dividend remains constant, what should be the price at the end of the first year?

(10 Marks)

Q.3. It is advisable to select a loan based on the individual business profile and requirements. Explain the various sorts of loans available in India in this context.

(10 Marks)

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Q.4. Cipla company has common shares outstanding in the market with price earnings ratio of 20. The annual expected growth in earning, dividend and price is 8%. The earning per share is Rs. 3.5. The dividend payout is 65% and the investor wants to hold the stock for 4 years. The required rate of return is 20%, what would be the Present value? **(10 Marks)**

Q.5. The return of Punjab National Bank Ltd. at present is 35%, it is assumed to continue for next 4years 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. Calculate the estimated stock price using Two stage growth model. **(10Marks)**

Q.6. In the context of finance, why would a company buy back its common stock shares? Explain the advantages and disadvantages of it. **(10 Marks)**
