Vidya Vikas Mandal's

Shree Damodar College of Commerce & Economics, Margao-Goa

T Y. BBA (FS), Semester V, Semester-End Assessment, Repeat April 2018

CORPORATE FINANCE

Timing: 2 Hours **Max.Marks:60**

Instructions: *All questions are compulsory*
Start each question on a fresh page
Figures to right indicate maximum marks

Q1. Write short notes on Any Four of the following :- **(4x4 = 16)**

a. Loan Amortization

b. Equity Shares

c. Return on Investment

d. Preference Shares

e. Mergers and Acquisitions

Q2. Answer any Two from the following: - **(02 * 12= 24 marks)**

a. Explain the Efficiency Theory of Mergers and Acquisitions.

b. Explain the Provisions for declaration of Dividend in India.

c. What is a Merger? Explain the types of Mergers.

Q3. Answer any Two from the following: - **(02 * 06= 12 Marks)**

a. What is Cash Dividend? Explain the payment chronology of dividend with an example.

b. Swayam wants to buy Ben Company's share that have paid a dividend of Rs. 1.5 during the last financial year. He requires 18% return from his investment. Analyst suggests that earnings and dividend on the stocks will grow at a rate of 15% for the next 5 years and thereafter at rate of 10%. What is the fair price expected by Swayam according to two stage growth model?

c. A research study has stated that a rate of return of ambuja Cement Company due to capital appreciation and dividend after making adjustment for the outflow of income is 16.27%. For the period 2003-2008, let us assume that return would continue to grow at this rate for another 4 years. The recent dividend paid by the company to shareholders is 40% and the EPS in October 2008 is Rs. 35 and P/E is 4.8. If the investor wants to buy and hold the stock for another 4 years, what would be the ideal price if its required rate of return is 20%. The price is Rs.167 on 14/10/2008.

Q4. Answer the following questions: - **(02*04= 08 marks)**

a. An investor purchased a bond at a price of Rs. 900 with Rs.100 as coupon payment and sold it at Rs. 1000. What is the holding period return of the bond. If the bond is sold for Rs. 750 after receiving Rs.100 as coupon payment, then what is the holding period return?

b. Discuss the different types of Bond Risk.

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