

Vidya Vikas Mandal's
Shree Damodar College of Commerce & Economics, Margao-Goa
T Y. BBA(FS), Semester V, Semester End Assessment, Repeat April 2019

CORPORATE FINANCE

Timing: 3 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 the following: -

(4x3 = 12)

1. Loan Amortisation.
2. Time Value of Money
3. Yield To Maturity

Q2)a.Explain any three types of Bonds in detail.

(06)

b. Mr. Kumar bought stock of TCS, Hero Honda and Infosys. He is expecting rate of return 60% after a year. The purchase price and the end period price is given below. Find out whether Mr Kumar's expectation is fulfilled.

(06)

Stocks	Purchase Price	End Price	Dividend
TCS	1250.00	1500.00	10%
Hero Honda	450.00	580.00	15%
Infosys	220.00	350.00	35%

OR

X. Shriram Finance is issuing two Bonds at Rs 1000/- for each bond (face value) with 9% and 10% coupon payment. Both bonds are having maturity of 5 years. The current yield on Bond is 8%. Calculate the duration using Bond Duration method.

(12)

Q3)X. Explain in detail the Dividend Provisions in India.

(12)

OR

A. Compute Yield to call on a 20year Bond that is callable in 5 years at a call price of Rs 1050/-. The bond pays annual coupon of 6% and is selling for Rs 1030. Assume discounted rate of 12%, 7% and 5% respectively to compute YTC.

(06)

B. Abhi has made some forecast regarding Jasmine company dividend and price. According to him, company will pay a dividend of Rs 3/- per share in future at the end of 5 years. At the end of holding period stock could be sold at Rs 80. What should be the price of the Jasmine stock.

(06)

Q4) X. The return of XYZ company at present is 21%. This is assumed to continue for the next five years and after that it is assumed to grow at a rate of 10% indefinitely. The dividend paid for the year 2016-17 is 32%. The required rate of return is 20% and the present price is Rs.57/-. What is the estimated price according to the Two stage Growth Model. (12)

OR

Y. Texas Company has outstanding shares in the market with the price earnings ratio of 20. The annual expected growth in earnings dividend and price is 6%. The EPS is 3.5. The dividend payout is 50%. The investor is willing to hold the stock for the next four years. The required rate of return is 15%. Calculate the present value using multi Period Holding Model. (12)

Q5)A. Explain the different types of Dividends paid by corporate and public companies. (06)

B. State and explain the factors affecting the dividend policy of Company. (06)

OR

X. Bond investment will carry different risk for an Investor. Elaborate (06)

Y. Explain the theories of Bond in detail. (06)

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