Vidya Vikas Mandal's
Shree Damodar College of Commerce & Economics, Margao-Goa
T Y. BBA (FS), Semester V, SemesterEnd Assessment, October 2017

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 Any FOUR of the following: - **(4x4 = 16)**

1. Loan Amortisation.
2. Maculays Duration
3. Time Value of Money
4. Stock repurchases
5. Anticipated rate of return

Q2) a. Explain any three types of Bonds in detail. **(06)**

b. Mr. Kumar bought stock of Tata motors, Hero Honda and Maruti Suzuki. The rate of return 30% after a year.The purchase price and the end period price is given below. Find out whether this expectation is fulfilled. **(06)**

Stock	Price As on	Price As on	Dividend
Tata Motors	101.00	125.00	10%
Hero Honda	45.00	104.00	15%
Maruti Suzuki	335.00	421.00	35%

OR

Q2) 1. Explain the Theories of Bonds. **(06)**

2. Surya company is currently selling at 25 per share. The stock is expected to pay Rs 5 at the end of next year. It is estimated that stock will be available for Rs 29 at the end of one year. **(06)**

a. If the forecast about dividend and price are accurate, is it advisable to buy at the present price if required rate of return at 20 %.

b. If investor requires 15% return when dividend remains constant. What should be price at the end of 1^{st} year.

Q3) 1. Explain the three factors affecting dividend policy. (06)

2. What is stock repurchase. Explain advantages and disadvantages of stock repurchase.

(06)

OR

A. Explain the provision of dividend in India as Companies Act 2013. **(12)**

Q4)1. Explain stock split with an example. Elaborate the reasons for stock splits. **(06)**

2. According to financial express report October 2010 the rate of return of Nagraj fertilizers stock for past 5 years is 18.58%. this is assumed to continue for the next five years and after that the rate of return is assumed to have growth rate of 10% indefinitely. The dividend paid for the year 2009 is 18%. The rate of return is 20%. The price is Rs 14 as on 14/October/2010. Estimate the stock price according to two stage growth model. **(06)**

OR

X. Differentiate between Preference shares and Equity shares. **(06)**

Y. A research study has stated that a rate of return of Ambuja cement co due to capital appreciation and dividend after making adjustments for the outflow of income is 16.27%. For the period 2003-2008 let assume that return would continue to grow at this rate for another 4 years. The recent dividend paid by the company to shareholder is 40% and the EPS in October is Rs 35 and P/E is Rs 48. If the investor wants to buy and hold stock for another 4 years. What would be ideal price as per multiple year holding period if required rate of return is 20%. The price is Rs 167 on 14/10/2008. **(06)**

Q5) a. Discuss the different types of loan provided to the corporate. **(08)**

OR

b. Discuss the Various types of dividend. **(08)**

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