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M.B.A. SEM–IV / M.B.A.(HR) SEM–IV (2016 COURSE) CBCS :
SUMMER - 2018
SUBJECT : CORPORATE FINANCE

Day : **Tuesday** **S-2018-1844** Time : **02.00 PM TO 05.00 PM**
Date : **15/05/2018** Max. Marks : 60

N.B.:

1) Attempt **ANY THREE** questions from Section-I. Each question carries **10** marks.
2) Attempt **ANY TWO** questions from Section - II. Each question carries **15** marks.
3) Answers to both the sections should be written in **SEPARATE** answer books.

SECTION – I

Q.1 Define financial planning. Explain the various steps involved in financial planning.

Q.2 Write a detailed note on sources of long term corporate finance.

Q.3 Explain the different techniques of corporate restructuring with suitable examples.

Q.4 Explain the term 'Receivables Management'. State the determinants of size of investment in Receivables.

Q.5 Write short notes on **ANY TWO** of the following:

a) Tax aspects on Mergers and Acquisitions
b) Sources of Short-term finance
c) Under Capitalisation
d) Corporate Governance

SECTION – II

Q.6 'Giant' Ltd., wishes to acquire 'Tiny' Ltd., on the basis of an exchange ratio of 0.8 other relevant financial data is as under:

Particulars	'Giant' Ltd	'Tiny' Ltd
Earning After Tax (EAT)	Rs. 10,00,000	Rs. 2,00,000
No. of Equity Shares outstanding	50,000	20,000
Earning Per Share (E.P.S)	Rs. 20	Rs. 10
Market Price per share	Rs. 200	Rs. 80

a) Determine the number of shares to be issued by 'Giant' Ltd., for the acquisition of 'Tiny' Ltd.
b) What would be the exchange ratio if merger is based on market prices of shares of 'Giant' Ltd and 'Tiny' Ltd?
c) What is the current Price Earning Ratio of both the companies?
d) Assuming that earnings of each company remain constant, what is the EPS after acquisition?
e) Ascertain the gain to shareholders of both the companies when exchange ratio is 0.8 and when exchange ratio is based on market price.

Q.7 A Refrigeator manufacturing company purchases 1600 units of a component. Its annual usage is 1600 units. The order placing cost is Rs. 100 and the cost of carrying one unit per year is Rs. 8. Calculate the Economic Order Quantity. Prove that the total costs of ordering and storage are the least at EOQ Quantity.

Q.8 Discuss the 'Purchase Method' and 'Pooling of Interest Method' of accounting for Mergers and Acquisitions.

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