M.B.A. (GEN.) / M.B.A. (HR) / M.B.A. (IT) / SEMESTER - IV (2012 COURSE)(CHOICE BASED CREDIT SYSTEM)/ M.B.A. (FM) SEMESTER - IV (2013 (CHOICE BASED CREDIT SYSTEM) : SUMMER - 2018

SUBJECT : ELECTIVE – V : APPLIED CORPORATE FINANCE & MERGERS & ACQUISITIONS (FM)

Day : **Saturday** **S-2018-1919** Time : **02.00 PM TO 05.00 PM**
Date : **19/05/2018** Max. Marks : 100

N.B.:

1) Attempt **ANY FOUR** questions from Section – I and **ANY TWO** questions from Section – II.
2) Answers to both the sections should be written in **SEPARATE** answer books.
3) Figures to the right indicate **FULL** marks.

SECTION – I

Q.1 What is 'Corporate Finance'? Explain the nature and scope of Corporate Finance. **[15]**

Q.2 Write in detail steps involved in the process of Financial Planning. **[15]**

Q.3 What is 'Capital Budgeting'? Explain in detail any two techniques of Capital Budgeting. **[15]**

Q.4 Distinguish between Cash Flow and Funds Flow Analysis. **[15]**

Q.5 Write short notes on **ANY THREE** of the following: **[15]**

a) Cost of Capital
b) EPS Analysis
c) Purchase Method
d) Activity Ratios

SECTION – II

Q.6 Dheeraj Ltd., whose cost of capital is 12% is considering two mutually exclusive proposals X and Y. The details of which are as follows: **[20]**

Year	Proposal X (₹)	Proposal Y (₹)
0	- 15,00,000	- 16,00,000
1	3,75,000	4,20,000
2	4,20,000	5,30,000
3	4,00,000	6,50,000
4	6,50,000	6,00,000
5	5,50,000	5,50,000

You are required to calculate for proposal X and Y:

a) Pay back period **b)** Net Present Value **c)** Profitability Index

At 12% the discounting factors are: 0.893, 0.797, 0.712, 0.636, 0.567.

Q.7 A Ltd., Company has Equity Share Capital of ₹ 5,00,000 divided into shares of ₹ 100 each. Company wishes to raise further ₹ 3,00,000 for expansion cum modernization plans. The company has the following alternative financial plans under consideration: **[20]**

a) All common stock
b) ₹ one lakh in common stock and ₹ two lakhs in debt @ 10% p.a.
c) All debts at 10% p.a.
d) ₹ one lakh in common stock and ₹ two lakh in 9% preference capital.

The company's existing earnings before interest and tax (EBIT) are ₹ 1,50,000/-. The corporate tax rate is 50%. Advise the company in selecting the best alternative on the basis of EPS.

Q.8 Elaborate upon types and motives of Business Combinations. **[20]**

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