

**MASTER OF BUSINESS ADMINISTRATION IN  
FINANCIAL MARKETS  
(MBAFM)**

**Term-End Examination**

**December, 2013**

**MCT-073 : CORPORATE FINANCE**

*Time : 3 hours*

*Maximum Marks : 100*

*Note : Attempt any five questions. All questions carry equal marks.*

1. (a) Explain the process of IPO. 10  
(b) What is the impact of Bonus Shares on a company's capital ? 10
2. Explain the objectives of financial restructuring. 20  
What are the different types of restructuring ?
3. Given Below are the financials of X Ltd. and Y Ltd. before the merger takes place. Y Ltd. is likely to merge with X Ltd. 20

	X Ltd.	Y Ltd.
Market price per share (Rs.)	100	50
Book value per share (Rs.)	45	24
No. of shares outstanding	250000	150000
Market value of the firm (Rs.)	25000000	7500000

One share of X Ltd. is offered to the shareholders of Y Ltd. for 2 shares held in Y Ltd. The merger is expected to bring gains which has PV of Rs. 62.5 Lakhs.

Compute NPV of the deal for the two companies involved in the merger.

4. What is Due diligence ? Explain how is it important in the process of merger. **20**
  5. Explain the sources of raising long term finance. **20**
  6. Write note on followings.
    - (a) LBO **10**
    - (b) Discounted cash flow **10**
  7. What is Buyback of shares ? Explain with respect to recent examples. **20**
  8. A firm is considering the purchase of 1000 sewing machines. Each machine costs Rs. 1800 and would yield a cash flow of Rs. 530 for the next 5 years.  
If the cost of capital is 14%, Find out,
    - (a) NPV of the Project **10**
    - (b) IRR of the Project **10**
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