

00270

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

Term-End Examination

June, 2013

MCT-073 : CORPORATE FINANCE

Time : 3 hours

Maximum Marks : 100

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

1. What do you understand by 'Stock Split' ? How does it impact Stock Market ? Support your answer with recent examples. 20
2. Write notes on followings :
 - (a) Zero Coupon Bonds 10
 - (b) T-bills 10

3. Given below are the financials of A Ltd. and B Ltd. before the merger takes place. B Ltd. is likely to merge with A Ltd. 20

	A Ltd.	B Ltd.
Market price Per share (Rs.)	100	50
Book value Per share (Rs.)	45	24
No. of Shares Outstanding	500000	300000
Market value of the firm (Rs.)	50000000	15000000

One share of A Ltd. is offered to the shareholder of B Ltd. for every 2 shares held in B Ltd. The merger is expected to bring gains which has PV of Rs.125 lakhs. Compute NPV of the deal for the two companies involved in the merger.

4. What are the various types of mergers and what is the rationale behind them ? 20
5. Explain the sources of raising short term and long term finance for companies. 20
6. Write note on following :
- (a) LBO 10
- (b) Due Diligence 10

7. A firm is considering the purchase of 100 sewing machines. Each machine costs Rs.18,000 and would yield a cash flow of Rs. 5,300 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
8. What is financial restructuring ? Explain various types of restructuring in detail. 20
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