

Total No. of Questions : 5]

SEAT No : **P3999****[5070]-4005**

[Total No. of Pages : 2

**M.B.A.**

**404 (Fin) : CORPORATE FINANCE (Specialization - IV)**  
**(2013 Pattern) (Semester - IV)**

*Time : 2½ Hours]**[Max. Marks : 50**Instructions to the candidates:*

- 1) *All questions carry equal marks.*
- 2) *All questions are compulsory.*

**Q1) a)** What are the goals of the corporations for governance of the firm.

OR

- b) Write short notes on:
- i) Investment decisions.
  - ii) Financing decisions.

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**Q2) a)** Following is the condensed income statement of a firm for the current year.

Particular	Rs.
Sales	5,00,000
Less : Operating costs	3,00,000
Less : Interest costs	12,000
EBT	1,88,000
Less : Taxes (40%)	75,200
EAT	1,12,800

The firms existing capital structure consists of Rs. 1,50,000/- equity funds having 15% cost and of Rs. 1,00,000/- 12% debt. Determine the EVA added during the year.

OR

**P.T.O.**

- b) Two firms XYZ Ltd and ABC Ltd are identical in all respect except leverage in capital structure. XYZ Ltd has 10% Rs. 3,00,000/- debentures. Both the firms have the same EBT of Rs. 50,000/- The equity capitalisation rate of XYZ Ltd is 16% and ABC Ltd is 12.5% you are required to calculate the total value of each firm.

**Q3) a)** Explain the concept and features of value based management.

OR

- b) What are the various criteria that has to be completed in order to achieve Good Corporate Governance in India.

**Q4) a)** From the following information of a firm calculate share price based on Walter's model and also say whether you are satisfied with the current dividend policy or not?

- i) Earning per share - Rs. 4/-
- ii) Dividend per share - Rs. 3/-
- iii) IRR - 10%
- iv) Return required by shareholder - 15%

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OR

- b) The following data relate to a firm.

- i) Earning per share - Rs.10/-
- ii) Capitalisation Rate - 14%
- iii) Retention Ratio = 40%

Determine share price using Gordon's model if IRR is 15% ,14% and 10%.

**Q5) a)** Define 'Corporate Restructuring' and explain the board areas of Restructuring.

OR

- b) Elaborate in relation to corporate restructuring

- i) Expansion Technique
- ii) Disinvestment technique.

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2

[5070]-4005