Time: 2 ½ Hours **Total Marks: 75**

Note: 1. All questions are compulsory.
2. Figures to the right indicate full Marks.
3. Working note should be part of Answer

Q.1 A) State whether True / False (Any 8) 8 Marks

1. EBIT is also known as operating Profit.
2. Combined Leverages Depends upon fixed financial charges.
3. EPS depends upon composition of capital Structure.
4. Discounted cash flow is based on Time Value Of Money concept.
5. Valuation is estimation, by a professional Valuer, of a thing worth.
6. Valuation is an exact science rather than an art.
7. ROCE is calculated on the basis of Net operating Profit.
8. EPS is calculated on the basis of NPAT.
9. BUSSINESS Valuation is the process of determining the financial value of the business.
10. Cash flows accruing to the firms at different time periods are directly comparable.

Q.1 b)Match the following (Any 7) 7 marks

Group A	**Group B**
1.Operating Leverage	a)Liquidity Ratio
2.Depreciation	b)Present Value Factor
3.Total Cost of Capital	c)Bond Valuation
4.CVA	d)Intangible assets
5.Variances	e)Efficiency Ratio
6.Operating Profit Ratio	f)Difference between Actual and Budgeted
7.Patents	g)Modern valuation Approach
8.YTC	h)WACC
9.Profitability Index	i)Non Cash Expenses
10.Liquid Ratio	j)Contribution/EBIT

Q.2From the following information available for four companies, calculate

a) EBIT, b) EPS c) Operating leverage d) financial leverage. e) Combined leverages 15 Marks

Particulars	X	Y	Z
Sales	5,50,000	18,00,000	2,00,000
Variable Cost	2,50,000	10,80,000	60% of Sales
Fixed cost	1,00,000	6,40,000	25,000
Interest	25,000	40,000	5,000
Tax rate	40%	40%	40%
No. Of Equity Shares	50,000	2,00,000	15,000

OR

Q.2 a) 8 Marks

	BOND "AA"	BOND " PP"
Face Value	Rs.1,000	Rs.1,000
Coupon Rate	9%	10%
Maturity Period	8 Years	6 Years
Par Value of Bond	Rs.950	Rs.1,050

You are required to calculate YTM for each BOND.

b) Explain profitability Analysis. 7 Marks

Q.3. a) From the following information Calculate EVA. 8 Marks

Particular	Rs.
Equity Share Capital	6,00,000
12 % Preference Share Capital	2,00,000
Reserve & Surplus	5,00,000
12 % Debentures	2,00,000
Profit before Tax	2,50,000
Tax Rate	40 %
WACC	10%

b) Calculate free cash flow (FCFF) 7 marks

Sales Rs.2,50,000, Cost Rs.1,50,000, Depreciation Rs. 25,000

Change in Net Working Capital Rs. 3,000.

Change in Capital Spending Rs. 12,000.

Tax Rate = 30 %

OR

Q.3 a) Importance of financial statement Analysis? 8 Marks

b) Explain Free Cash Flow to Equity (FCFE)? 7 Marks

Q.4 The following information is provided related to the acquiring company firm AB Ltd and the target

Company BA Ltd . 15 Marks

Particulars'	AB Ltd	BA Ltd
EAT	5,50,000	125,000
Equity Share Capital Of Rs. 10 Each	20,00,000	500,000
P/E Ratio	10 times	6 Times

You are required to calculate :

a) Pre Merger EPS of both the company.
b) Current Market Price of both the company.
c) Post merger EPS if the exchange ratio is 1: 2.
d) Determine the Market Value of merged Firm.

OR

Q. 4 A) The following data is given to you regarding a company having a share in branded portion as well as unbranded portion. 8 Marks

Branded Revenue	Rs.550 P.u.
Unbranded Revenue	Rs.150 P.u
Branded Cost	Rs.450 P.u
Unbranded Cost	Rs.50 P.u
Research and development	Rs.20 P.u
Branded products	1,00,000 unit
Unbranded Products	50,000 Units
Tax rate is 40 %	
capitalization factor 18 %	

Calculate the Brand value.

Q.4 B) What are the Methods of valuations? 7 Marks

Q.5 A) Explain the Types of financial statement Analysis. 8 Marks

B) Write a Note on Balance sheet ratios. 7 Marks

OR

Q.5 Short Notes (Any 3) 15 Marks

A) Types of Merger

B) Purchase consideration

C) Bond Analysis

D) Valuation of Real Estate E) Profitability Ratios