

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) Balance sheet analysis can be defined as an analysis of the assets, liabilities and equity of a company.
- 2) Operating Profit is also known as EBIT.
- 3) Sustainable growth rate is the rate at which the earnings and dividends of any firm can continue to grow indefinitely.
- 4) Valuation is the "worth" of a thing.
- 5) A bond payable is a more Promise to pay.
- 6) EVA is a traditional parameter for measuring shareholders wealth.
- 7) Financial Leverages is affected by interest on Borrowing.
- 8) EPS depends upon Profitability of Company.
- 9) Discounted cash flow is based on Time Value of Money concept.
- 10) ROCE is calculated on the basis of Net operating Profit.

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

(7 marks)

Group A	Group B
1. Company Analysis	a) WACC
2. Growth firm	b) NAV
3. Return on Equity	c) Intangible Assets
4. Method of Valuation	d) Contribution / EBIT
5. Principal of Valuation	e) Bond Valuation
6. YTM	f) Risk & Return
7. Operating Leverage	g) DCF Analysis
8. Goodwill	h) ROCE
9. Assetbased approach	i) Expect to grow residual Income
10. FCFE	j) Financial statement data

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

(15 Marks)

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

Particulars	ABC	PQR	XYZ
Sales	12,00,000	36,00,000	4,00,000
Variable Cost	9,00,000	21,60,000	60% of Sales
Fixed cost	1,00,000	12,80,000	50,000
Interest	50,000	80,000	10,000
Tax rate	40%	40%	40%
No. Of Equity Shares	1,00,000	4,00,000	30,000

OR

Q.2 a) Calculate free cash flow (FCFF)

(8 Marks)

Particulars	Amount (Rs. In Lakhs)
EBITDA	1,000
Depreciation Expenses	400
Interest Expense	150
Purchased of Fixed assets	500
Change in working capital	40
Income tax rate	50%

b) Explain the types of Financial Statement Analysis.

(7 Marks)

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

(8 Marks)

Particular	Rs.
Equity Share Capital	12,00,000
12 % Preference Share Capital	4,00,000
Reserve & Surplus	10,00,000
15 % Debentures	4,00,000
Profit before Interest Tax	6,00,000
Tax Rate	40 %
WACC	12%

Q.3 b)

(7 Marks)

	BOND "XX"	BOND "YY"
Face Value	Rs.1,000	Rs.1,000
Coupon Rate	10%	12%
Maturity Period	5 Years	6 Years
Market Value of Bond	Rs.950	Rs.1,050

You are required to calculate YTM for each BOND.

OR

Q.3 a) What are the methods of Valuation?

(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 X Ltd and the target Company Y Ltd .

(15 Marks)

Particulars'	X Ltd	Y Ltd
EAT	15,00,000	6,00,000
Equity Share Capital Of Rs. 10 Each	10,00,000	3,00,000
P/E Ratio	10 times	8 Times

You are required to calculate:

- Pre-Merger EPS of both the company.
- Current Market Price of both the company.
- Post-merger EPS if the exchange ratio is 1: 1.5.
- 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.750 P.u.
Unbranded Revenue	Rs.250 P.u
Branded Cost	Rs.550 P.u
Unbranded Cost	Rs.150 P.u
Research and development	Rs.25 P.u
Branded products	50,000 unit
Unbranded Products	25,000 Units
Tax rate is 40 %	
capitalization factor 15 %	

Calculate the Brand value.

Q.4 B) Discuss valuation approaches to measure intangible assets?

(7 Marks)

Q.5 A) Explain the benefits of financial statement analysis.

(8 Marks)

B) Write a Note on Income statement ratios.

(7 Marks)

OR

Q.5 Short Notes (Any 3)

(15 Marks)

- Types of Merger
- Sustainable Growth
- Bond Analysis
- Sales Variance.
- Combined leverages
