	Sanjay Ghodawat University, Kolhapur Established under section 2(f) of UGC Act 1956 Sanjay Ghodawat University Act XL of 2017 of Govt. of Maharashtra	2020-21 EXM/P/09/01

Year and Programme: 2021, TY B.Com	**School of Commerce and Management**	**Department of Commerce**
Course Code: CBCF 3081	**Course Name:CORPORATE FINANCIAL MANAGEMENT**	**Semester –VI**
Day and Date: Tuesday,01.06.2021	**End Semester Exam**	**Time: 2Hrs** **Max Marks: 50**

Instructions: 1. Assume suitable data wherever necessary
2. Figures to the right indicate full marks.

		Marks	**CO's (BL)**
Q.1	**Attempt any two**		
a)	Suppose, PN Ltd. which is expecting the EBIT of Rs.1,50,000 per annum on an investment Rs.5,00,000, is considering the finalization of the capital structure or the financial plan. The company has access to raise funds of varying amounts by issuing equity share capital, 12% preference share and 10% debenture or any combination thereof. Suppose, it analyzes the following four options to raise the required funds of Rs.5,00,000. 1. By issuing equity share capital at par. 2. 50% funds by equity share capital and 50% funds by preference shares. 3. 50% funds by equity share capital, 25% by preference shares and 25% debentures at 10%. 4. 25% funds by equity share capital, 25% as preference share and 50% by the issue of debentures at 10%. Assuming that PN Ltd. belongs to 50% tax bracket, Calculate Earnings Per Share under the above four options.	08	CO1(L4)
b)	There is nothing like optimal capital structure" Critically evaluate the statement?	08	CO1(L3)
c)	Describe the principles of valuation of investment?	08	CO2(L2)
Q.2	**Attempt any two**		
a)	Following are the details regarding three companies X Ltd., Y Ltd. and Z Ltd. X Ltd.:- r = 15%,Ke = 10%, E = Rs.8 Y Ltd. :-r=15%,Ke =10%, E = Rs.8 Z Ltd.:- r=10%,Ke = 10%, E = Rs.8 Calculate the value of equity share of each of the company applying Walter's model, when dividend payout ratio is: (a) 75% .You are required to offer your comments on the result.	08	CO3(L4)

b) Illustrate the different Factors affecting dividend policy for a company? 08 CO3(L3)

C) Define the term Merger also Elaborate the different steps for a successful merger? 08 CO4(L2)

Q.3 Attempt any two

a) Define cash management and explain disadvantages of centralized cash management. 09 CO5(L2)

b) CO5(L4)

Particulars	XYZ Ltd	ABC Ltd
EAT	4,00,000	1,00,000
No of outstanding shares	2,00,000	1,00,000
P/E Ratio	--	8
Market Price Per share	25	12.50

09

XYZ Ltd is considering merger with ABC Ltd, the merger will affect by means of stock exchange.

1) What is pre merger and post merger EPS, merger is taken place on current market price.
2) What must the exchange ratio be for XYZ Ltd that pre and post merger EPS to be remain same.

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c) PN Companywish to approach the bankers for temporary overdraft facility for the period from October 2019 to December 2019. During the p eriod of this period of these three months, the firm will be manufacturing mostly for stock. You are required to prepare a cash budget for the above period. CO6(L5)

Month	Sales (Rs.)	Purchases (Rs.)	Wages (Rs.)
August	3,60,000	2,49,600	24,000
September	3,84,000	2,88,000	28,000
October	2,16,000	4,86,000	22,000
November	3,48,000	4,92,000	20,000
December	2,52,000	5,36,000	30,000

09

Adjustments
(a)50% of credit sales are realized in the month following the sales and remaining 50% in the second following.
(b) Creditors are paid in the month following the month of purchase
(c) Estimated cash as on 1-10-2019 is Rs.50,000.