K. J. SOMAIYA INSTITUTE OF MANAGEMENT STUDIES AND RESEARCH
Vidyavihar, Mumbai- 400077
Program: *PGDM FS (Batch 2016-18), Trimester III*
Subject: Corporate Finance
(End Term Examination)

Maximum Marks: 50
Duration: 3 hours **Date: 05/04/2017**

Instructions: 1. All questions are compulsory. 2. Answers written in pencil shall not be accepted and will invoke negative marking. 3. Cancellation of any answer is to be done in pen only. 4. Usage of pen color other than black and blue is strictly prohibited.

Questions 1(a) to 1(j) carry 1 mark each. Total maximum score for the same is 10 Marks.
Q.1a) Form IV in the CMA sheet tells us the MPBF computation. True or False? _____________.

Q.1b) Projects assets usually work as the security offerings in the deal. This statement is __________________. (True / False)

Q.1c) Payment history of a potential borrower is checked by a banker through the __________________ report. (CIBIL / Rating)

Q.1d) For transferring Receivables to the bank by a borrower, a Power of Attorney in favor of the bank is not required. This statement is _________________. (True / False)

Q.1e) As part of Equity commitment to a project, a C.A. certification validating project sponsors' equity involvement is not necessary. This statement is _________________. (True / False)

Q.1f) Debtors / Receivables above a specified period (say 90 days) are not considered in the computation of drawing power of a borrower. This statement is _________________. (True / False)

Q.1g) The consideration of Interest payments occurs in the computation of __________. (DOL / DFL)

Q.1h) Degree of Combined Leverage is computed as
1. DOL + DFL 2. DOL – DFL 3. DOL X DFL 4. Only DOL

Q.1i) Gordon Growth Model is a limiting case of the Dividend Discount Model. True or False? ______________.

Q.1j) The full form of CMA in the context of management of and application for borrowings is _______________________________.

Q.2 Explain the concept of ratings of a firm taking into account the procedure involved as well as the parameters looked into. **10 Marks**

Q.3 Explain the components of an Information Memorandum with a suitable example. **10 Marks**

Q.4 Explain the components of a CMA sheet **10 Marks**

Q.5A Explain the various components of a Facility Term Sheet (In-principle sanction letter) **10 Marks**

OR

Q.5B In the year 2017, Company A had EBIT of Rs. 80 crores on revenues of Rs. 2,000 crores. The cost of capital for company A was at 15%. Capex of Rs. 80 crores, depreciation of Rs. 70 crores and working capital is 20% of revenues. EBIT, Net Capex and Revenues were expected to grow 7.00% a year for the next 5 years with working capital maintaining the same %age levels with Revenues. Tax rate considered is 30%. Post 5^{th} year, the growth rate was expected to be around 5.5% forever with cost of capital being maintained the same.
Compute the Present value of the firm A with the above considerations. **10 Marks**

-- ***All The Best*** --