

[68A-11]

SARDAR PATEL UNIVERSITY

B.B.A.-VTH SEMESTER

THURSDAY, 16TH NOV. 2017
10-00 A.M TO 12-00 PM

ADVANCED FINANCIAL MANAGEMENT-I: UM05EBBA02

TOTAL MARKS: 60

- Q-1(A) Explain the Dividend Capitalization approach of Equity valuation. 07**
(B) A Rs.100 par value bond bearing a coupon rate of 12% will mature after 5 years. What is the value of the bond if the discount rate is 15%? 08

OR

- Q-1(A) Explain the various concepts of value. State the formula for bond valuation. 07**
(B) The equity stock of a company is currently selling for Rs. 30 per share. The dividend expected next year is Rs. 2. The investors' RRR on this stock is 15%. If the constant growth model applies to the company, what is the expected growth rate? 08

- Q-2(A) Write a note on: CAPM approach. 07**
(B) The following information has been extracted from the balance sheet of ABC Ltd:

Source	Rs. In Lacs
Equity share capital	400
12% debentures	400
18% term loan	1200

Determine the weighted average cost of capital of the company. It had been paying dividends at a consistent rate of 20% per annum. 08

OR

- Q-2(A) Write a note on: Realized Yield approach. 07**
(B) The following information is available from the Balance Sheet of a Company:
Equity share capital – 20,000 shares of Rs. 10 each Rs. 2,00,000
Reserves and Surplus Rs. 1,30,000
8% Debentures Rs. 1,70,000
The rate of tax for the company is 50%. Current level of Equity Dividend is 12%. Calculate the weighted average cost of capital using the above figures. 08

- Q-3 Explain the types of leasing. Discuss the advantages of lease financing. 15**

OR

- Q-3 Describe the factors relevant in making leasing decisions. 15**

- Q-4 Briefly explain the various methods of venture financing. What are the steps in Venture capital investment process? 15**

OR

- Q-4 Write notes on: 15**
(A) Development of Venture Capital in India.
(B) Future of Venture Capital in India.

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