VPM's Dr. VN BRIMS, Thane

Programme: MMS (2016-18) (Finance)
Third Semester Examination October 2017

| Subject | Corporate Valuations & M&A | | |
|----------------------------|----------------------------|----------|------------|
| Roll No. | | Marks | 30 Marks |
| Total No. of Questions | 5 | Duration | 2 Hours |
| Total No. of printed pages | 2 | Date | 25.10.2017 |

Note: Q1 is compulsory and solve any TWO from the remaining FOUR questions.

ABC Ltd.

| Financials for the year 2016-17 | | | | | |
|---------------------------------|--|--------------------------|--|--|--|
| Balance Sheet | | | | | |
| | | Cash Flow Statement | | | |
| Capital (1,000 Shares with | | | | | |
| Rs.10) | | Cash Flow from Operati | | | |
| Reserves | | | | | |
| | | Profit Before Tax/EBT | | | |
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| | | | | | |
| Profit & Loss | | | | | |
| 10111 & 2033 | | | | | |
| Sales | | | | | |
| Less: COGS | | | | | |
| Gross Profit | | | | | |
| 01033110111 | | | | | |
| | | | | | |
| | | | | | |
| | | No of Shares | | | |
| | | Earnings Per Share | | | |
| | | Market Capitalisation | | | |
| | | Share Price at the year | | | |
| | | Share i fice de the year | | | |
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Q1) Calculate the following for the company ABC Ltd for the year 2016-17.

- 1. Net Profit Margin
- 2. Total Asset Turnover Ratio
- 3. Financial Leverage/Equity Multiplier (For calculation of Dupont RoE)
- 4. RoE (Using Du Pont Formula)

Attempt any TWO from the remaining FOUR Questions

Q2) Any two from (a) or (b) or (c) ——— (5x2) = 10 Marks

Calculate the following for the company ABC Ltd for the year 2016-17.

- a) 1. Net Operating Profit after Tax (NOPAT)
 - 2. RoCE
- b) 1. Enterprise Value (EV)
 - 2. EV/EBITDA
- c) 1. P/E (Price to Earnings) Ratio
 - 2. P/B (Price to Book Value) Ratio

Q3) Any two from (a) or (b) or (c) ——— (5x2) = 10 Marks

Calculate the following for the company ABC Ltd for the year 2016-17.

- a) 1. Market Value Added (MVA)
 - 2. Enterprise Value Added (EVA) (Assuming WACC is 12%)
- b) 1. FCFF using CFO
 - 2. FCFE using CFO
- c) Calculate the required Return using CAPM Formula if Risk Free Rate (Rf) = 10%, Beta = 1.5, Expected Market Return = 15%

Q4) Any two from (a) or (b) or (c) ——— (5x2) = 10 Marks

Calculate the following for the company ABC Ltd for the year 2016-17.

- a) Prepare a Vertical Common Size Balance Sheet.
- b) Prepare a Vertical Common Size Cash Flow statement
- c) Prepare a vertical Common Size Profit and Loss account.

Q5) Any two from (a) or (b) or (c) ——— (5x2) = 10 Marks

- a) Calculate the following for the company ABC Ltd for the year 2016-17.
 - a. PEG Ratio (Assuming PE Ratio 20, Expected Earnings Growth Rates 10%)
 - b. Price to Sales Ratio
- b) Calculate the following for the company ABC Ltd for the year 2016-17.
 - a. Dividend Yield
 - b. Earnings Yield
- c) Select and write the right option from given MCQs in the answer sheet:
 - a. WhatsApp messaging app will get its 'Moat' or Competitive Advantage from
 - i. Network Effect
 - ii. Brand
 - iii. Distribution Network
 - Other things being equal, If RoCE > after tax cost of debt, adding leverage or debt will result in RoE,
 - i. Increasing
 - ii. Decreasing
 - iii. Can't say