CV 03

MMS-III (Finance)

03-11-2009

Corporate Valuation

Roll No.

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Attempt all questions. All carry equal marks.Max marks 60.

Time 3hrs.

1.Explain Systematic and unsystematic risk.

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2.Explain the Gordon Growth Model.

Explain the H model of equity valuation.

3.X has a current stock price of Rs 50. and current dividend of Rs1.5.The dividend is expected to grow at 5% annually. X`s beta is 0.85. The risk free interest rate is 4.5% and the market risk premium is 6%.

a.What is the next year`s projected dividend?

b.What is the required rate of return based on the CAPM?

c.Using the Gordon growth model what is the value of X?

d.Assuming Gordon growth model is valid what dividend growth rate would result in model value of X equal to its market price?

4.Explain in detail Brand valuation

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