

3M6306

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M.B.A. III Semester (Main & Back) Examination, January -2012
MI-306 Finance for Strategic Decisions (Elective Major)

Time : 3 Hours

Maximum Marks : 70
Min. Passing Marks : 28

Instructions to Candidates:

1. The question paper is divided into two sections A and B.
2. Section A contains 6 questions, out of which the candidate is required to attempt any 4 questions. Section B contains 1 question which is compulsory.
3. All questions carry equal marks.

Section - A

1. What are the different guidelines as framed by SEBI in respect of advertisement for a public issue? (14)
2. Distinguish between Mergers, Acquisition and Takeover by giving suitable example. (5+5+4)
3. Evaluate the significance of Merchant Banking in India. What do you hold their problems and prospects in India? (6+4+4)
4. What do you mean by Economic Value Added (EVA)? Explain the features. Calculation and the format for calculation of EVA. (4+4+5)
5. Briefly describe the Meaning, features, theories and Types of Inflation. Also Explain the causes and effects of Inflation on economy. (3+5)
6. Write short notes on any two of the followings :
 - a) Factoring
 - b) REPO
 - c) Derivatives
 - d) Earnings per share (EPS) (7×2)

Section - B

7. Company X is contemplating the purchase of company Y. Company X has 300000 shares having a market price of ₹30 per share, while company Y has 2,00,000 shares selling at ₹ 20 per share. The EPS are ₹ 4.00 and ₹ 2.25 for company X and Y respectively. Managements of both companies are discussing two alternative proposals for exchange of shares as indicated below:

- i) In proportion to the relative earnings per share of two companies.
- ii) 0.5 shares of company X for one share of company Y (0.5 : 1)

you are required :

- iii) To calculate the Earnings Per Share (EPS) after merger under two alternatives and
- iv) To show the impact on EPS for the shareholders of two companies under both the alternatives. (3½×4=14)

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