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| **C:\Users\ADMIN\Desktop\j.png** | **JAIPURIA INSTITUE OF MANAGEMENT, INDORE**Post Graduate Diploma in Management (Batch 2024-26) |
| **Course Title: Advanced Corporate Finance (Course Code: 40221)****End-Term Examination, Term - III (April 2025) Shift – 2nd** |
|  **Time Duration : 2 Hours Total Marks: 40** |

***General Instructions*:**

1. *The marks of each question are indicated to their right.*
2. *This exam is completely an MS -excel based exam.*
3. *No answer sheet will be provided.*
4. *Students need to submit one excel file as an answer script. The excel file will have multiple sheets.*
5. *Students need to solve each question in a separate sheet and name the sheet with ques number.*
6. *No Internet access will be provided.*
7. *No formula and interest factors tables will be provided.*
8. *Students should continually keep saving their work.*
9. *Students should save the final excel file with their name and roll number in the format – Rollno\_Name.*
10. *Do not write anything on the question paper apart from your roll number.*
11. **A.** XYZ ltd. will pay an annual dividend of $2.08 a share on its common stock next year. Last week, the company paid a dividend of $2.00 a share. The company adheres to a constant rate of growth dividend policy. What will one share of XYZ ltd. common stock be worth ten years from now if the applicable discount rate is 9 percent?

 **(Marks: 4)**

**B.** XYZ ltd. has an outstanding bond with a coupon rate of 5.5 percent that matures in 12 years. The bond pays interest semiannually. What is the market price of a $1,000 face value bond if the yield to maturity is 7.13 percent? **(Marks: 4)**



1. What do the expected return and standard deviation indicate?
2. If the probability for best situation is changed to 50%, base is changed to 25% and worst is kept same, calculate the value of expected NPV? **(Marks: 4)**
3. Evaluate how sensitivity analysis is different from scenario analysis. **(Marks: 5)**
4. You purchase one Microsoft July 150 call contract for a premium of $5. You hold the option until the expiration date, when Google stock sells for $152 per share. Identify the loss/profit made. **(Marks: 3)**
5. Jutsify the following statement with examples and discussion:
“Mark-to- market or daily settlement reduces the risk associated with futures.”

 **(Marks: 5)**

1. A businessman has just completed transactions in Italy and England. He is now holding €250,000 and £500,000 and wants to convert to U.S. dollars.

His currency dealer provides this quotation:

GBP/USD 0.6488 – 93

USD/EUR 1.4739 – 44

Evaluate his situation and determine his proceeds from conversion?

 **(Marks: 4)**

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| USD Bank Quotation | American terms | European terms |
| Bid | Ask | Bid | Ask |
| Pounds | 1.5400 | 1.5405 | 0.6491 | 0.6493 |
| Euros |  |  |  |  |
| €/£ | € 1.1763 | € 1.1771 | £ 0.8495 | £ 0.8501 |

Imagine the situation and estimate the missing rates in the table. **(Marks: 4)**

1. New England Fisheries (NEF) has 18,000 shares outstanding at a market price per share of $14. Maryland Fish Markets (MFM) has 7,000 shares outstanding at a market price of $21 a share. Neither firm has any debt. MFM is acquiring NEF for $275,000 in cash. What is the merger premium per share? **(Marks: 3)**
2. Discuss the following: **(Marks: 4)**
	1. Synergy
	2. Going Private