

C-4033

Sub. Code

31022

M.B.A. DEGREE EXAMINATION

INDUSTRY INTEGRATED

APRIL 2021 EXAMINATION

&

APRIL 2020 ARREAR EXAMINATION

Second Semester

CORPORATE FINANCE

(2017 onwards)

Duration : 3 Hours

Maximum : 75 Marks

Part A

(10 × 2 = 20)

Answer **all** questions.

1. Define 'payback'.
2. What do you mean by sensitivity analysis?
3. What is a common stock?
4. What is interest rate?
5. What do you mean by discounted cash flow?
6. What is cost of capital?
7. Write a short note on "project risk".
8. What do you mean by payout policy?
9. What is working capital management?
10. Write a short note on short term borrowing.

Part B

(5 × 5 = 25)

Answer **all** questions, by choosing either (a) or (b).

11. (a) Describe the capital budgeting procedure.

Or

- (b) Explain the Markowitz theory.

12. (a) Discuss the different method of Debt.

Or

- (b) What circumstances will the IRR and NPV rules lead to the same accept-reject?

13. (a) Explain the various methods of calculating the cost of equity capital.

Or

- (b) What are scenario, sensitivity and simulation analysis?

14. (a) Discuss the need for Holding Inventories.

Or

- (b) What are the differences between fixed costs and sunk costs?

15. (a) Explain the advantages of various sources of short term finance to large scale industries.

Or

- (b) Explain the marketable securities.

Part C

(3 × 10 = 30)

Answer **all** questions, by choosing either (a) or (b).

16. (a) Discuss the determinants of dividend policy on corporate companies.

Or

- (b) X Ltd., company is considering investing in a project requiring a capital outlay of Rs.2,00,000. Forecast of annual income after depreciation but before tax is as follows:

Year	Rs.
1	1,00,000
2	1,00,000
3	80,000
4	80,000
5	40,000

Depreciation may be taken as 20% on original cost and taxation at 50% of net income. You are required to evaluate the project according to each of the following methods :

- (i) Pay-back period
(ii) Excess present value index.
17. (a) Discuss the features of inter corporate investments.

Or

- (b) Explain the principle of diversification.
18. (a) Describe the techniques of decision tree analysis.

Or

- (b) Explain the different types of exchange rate risk.