

BB423

M. B. A. EXAMINATION, 2021

(Second Semester)

(Old Scheme) (Re-appear)

MASTER OF BUSINESS ADMINISTRATION

MBA108

Corporate Finance

Time : 2½ Hours]

[Maximum Marks : 70

Before answering the question-paper candidates should ensure that they have been supplied to correct and complete question-paper. No complaint, in this regard, will be entertained after the examination.

Note : Attempt *Four* questions in all. All questions carry equal marks.

1. Differentiate between Profit maximization and shareholders' wealth maximization objective of financial management. Why shareholders' wealth maximization is superior over profit maximization ? Explain with examples.
2. Distinguish between Primary Market and Secondary Market. Explain any *three* instruments of money market in India with examples.
3. Describe the various types of risk associated in investment decision. Explain the Risk Adjusted Discount Rate method and its relevance in capital budgeting decision.
4. There is an option of investment among two Machines for healthcare firm. The estimated cost of Machine-A will be ` 6,00,000 and Machine-B will be ` 7,00,000. Machine-A will provide annual cash flow of ` 1,40,000 for six years and

Machine-B will provide annual cash flow of ₹ 1,70,000 for five years. The cost of capital of machines is 10% and 11% respectively. Calculate the net present value, profitability index and decide which machine is suitable for investment.

5. Explain NI and NOI approach of capital structure with numerical example. Also describe the relevance of these two approaches in the present scenario of financing decision.
6. Describe the Weighted average cost of capital with the help of numerical example with its importance in financing decision for the expansion of a company.
7. Differentiate between permanent working capital and temporary working capital. What should be the sources of finance for temporary working capital requirement ? Explain the factors affecting the requirement of working capital in capital goods Sector Company.
8. Why dividend decision is significant for emerging company ? Explain the factors affecting dividend decision with relevant examples.