

4. What is an EBIT-EPS Analysis ? How would you compute it ? Give an example. Does financial leverage always increase the EPS of a Company ? Examine. 14

Unit III

5. What is the role of traditional approach of capital structure in financing decisions making in present context of business environment ? Explain with numerical example and also show the impact of financing decision on the value of firm and overall cost of capital. 14
6. Why cost of capital is important in financial management ? Take the imaginary figures and calculate weighted average cost of capital with appropriate examples. 14

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M.B.A. EXAMINATION, May 2018

(Second Semester)

(Re-appear Only)

MBA108

CORPORATE FINANCE

Time : 3 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 *Five* questions in all, selecting at least *one* question from each Unit. All questions carry equal marks.

Particulars

Project A

Project B

Present value of one rupee due at the end of n Years (PVIF) at 10%

Present value of one rupee due at the end of n Years (PVIF) at 12%

P.T.O.

Investment Amount/ cost (Rs.)

2,00,000

2,20,000

Life of Project (Years)

05

05

Discount Rate

10%

10%

Depreciation rate

20%

20%

Tax Rate

30%

30%

Cash flow (Years) 01

50,000 (Rs.)

55,000 (Rs.)

0.909

0.892

Cash flow (Years) 02

65,000 (Rs.)

75,000 (Rs.)

0.826

0.797

Cash flow (Years) 03

80,000 (Rs.)

90,000 (Rs.)

0.751

0.711

Cash flow (Years) 04

60,000 (Rs.)

70,000 (Rs.)

0.683

0.635

Cash flow (Years) 04

50,000 (Rs.)

60,000 (Rs.)

0.620

0.567

You are required to compute its Payback Period, NPV and, PI and decide the sustainable project for investment purpose.

14

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Unit I

1. Explain the role of finance manager of a MNC_S in the changing scenario of business environment. What functions does the finance manager perform ? **14**

2. Explain the following : **7 each**

- (a) Importance of wealth maximization objective
- (b) Primary and Secondary market of stock.

Unit II

3. XYZ Ltd. is considering two investment proposals, labelled project A and Project B, with the details show below :

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Unit IV

7. Explain the factors influencing the working capital requirement of a FMCG company with suitable examples. **14**
8. Explain any two models of dividend decision with relevant examples. Are these methods applicable in realistic manner ? **14**

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