

Roll No.

Total No. of Pages : 02

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MBA/MBA(IB) (Sem.-2)

CORPORATE FINANCE AND INDIAN FINANCIAL SYSTEM

Subject Code : MBA-206-18

M.Code : 76158

Date of Examination : 16-07-22

Time : 3 Hrs.

Max. Marks : 60

INSTRUCTIONS TO CANDIDATES :

1. SECTION-A contains EIGHT questions carrying TWO marks each and students has to attempt ALL questions.
2. SECTION-B consists of FOUR Subsections : Units-I, II, III & IV. Each Subsection contains TWO questions each carrying EIGHT marks each and student has to attempt any ONE question from each Subsection.
3. SECTION-C is COMPULSORY and consist of ONE Case Study carrying TWELVE marks.

SECTION-A

Describe briefly :

1. Future Value of Money
2. Hybrid Securities
3. Financial Leverage
4. Accounting Rate of Return
5. Current Liabilities
6. Dividend
7. NBFCs
8. Global Depository Receipts.

SECTION-B

UNIT-I

9. 'The role of a finance manager is to mobilize fund, capital allocation and profit distribution'. Discuss and describe the functions of a finance manager in the light of the objectives of financial management.
10. You will deposit 50,000 per year for five years at 4%. Then you will just let the money stay invested there and draw interest. If interest in this second stage is 7%, how much would you have four years after the second stage starts?

UNIT-II

11. What is capital structure? Discuss in detail the various theories of capital structure.
12. A company has Rs. 7 crores available for investment. It has evaluated its options and has found that only 4 projects given below have positive NPV. All these investments are divisible.

Advise the management which project (s) should it select.

Project	Initial Investment (Rs. Crores)	NPV (Rs.Crores)	Profitability Index
X	3.00	0.60	1.20
Y	2.00	0.50	1.25
Z	2.50	1.50	1.60
W	6.00	1.80	1.30

UNIT-III

13. Define dividend. Discuss in detail the Gordon's model for deciding dividend policy of the company. Also, discuss the major limitations of Gordon's model.
14. Write a detailed note on various factors determining working capital requirement of the company.

UNIT-IV

15. What is financial system? Discuss in detail the components of Indian financial system.
16. Differentiate between capital and money markets. Discuss in detail the importance of mutual funds, stock and commodity exchanges for investors.

SECTION-C

17. Case Study :

Tube investment of India is a diversified manufacturing firm. In 2013, the firm reported an operating income of 1000 million and paid taxes @ 30% on income. The firm had book value of equity and debt of INR 3550 million and 1400 million respectively. The growth rate of the company is 5% a year. Nominal risk free rate is 10% and risk premium is 8% with company beta of 1.20 for the year. Cost of debt of the company is 8% (after taxes) and the debt to capital ratio is 42%. Market value of debt is 1800 million, company has balance of cash and marketable securities of INR 1500 million and company has issued 20 million equity shares in the market.

Question : If current market price of the share is INR 90 per share, you are required to determine whether it is underpriced or overpriced and should an investor invest in the shares of the company?

NOTE : Disclosure of Identity by writing Mobile No. or Making of passing request on any page of Answer Sheet will lead to UMC against the Student.