

Roll No.

Total No. of Pages: 02

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MBA (Sem. – 2)

**CORPORATE FINANCE AND INDIAN FINANCIAL SYSTEM**

Subject Code: MBA-206-18

M Code: 76158

Date of Examination : 03-01-2023

Time: 3 Hrs.

Max. Marks: 60

**INSTRUCTIONS TO CANDIDATES:**

1. SECTION-A is COMPULSORY consisting of EIGHT questions carrying TWO marks each.
2. SECTIONS-B consists of FOUR Sub-sections : Units-I, II, III & IV. Student have to attempt any ONE question from each Sub-section carrying EIGHT marks each.
3. SECTION-C is COMPULSORY, consists of a Case Study carrying TWELVE marks.

**SECTION-A**

1. Discuss the concepts (Briefly):

- a) Cash flow
- b) Cost benefit ratio
- c) Debt
- d) Discounted Pay back period
- e) NBFC
- f) Commodity exchanges
- g) Convertible bonds
- h) Derivatives

**SECTION-B**

**UNIT-I**

2. Discuss types of cash flows and methods for measuring their future value.
3. What are the most common methods for valuation of equity and debt?

## UNIT-II

4. Write notes:
  - a) Net Income approach
  - b) Arbitrage
5. Compare and contrast IRR and NPV from capital budgeting standpoint.

## UNIT-III

6. Discuss various approaches for managing and financing working capital in India.
7. Write notes on:
  - a) Dynamic view of working capital
  - b) Irrelevance of dividends in present times

## UNIT-IV

8. Money market and capital markets can create good sources of finance for a company but they are meant for entirely different situations. Discuss.
9. Elaborate the financial sector reforms in 21<sup>st</sup> century in India

## SECTION-C

10. Doll shop manufactures wooden parts for doll houses. The worker paid \$8.10 an hour and, using a handsaw, can produce a year's required production 1,600 parts in just eight 40-hour week. That is, the worker averages five parts per hour when working by hand. The shop is considering purchasing of a power band saw with associated fixtures, to improve the productivity of this operation. Three models of power saw could be purchased. The major operating difference between these models is their speed operation. The investment costs including the required fixtures and other operating characteristics are summarized as follows:

Category	By Hand	Model A	Model B	Model C
Production rate parts/hour	5	10	15	20
Labor hours required hrs/year	320	160	107	80
Annual labor cost \$	2592	1296	867	648
Annual power cost \$		400	420	480
Initial Investment		4000	6000	7000
Salvage/terminal value		400	600	700
Service life years		20	20	20

Assume Minimum Acceptable Rate of Return (MARR) = 10%. Are these enough savings to purchase any of the power band saws? Which model is the most economical?

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