

Roll No.

Total No. of Pages : 03

Total No. of Questions : 10

MBA (Sem-2)

**CORPORATE FINANCE AND POLICY**

Subject Code : MBA 206-21

M.Code : 92177

Date of Examination : 10-06-2023

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**

**1. Write briefly :**

- a. What is EBIT?
- b. What is Internal Resource Analysis?
- c. What is Leverage?
- d. What is EVA?
- e. What is Financial Risk?
- f. Define Firm's value.
- g. What is Agency?
- h. What is ROI?

## SECTION-B

### UNIT-I

2. Discuss the role of financial management for a business in today's world with suitable examples.
3. Write notes on the following :
  - a. Time Value of Money
  - b. Short term sources of finance.

### UNIT-II

4. Explain the features of an ideal capital structure.
5. Discuss major problems with the determination of the cost of capital in detail.

### UNIT-III

6. Discuss major business risks faced by a firm today.
7. Explain the advantages and disadvantages of leverage.

### UNIT-IV

8. Can working capital be negative? Why or why not? Discuss.
9. Discuss the forms of dividend in detail.

## SECTION-C

10. Read the following case study in detail and answer the questions :

Dividend is the sum received by the Shareholders of a Company on the distribution of its profits. However, Sec. 2(22) define dividend which are notionally or by fiction of law is treated as dividend. Dividend is not impressed with character of Profit. 'Dividend' in, its ordinary connotation means the sum paid to or received by a shareholder proportionate to his shareholding in a company out of the total sum distributed. Dividend distributed by a

Company being a share of its profits declared as distributable among the shareholders, is not impressed with the character of the profits from which it reaches the hands of the shareholders. A Dividend u/s 205 of the Companies Act can be paid only out of the profits of a company whether for that year or out of the profits of the company for any previous financial years as set out in that section, and in the manner set out in that section. While reading Sec.2(22) stress on these sentences : (a) To the extent to which distribution is attributable to the accumulated profits, (b) To the extent to which the company possesses accumulated profits (c) Distribution which entail the release of company's assets. As per sec. 2(22) following payments or distribution are not treated as dividend (a) any payment made by a company on purchase of its own shares from a shareholder in accordance with the provisions of Sec. 77 A of the Companies Act, 1956. (b) any distribution of shares pursuant to a demerger by the resulting company to the shareholders of the demerged Company ( whether or not there is a reduction of capital in the demerged Company).

**Questions :**

- a. What is 'not dividend'? Explain in your own words.
- b. “*Dividend is not impressed with character of Profit*”. Why? Explain.
- c. A company can pay its dividends from anywhere? Do you agree? Discuss.
- d. Discuss the types of dividend from the case.

**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.**