

Roll No.

Total Pages : 03

704203

May 2024

M.B.A. (Executive) (Second Semester)

Corporate Finance (MBA-E-113)

Time : 3 Hours]

[Maximum Marks : 75

Note : It is compulsory to answer all the questions (1.5 marks each) of Part A in short. Answer any *four* questions from Part B in detail. Different sub-parts of a question are to be attempted adjacent to each other.

Part A

1. (a) Why is the concept of time value of money crucial in financial management ? 1.5
- (b) What role does risk analysis play in investment decisions ? 1.5
- (c) What are the methods employed to assess risk ? 1.5
- (d) What is the Weighted Average Cost of Capital (WACC), and how is it calculated ? 1.5
- (e) Why is it important for companies to understand their WACC ? 1.5
- (f) What are the determinants of dividend policy ? 1.5

- (g) Differentiate the Walter, Gordon, and Modigliani-Miller models. 1.5
- (n) Why working capital is essential for a company's operation ? 1.5
- (i) What do you mean by cash management ? 1.5
- (i) Write the name of different methods of inventory management. 1.5

Part B

- 2. What are the key components of financial management, and how are finance functions organized within a company ? 15
- 3. (a) What are the primary objectives of financial management ? 7.5
- (b) What are the various sources of long-term finance available to companies, and how do they differ in terms of accessibility and cost ? 7.5
- 4. (a) Why are investment decisions significant in financial management ? 5
- (b) How do companies determine cash flows when evaluating investment opportunities, and what methods are commonly used for capital budgeting ? 10

- 5. How do companies determine the cost of different sources of raising capital, and why is it important to consider these costs in financial decision-making ? 15
- 6. (a) What factors influence capital structure decisions, and what are the concepts of financial and operating leverage ? 5
- (b) Can you explain the various capital structure theories, including the Net Income (NI), Net Operating Income (NOI), Traditional, and Modigliani-Miller (M-M) theories ? 10
- 7. (a) What is working capital ? What are the determinants of working capital ? 5
- (b) How do companies estimate their working capital needs, and what factors are considered in this estimation process ? 10