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Roll No. :

576344(76)

676544(76)

M. B. A. (Third Semester) Examination,

Nov.-Dec. 2021

(New Scheme)

(Management Branch)

(Specialization : Finance Management)

CORPORATE FINANCE and VALUATION

Time Allowed : Three hours

Maximum Marks : 80

Minimum Pass Marks : 32

Note : Attempt all questions. Attempt any two parts from each unit. Each part carries equal 8 marks.

Unit-I

1. (a) What is the relationship between Corporate Finance Management and Financial Decisions of a firm.

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- (b) Explain the different valuation tools and alternative valuation approaches of a corporate.
- (c) A company is considering raising of funds of about ₹ 100 lakhs by one of two alternative methods, viz, 14% institutional term loan or 13% non-convertible debentures. The term loan option would attract no major incidental cost. The debentures would have to be issued at a discount of 2.5% and would involve cost of issue of ₹ 1,00,000. Advise the company as to the better option based on the effective cost of capital in each case. Assume a tax rate of 50%.

Unit-II

2. (a) Explain how a firm's success can be effected due to management of operating cash flow.
- (b) Explain in detail the various treasury functions applied in working capital management.
- (c) State the markets to book ratio model suggested by Marakon Associates and derive it analytially. How does the company maintain their liquidity position?

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Unit-III

3. (a) A project requires an initial investment of 1 million. The expected cash flows are shown below :

Year	Cash Flow
1	250,000
2	300,000
3	400,000
4	500,000

Appropriate discount rate is 15 percent, should the entrepreneur accept the project.

- (b) Explain the importance of International Capital Budgeting in Today's Global Economy.
- (c) What are the major alternatives available for a firm to finance its international investments?

Unit-IV

4. (a) Banking relationship can add value through its contractual features. Justify the statement.
- (b) Explain the role and concept of Negotiation in Banking Relationship.

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- (c) Explain how negotiation strategies can contribute to the improvement of financial management by building relationships.

Unit-V

5. (a) Explain the motives behind mergers and acquisitions.
- (b) Explain post merger acquisition problems in mergers and acquisition.
- (c) Explain the merger and acquisitions. What are horizontal, vertical and conglomerate mergers, quote examples?