



SC-4182

M. B. E. (Sem. II) Examination
March / April – 2011
Business Finance
(Old & New)

Time : 3 Hours]

[Total Marks :70

Instruction :

(1)

नीचे दृष्टावेक निशानीवाणी विगतो उतरवडी पर अवश्य लपवी.
Fillup strictly the details of signs on your answer book.

Name of the Examination :
M. B. E. (Sem. 2)

Name of the Subject :
Business Finance (Old & New)

Subject Code No. : 4 1 8 2 Section No. (1, 2,...): Nil

Seat No. :

Student's Signature

- (2) As per the instruction No. 1 of page No. 1.
- (3) Answers to Q No. 1 & 2 are compulsory.
- (4) Answer any four questions from Q No. 3 and No. 8.
- (5) The marks assigned to each question are indicated against it.

- 1 Explain the relevance of dividend using Gordon's model. 15
- 2 What is working capital ? "A firm should plan its operations in such a way that it should have neither too much nor too little working capital." Discuss. 15
- 3 What do you mean by leverage ? Explain its types and its significance. 10

- 4 Discuss the different approaches to analyze risks in investment decision. 10
- 5 What is corporate finance and explain the financial decisions that a manager of a firm has to undertake ? 10
- 6 (a) Discuss the advantages of Bonus issues to companies and shareholders. 10
- (b) Details of Antara Ltd. is as follows : EPS - 5/- rate of return required by shareholders $K = 16\%$. What rate of return should be earned on investments to ensure market price of Rs. 50 when the dividend payout is 40%. Use Gordon's model for the above calculations.
- 7 Explain in detail the factors that influence dividend policies of companies. 10
- 8 Write short notes on any two : 10
- (a) Comparison of Bonus issue and stock split.
- (b) Liquidation value and intrinsic value.
- (c) Capital structure.
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