



RF-4604-05

M. B. E. (Sem. - II) Examination

April / May - 2010

Business Finance : Paper - VIII

Time : 3 Hours]

[Total Marks : 100

RF-4604

Instructions :

(1)

नीचे दशांशके निशानीवाणी विगतो उत्तरवही पर अवश्य लिखी. Fillup strictly the details of signs on your answer book.	Seat No. :
Name of the Examination :	<input type="text"/>
<input type="text" value="M. B. E. (SEM. - 2)"/>	<input type="text"/>
Name of the Subject :	<input type="text"/>
<input type="text" value="BUSINESS FINANCE - 8"/>	<input type="text"/>
Subject Code No. : <input type="text" value="4"/> <input type="text" value="6"/> <input type="text" value="0"/> <input type="text" value="4"/>	Section No. (1, 2,.....) : <input type="text" value="1"/>
Student's Signature	

- (2) Answers to section 1 and 2 must be written in separate answer books.
- (3) Q.1 in sec.1 is compulsory. Answer any two questions from Q. No. 2, 3 and 4.
- (4) Q. 5 in Sec. II is compulsory. Answer any two from questions no. 6,7 and 8.

- 1 (a) Discuss the determinants of working capital. **20**
- (b) X Ltd. issued 12% debentures of Rs. 500 each of Rs. 10,00,000 redeemable at the end of 10 years at 10% premium. The underwriting commission was 2% and share issue expenses was 3%. If tax rate was 50% compute the cost of debentures.
- 2 What is leverage? Explain different kinds of leverage. **15**
- 3 Discuss different capital structure theories. **15**
- 4 What is capital budgeting? Explain the different methods of evaluating capital projects. **15**

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Name of the Examination :	<input type="text"/>
<input type="text" value="M. B. E. (SEM. - 2)"/>	<input type="text"/>
Name of the Subject :	<input type="text"/>
<input type="text" value="BUSINESS FINANCE - 8"/>	<input type="text"/>
Subject Code No. : <input type="text" value="4"/> <input type="text" value="6"/> <input type="text" value="0"/> <input type="text" value="5"/>	Section No. (1, 2,.....) : <input type="text" value="2"/>
Student's Signature	

- (2) Answers to section 1 and 2 must be written in separate answer books.
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- (4) Q. 5 in Sec. II is compulsory. Answer any two from questions no. 6,7 and 8.

5 Explain the relevance of dividend using Gordon's model. **20**

6 (a) Explain the assumptions and criticisms as detailed in Modigliani and Miller hypothesis. **15**

(b) H manufacturing Co. had 1,00,000 outstanding shares. The current market price of share is Rs. 100. The net profit made by H manufacturing Co is Rs. 10,00,000/-. It proposes to make investments of Rs. 20,00,000/- and also wishes to declare a dividend of Rs. 5 per share. If the opportunity cost of capital is 10% what is the price of the share at the end of year if

- (i) Dividend is not declared
(ii) Dividend is declared and paid.

7 What is corporate finance? Discuss the decisions to be addressed by finance manager, in a corporate firm. **15**

8 Write short notes on any two : **15**

- (a) Bonus shares
(b) Factors influencing the dividend policy of a firm
(c) Annuity.