



**GANDHI INSTITUTE OF ENGINEERING AND TECHNOLOGY UNIVERSITY,
ODISHA, GUNUPUR
(GIET UNIVERSITY)**

**M.B.A (Second Semester Regular/Supplementary) Examinations, May – 2025
23MBAPC12005- Corporate Finance**

Time: 3 hrs

Maximum: 60 Marks

(The figures in the right hand margin indicate marks.)

PART – A**(2 x 5 = 10 Marks)**Q.1. Answer **ALL** questions

- | | CO # | Blooms
Level |
|--|------|-----------------|
| a. What is ploughing back of profits? | CO2 | K1 |
| b. Define certificate of deposit. | CO2 | K1 |
| c. A company issues 2000, 10% preference shares of Rs 100 each. Find out cost of preference capital. | CO2 | K3 |
| d. Explain working capital cycle. | CO3 | K2 |
| e. How to calculate EOQ? | CO4 | K2 |

PART – B**(10 x 5 = 50 Marks)**Answer **all the** questions

2. a. Calculate the Average rate of return for project A and project B from the following:

Marks	CO #	Blooms Level
10	CO2	K4

Investment	Rs 20,000 (Project A)	Rs 30,000 (Project B)
Estimated life	4 years	5 years
Projected Net Income		

Years	Project A	Project B
1	2000	3000
2	1500	3000
3	1500	2000
4	1000	1000
5	-	1000
Total	6000	10,000

If the required rate of return is 12% which project should be undertaken?

(OR)

- | | | | |
|---|----|-----|----|
| b. State the difference between operating leverage and financial leverage. | 10 | CO4 | K3 |
| 3.a. Discuss the advantages and disadvantages of Inadequate working capital? | 10 | CO4 | K2 |
| (OR) | | | |
| b. Describe the theories of Dividend Policy. | 10 | CO3 | K2 |
| 4.a. The initial cash outlay of a project is Rs 50,000 and it generates cash inflows of Rs20000,15000,25000,10000 in four years. Using present value index method find out the acceptability of the investment assuming 10% rate of discount. | 05 | CO1 | K4 |

b.	A company issues Rs 1, 00,000 10% debenture. Cost of flotation Rs 10,000. Tax rate applicable is 50%. Find out cost of Debt a) at par, b) at a premium of 10% (c) at a discount 5%.	05	CO2	K4
(OR)				
b.	Elaborate the dimensions and benefits of receivable management.	10	CO4	K3
5.a.	State the difference between equity share and preference share.	10	CO1	K2
(OR)				
b.	What is Retained earnings? Explain the benefits and determinants of retained earnings?	10	CO1	K2
6.a.	Explain the different types of risk involved in financial management.	10	CO1	K3
(OR)				
b.	Discuss the nature and functions of Financial Management.	10	CO1	K2
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