

**MASTER OF BUSINESS ADMINISTRATION
IN FINANCIAL MARKETS (MBAFM)**

Term-End Examination

00095

December, 2014

MCT-073 : CORPORATE FINANCE

Time : 3 hours

Maximum Marks : 100

Note : Attempt any **five** questions. All questions carry equal marks.

1. What are the reasons for big firms to also create a 'Corporate finance department' in addition to an accounting and finance department ? What special functions are discharged by 'Corporate finance department' ? Why is this department growing in importance ? 20

2. State the ratios that a financial analyst needs to compute to find out the short-term and long-term liquidity of a firm. How are ratios used to arrive at meaningful conclusions ? 20

3. Distinguish between 'funds flow' and 'cash flow' statements. Which one is more useful than the other ? How is a cash flow statement prepared ? 20

4. When is it desirable to issue equity shares in a company ? What are the various types of shares that can be issued by a company ? Is 'equity shares issue' better than 'bond issue' and if so, why ? 20
5. Explain the various components of Indian financial market. Also state the regulators of each such component. Should there be a super regulator for different regulators ? 20
6. Outline the different objectives of mergers and acquisitions. Do you think that tax considerations guide the trend of mergers and de-mergers in India ? Give one example of merger in banking sector in India. 20
7. Explain the process of international investment decision-making. What role do political factors play in such a process ? How risky are international investments ? 20
8. Write short notes on any **two** of the following : 10+10=20
- (a) Firm Valuation Process
 - (b) Valuation of Bonds
 - (c) International Financial Institutions
 - (d) Turnover Ratios and their interpretation