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B.E / B.TECH. DEGREE EXAMINATIONS, MAY 2024

Sixth Semester

SE18002 – CORPORATE FINANCE

(Common to all branches)

(Regulation 2018)

TIME: 3 HOURS

MAX. MARKS: 100

- CO 1** To understand the scope of corporate finance, corporate ecosystem in terms of regulation and reporting
- CO 2** To understand the corporate ecosystem in terms of regulation and reporting, presentation of financial statements as per the Companies act 2013 Profit and loss account Balance sheet Cash flow statements Interpretation of the Websites providing financial information, SEBI regulations with respect to Listed companies , Ratio inclusive of valuation Analysis.
- CO 3** To understand the applications of TVM calculations , return and risk calculations Finding the Risk and Return of Securities – Ex-post and Ex ante Risk and Return on a Portfolio - 2 Security Case and 3 - Security with statistical applications to Financial planning , Investment planning , Valuations, to various Industries like Banking , Securities , Insurance and retirement planning achieved through MS Excel and other spreadsheet Ratio inclusive of valuation Analysis .
- CO 4** To understand the nature of Working Capital Planning of Working Capital Computation of Working Capital and Management the Constituents of Working Capital and understanding in detail Cash, Receivables, and Inventory as how they effect working capital decisions in Organisations Ratio inclusive of valuation Analysis.
- CO 5** To understand the Capital Assets Pricing Model Weighted Cost of Capital: Book Value and market Value Proportions Bond Valuation Equity Valuation Operating, Financial and Total Leverage FBIT-FPS Analysis Ratio inclusive of valuation Analysis
- CO 6** To understand in detail the Capital Structure Theories, MM Hypothesis with and without taxes Determination of Relevant Cash Flows
- CO 7** To understand the Capital Budgeting Techniques and their application Capital Budgeting under conflicting situations, Capital Rationing Investment Decision under Risk and Uncertainty in order to maximize benefits for all stakeholders Ratio inclusive of valuation Analysis

PART- A (10 x 2 = 20 Marks)

(Answer all Questions)

- | | CO | RBT LEVEL |
|---|----|-----------|
| 1. Which of the following best describes the scope of corporate finance?
a) The management of a corporation's financial resources and investment decisions. b) The study of financial markets and their impact on corporate decision-making. c) The process of raising capital and managing financial risks within a corporation. d) All of the above. | 1 | 2 |

2.	Describe the importance of Corporate Finance.	3	2
3.	Elaborate on financial statements with respect to a Company.	3	3
4.	What is the meaning of Ex poste and Ex ante evaluation of the company in terms of risk and return?	4	3
5.	List the importance of Time value of money in financial analysis.	5	4
6.	Enumerate about cash flow statement.	2	3
7.	Give insights on the following working capital of cash Inventory and receivables.	4	3
8.	Identify the important parts of Annual report of the company.	1	2
9.	State the importance of Time value of money in financial analysis.	2	2
10.	What is the concept of Investment decisions under risk and uncertainty?	5	5

PART- B (5 x 14 = 70 Marks)

		Marks	CO	RBT LEVEL
11. (a)	(i) Elaborate your understanding on the Goals and Functions of finance.	(8)	1	1
	(ii) What is the cost of capital for various sources of finance? Please explain about the capital Assets pricing model.	(6)	5	3
	(OR)			
(b)	(i) What are the 10 important sections of the Annual report published by the company according to you and on what basis?	(8)	1	2
	(ii) What are financial services and how are they different from the financial markets?	(6)	5	2
12. (a)	(i) In order to become a strong Equity analyst to understand the concept of equity valuation, There are minimum 15 areas to gain proficiency. Please write minimum 10 points are required to mastered completely to do equity valuation in a sequential order.	(8)	7	2
	(ii) In capital markets the major suppliers of trading instruments are which types of institutions, please elaborate.	(6)	6	3
	(OR)			
(b)	(i) Explain the concept of operating and financial leverage in a detailed note.	(8)	7	3

	(ii)	Who is the regulator of mutual funds in India? Please write a few lines about the regulator and the functions for supervising the Mutual funds markets.	(6)	6	4
13. (a)	(i)	As an Engineer – Analyst, what are the two ways of evaluating the company? Write short notes on EIC analysis.	(8)	3	2
	(ii)	What are the methods of valuation of inventory? Please describe them and write not more than 2 sentences on the methods.	(6)	4	3
		(OR)			
(b)	(i)	What are the minimum 5 key factors that can influence the working capital requirements for organizations in India.	(8)	4	3
	(ii)	Write briefly on the 5 points for the portfolio construction process?	(6)	3	2
14. (a)	(i)	Planning of Working Capital is an important exercise for the CFO of the company in the manufacturing sector? Please explain the importance of this activity.	(8)	4	2
	(ii)	What are the key conflict points between the following function in an organization with respect to inventory management.	(6)	2	3
		(OR)			
(b)	(i)	Today Bond Valuation has become a very important activity for all the participants of the markets Please explain?	(8)	4	4
	(ii)	Explain any three Capital Budgeting Techniques and their application.	(6)	2	2
15. (a)	(i)	Determination of Relevant Cash Flows is an important exercise at the start of the business year? Please explain why?	(6)	7	3
	(ii)	What is the meaning of the term risk and return of the securities ?	(8)	2	2
		(OR)			
(b)	(i)	Please write about the understanding and importance of Ratio analysis with all the important classification of ratios.	(8)	7	4
	(ii)	What are capital structure theories? Please explain about the MM Hypothesis with and without taxes?	(6)	2	3

PART- C (1 x 10 = 10 Marks)

(Q.No.16 is compulsory)

			Marks	CO	RBT LEVEL
16.		What is the concept of leverage in financial decision making? Please elaborate upon Operating, Financial and Total Leverage FBIT-FPS Analysis?	(10)	2	3
