

Question Bank
Corporate Finance and Policy
MBA 206-21

1. Functions of Financial Management.
2. Annuity
3. Weighted Average Cost of Capital.
4. ROI 5. Trading on Equity
5. Accounting Rate of Return
6. Permanent Working Capital
7. Stock Dividend.
8. What is corporate finance? Discuss in detail the interface of financial management with other functional areas of management.
9. What is capital market? Discuss in detail how capital market facilitates mobilizing longterm funds for a company.
10. Write a detailed note on MM Hypothesis I and II. Discuss in detail the principle of arbitrage between debt and equity for explaining MM Hypothesis 1 and II.
11. What is specific and marginal cost of capital? Discuss in detail the role and importance of cost of capital of a firm in various financial decisions of a company.
12. What is combined leverage? Write a detailed note on the impact of financial leverage on the risk profile of a firm. Give suitable examples to support your answer.
14. ABC Co. Ltd. is evaluating the financial feasibility of following machine and has sought your opinion whether this machine should be installed if the cost of capital of the firm is 10%
Machine Initial Investment Cash Flow (Amount in Rs.) Year 1 Year 2 Year 3 Year 4 Year 5 X
5,00,000 2,00,000 1,30,000 1,50,000 1,90,000 -20,000.
13. ABC Co. Ltd. is evaluating the financial feasibility of following machine and has sought your opinion whether this machine should be installed if the cost of capital of the firm is 10%
Machine Initial Investment Cash Flow (Amount in Rs.) Year 1 Year 2 Year 3 Year 4 Year 5 X
5,00,000 2,00,000 1,30,000 1,50,000 1,90,000 -20,000.
14. What do you mean by working capital? Discuss in detail various factors determining working capital of a company in India.
16. Write a detailed note on various forms of dividend policies followed by companies in India. Also, briefly discuss Walter's model for determining dividend policy of a company.
15. What are the principles followed in estimating the cash flows in capital budgeting? Explain the process of capital budgeting?

16. What is optimal capital structure? Explain the MM hypothesis and the arbitrage mechanism to support MM hypothesis of capital structure.

17. What are the various factors to be kept in mind while framing dividend policy?

18. What is working capital management all about? Explain the determinants of working capital.

19. What are the various components of Indian financial system? Critically examine the role played by the financial system in the development of the economy. 16) Describe the developments which have made Indian financial system more robust after 1991.

20. What is optimal capital structure? Explain the MM hypothesis and the arbitrage mechanism to support MM hypothesis of capital structure.