

MAY 2012

P/ID 6023/MEF

Time : Three hours

Maximum : 80 marks

PART A — (8 × 5 = 40 marks)

Answer any EIGHT questions.

All questions carry equal marks.

1. Explain the scope of corporate finance.
2. What are the causes for over capitalisation.
3. What is ploughing back of profits? state its merits and limitations.
4. State the functions of Industrial Finance Corporation.
5. What are the advantages of preference shares to the company's point of view?
6. What are the advantages of a adequate working capital.
7. Write short notes on:
 - (a) Gordon's growth model
 - (b) Profitability Index.

8. Explain the term 'capital budgeting'.
9. What are the secondary factors will affect the financial planning.
10. Explain the term watered capital.
11. How can you determine the working capital requirement?
12. What are the advantages and characteristics of equity shares?

PART B — (4 × 10 = 40 marks)

Answer any FOUR questions.

All questions carry equal marks.

13. What is optimum capital structure? Explain factors influencing optimum capital structure.
14. State the merits and demerits of issuing debentures.
15. Discuss the effects of under capitalisation of a company.

16. List down the various factors which will determine the capital structure of a company.
 17. Discuss the role of IDBI in promoting industrial sectors in India.
 18. How for debit financing is useful to a company.
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