



Regulation R20

Subject code: C144EF3

# TKR COLLEGE OF ENGINEERING AND TECHNOLOGY

(Autonomous, Accredited by NAAC with 'A+' Grade)

## MBA IV Semester Supplementary Examinations, February 2024

### Strategic Investment & Financing Decision

Maximum Marks: 70

Date: 21.02.2024

Duration: 3 hours

- Note:
1. This question paper contains two parts A and B.
  2. Part A is compulsory which carries 20 marks. Answer all questions in Part A.
  3. Part B consists of 5 Units. Answer any one full question from each unit.
  4. Each question carries 10 marks and may have a, b, c, d as sub questions.

#### Part-A

All the following questions carry equal marks (5x4M=20 Marks)

Q.NO	QUESTIONS	Marks	Blooms Tx
1	Explain the steps to be taken in Monte carol simulation	4	understand
2	Discuss in detail about ANPV.	4	knowledge
3	State the objectives of Capital budgeting.	4	knowledge
4	Write about Lease finance.	4	create
5	Define Book value of merger?	4	knowledge

#### Part-B

Answer All the following questions. (10M X 5=50Marks)

6	Explain the Criteria involved in the process of decision making under risk.	10	Understand														
OR																	
7	Explain about certainty equivalent coefficient	10	Create														
8	Define project abandonment decision? Explain with an example?	10	knowledge														
OR																	
9	<p>ABC Ltd had a setup a Project 5 years ago. The project remaining life is 5 years The cash flow for the balance life is as follows</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Year</th> <th>Cash flows</th> </tr> </thead> <tbody> <tr><td>1</td><td>30</td></tr> <tr><td>2</td><td>35</td></tr> <tr><td>3</td><td>45</td></tr> <tr><td>4</td><td>55</td></tr> <tr><td>5</td><td>50</td></tr> <tr><td>6</td><td>60</td></tr> </tbody> </table> <p>The salvage value of the project is 100. Dis investment value is 155. The discount rate is 17%. What should ABC do ?</p>	Year	Cash flows	1	30	2	35	3	45	4	55	5	50	6	60	10	Apply
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1	30																
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10	Define pay back period? Explain different types of payback period.	10	Knowledge																					
	OR																							
11	Determine Bail out pay back period.	10	Solve																					
	<table border="1" style="margin-left: 40px;"> <thead> <tr> <th>YEAR</th> <th>Cash flows</th> <th>Salvage value</th> </tr> </thead> <tbody> <tr> <td>0</td> <td>100000</td> <td>50000</td> </tr> <tr> <td>1</td> <td>30000</td> <td>40000</td> </tr> <tr> <td>2</td> <td>20000</td> <td>35000</td> </tr> <tr> <td>3</td> <td>25000</td> <td>20000</td> </tr> <tr> <td>4</td> <td>20000</td> <td>10000</td> </tr> <tr> <td>5</td> <td>55000</td> <td>10000</td> </tr> </tbody> </table>	YEAR	Cash flows	Salvage value	0	100000	50000	1	30000	40000	2	20000	35000	3	25000	20000	4	20000	10000	5	55000	10000		
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12	Compare and contrast Financial and operating lease?	10	Analyze																					
	OR																							
13	Discuss the merits and limitations of hire purchase system.	10	Understand																					
14	What are the Different types of acquisition?	10	Understand																					
	OR																							
15	Define Diversification? Explain different types of diversification?	10	Knowledge																					