



**MBA DEGREE EXAMINATIONS: NOV/DEC 2023**

(Regulation 2021)

Third Semester

**MASTER OF BUSINESS ADMINISTRATION**

P21MBE0149: Corporate Finance

**COURSE OUTCOMES**

- CO1:** Explain the concepts of Corporate Finance  
**CO2:** Appraise the Capital structure theories and Dividend theories  
**CO3:** Explain Capital budgeting, long term and short term financing

**Time: Two Hours**

**Maximum Marks: 50**

**PART A (1 x 10 = 10 Marks)**

1. In 2023, Tech Corp, a global software giant, acquired an Indian startup, InnovateTech, specializing in AI-driven analytics. The acquisition aimed to expand Tech Corp's footprint in the Indian market and tap into InnovateTech's innovative technologies. Tech Corp offered a lucrative deal, providing InnovateTech's founders with a combination of cash and stock options, enticing them to sell. Due diligence was conducted to assess InnovateTech's technology, market position, and potential synergies with Tech Corp. Post-acquisition, InnovateTech's team was retained, and its technology was integrated into Tech Corp's product offerings. Challenges emerged in aligning operational processes and addressing cultural differences between the two organizations. Legal experts navigated regulatory requirements, ensuring compliance with Indian laws governing mergers and acquisitions. The acquisition facilitated Tech Corp's entry into new market segments and accelerated its growth in India. Success was measured by increased market share, enhanced technological capabilities, and improved customer satisfaction. Ultimately, the acquisition strengthened Tech Corp's position in the Indian market and contributed to its global expansion strategy.

- A. Based on the situation given in the above case, explain how mergers and acquisitions will be helpful for growth purposes? CO3 [K<sub>5</sub>]
- B. In the above case explain the strategic rationale for a merger deal? CO3 [K<sub>5</sub>]

**PART B (5 x 4 = 20 Marks)**

2. Outline why many businesses are operating as sole proprietorship or partnerships? CO1 [K<sub>2</sub>]
3. Summarize the pecking order theory. CO1 [K<sub>2</sub>]
4. Compare how scenario analysis differ from sensitivity analysis CO1 [K<sub>2</sub>]
5. Infer about stock split with an example CO2 [K<sub>2</sub>]
6. Identify the motives for mergers and acquisitions. CO3 [K<sub>3</sub>]

**PART C (2 x 10 = 20 Marks)**

7. a Examine how agency conflicts affect the goal of maximizing shareholder value. CO1 [K<sub>4</sub>]
- or
- b Explain about the ideal optimal capital structure for a firm? CO2 [K<sub>2</sub>]
8. a The Reserve Bank of India (RBI) says Zero Coupon Bonds are issued at a discount and redeemed at par. Explain how they are priced? CO3 [K<sub>5</sub>]
- or
- b Does dividend affect the size of a stockholder's investment in a firm? Elaborate? CO3 [K<sub>6</sub>]

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