

IMSC IT Fintech Sem.-7 Examination

FITMSC-04

Corporate Finance

Time : 2.30 Hours]

December-2025

[Max.Marks : 70

Instructions:

- Figures to the right indicate Full Marks.
- Do not write anything on the question paper.
- Simple calculator is allowed. Do not use a scientific calculator.

Q.1	Discuss the Corporate Finance along with their objectives in detail. <u>OR</u> Elaborate the Concept of Corporate Finance along with their Components in detail.	14												
Q.1		14												
Q.2	Discuss the Corporate Finance along with their Scopes and mentioned some Practical Examples in detail. <u>OR</u> Elaborate the Concept of Corporate Finance and why Corporate Finance Essential for the Business? Write in detail.	14												
Q.2		14												
Q.3	Arjun Industries Ltd. is considering investing in a project requiring a capital outlay of Rs. 1,00,000. Forecasted annual income after depreciation but before tax is as follows: - <table border="1" data-bbox="280 1462 1345 1547"> <thead> <tr> <th>Year</th> <th>1</th> <th>2</th> <th>3</th> <th>4</th> <th>5</th> </tr> </thead> <tbody> <tr> <td>Amount</td> <td>50,000</td> <td>40,000</td> <td>30,000</td> <td>20,000</td> <td>10,000</td> </tr> </tbody> </table> Depreciation may be taken as 20% on cost as per written down value method. The company's required rate of return is 10% and pays tax at a 40% rate: You are required to evaluate the project according to each of the following method: 1) Rate of return on original investment method 2) Net present value method 3) Profitability index method	Year	1	2	3	4	5	Amount	50,000	40,000	30,000	20,000	10,000	14
Year	1	2	3	4	5									
Amount	50,000	40,000	30,000	20,000	10,000									

E1541-2

Present Value of Rs.1 at 10% Discount Rate is as follows:

Year	1	2	3	4	5
Present Value @ 10%	0.909	0.826	0.751	0.683	0.621

OR

Q.3

Shalin Industries Ltd. is considering investing in a project requiring a capital outlay of Rs. 1,00,000.

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Forecasted annual income after depreciation but before tax is as follows: -

Year	1	2	3	4	5
Amount	50,000	40,000	30,000	20,000	10,000

Depreciation may be taken as 20% on original cost. The company's required rate of return is 10% and pays tax at a 40% rate:

You are required to evaluate the project according to each of the following method:

- 1) Rate of return on original investment method
- 2) Net present value method
- 3) Profitability index method

Present value of Rs.1 at 10% discount rate is as follows:

Year	1	2	3	4	5
Present Value @ 10%	0.909	0.826	0.751	0.683	0.621

Q.4

Harilal Premchand Ltd. has an investment Rs. 3,20,000 with the following expected net cash flow.

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Year	Net Cash Flow	Present Value @ 10%
1	56000	0.909
2	56000	0.826
3	56000	0.751
4	56000	0.683
5	56000	0.621
6	64000	0.564
7	80000	0.513
8	1,20,000	0.467
9	80,000	0.424
10	32,000	0.386

Determine the 10% as the Cost of Capital (Rate of Discount)
Determine the Following Methods:

1. Pay-Back Period Method
2. Net Present Value Method
3. Profitability Index Method.

OR

Q.4 Rajan Pvt. Ltd. is considering to invest in a project requiring a capital of Rs 2,00,000.

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Forecast for Annual income after depreciation but before tax is as follows:

Year	Amount	Present Value @ 10%
1	40,000	0.909
2	30,000	0.826
3	40,000	0.751
4	35,000	0.683
5	10,000	0.621
6	50,000	0.564
7	30,000	0.513
8	45,000	0.467
9	40,000	0.424
10	30,000	0.386

Depreciation is to be taken on original cost and taxation at 50% of net profit.

You are required to evaluate the project according to each of the following methods:

1) Pay Back Period Method

2) NPV at 10% Method

3) Profitability Index Method at 10% Discount Factor.

4) Accounting Rate of Return Method.

5) IRR at 10% Discount Factor and at 15% Discount Factor.

Q.5 Write the Following: (Any 7) (Each Contain 2 Marks)

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Elaborate the Term in detail:

1. Discuss the Term Finance.

2. Write any 2 advantages of Pay-Back Period Method in detail.

3. Write any 3 disadvantages of Net Present Value Method in detail.

4. Discuss any 2 difference Point between Net Present Value and Pay-back Period Method in detail.

5. What do you mean by Corporate Finance? Write in detail.

E1541-4

6. Which Method Gives Proper Valuation of Investments in the Businesses?
7. Write any 2 Objectives of Corporate Finance in detail.
8. Discuss any two Functions of Finance in detail.
9. Mention the Formula of Pay-Back Period Method in detail.
10. Elaborate the Formula of Internal Rate of Return in detail.

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