



INSTITUTE OF AERONAUTICAL ENGINEERING

(Autonomous)

Dundigal, Hyderabad - 500 043

MASTER OF BUSINESS ADMINISTRATION ASSIGNMENT QUESTIONS

Course Name	:	STRATEGIC INVESTMENT AND FINANCING DECISIONS
Course Code	:	CMB419
Class	:	IV Semester
Branch	:	MBA
Year	:	2017 - 2018
Course Coordinator	:	Ms. I Shireesha, Assistant Professor, MBA
Course Faculty	:	Ms. I Shireesha, Assistant Professor, MBA

OBJECTIVES

To meet the challenge of ensuring excellence in management studies, the issue of quality needs to be addressed, debated and taken forward in a systematic manner. Accreditation is the principal means of quality assurance in higher education. The major emphasis of accreditation process is to measure the outcomes of the program that is being accredited.

In line with this, Faculty of Institute of Aeronautical Engineering, Hyderabad has taken a lead in incorporating philosophy of outcome based education in the process of problem solving and career development. So, all students of the institute should understand the depth and approach of course to be taught through this question bank, which will enhance learner's learning process.

S. No	QUESTION	Blooms Taxonomy Level	Course Learning Outcome (CLOs)
ASSIGNMENT NO.1			
UNIT-I			
INVESTMENT DECISIONS UNDER RIDK			
1	Discuss the various decision making models based on the information about the state of nature and the decision environment in detail?	Understand	CCMB419.01
2	Define RADR in analysis of risk in investment decision. Explain advantages and disadvantages of risk adjusted rate of return?	Remember	CCMB419.01
3	Discuss about certainty equivalents approach which takes into account the risk factor in making estimations and appraisal of capital investment decisions?	Understand	CCMB419.01

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4	Two mutually exclusive investment proposals are considered with cost of capital of 12% suggest the selection of the project from the following data under probability distribution approach.	Remember	CCMB419.01																													
	<table border="1"> <thead> <tr> <th rowspan="2">Cost/ Year</th> <th colspan="2">Project M Rs. 5000</th> <th colspan="2">Project N Rs. 5000</th> </tr> <tr> <th>Rs</th> <th>Probability</th> <th>Rs</th> <th>Probability</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>3000</td> <td>0.3</td> <td>6000</td> <td>0.3</td> </tr> <tr> <td>2</td> <td>5000</td> <td>0.5</td> <td>7000</td> <td>0.5</td> </tr> <tr> <td>3</td> <td>7000</td> <td>0.3</td> <td>4000</td> <td>0.3</td> </tr> <tr> <td>4</td> <td>10000</td> <td>0.2</td> <td>5000</td> <td>0.2</td> </tr> </tbody> </table>			Cost/ Year	Project M Rs. 5000		Project N Rs. 5000		Rs	Probability	Rs	Probability	1	3000	0.3	6000	0.3	2	5000	0.5	7000	0.5	3	7000	0.3	4000	0.3	4	10000	0.2	5000	0.2
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4	10000	0.2	5000	0.2																												
5	Briefly explain decision tree approach which represents problems in a series of decisions to be made under conditions of uncertainty.	Understand	CCMB419.01																													
6	From the following data calculate the sensitivity of the a) Project cost, b) Annual cash flow, c) Cost of capital. Which is the most sensitive? Project cost Rs.1200, Annual cash flow Rs. 4500, Life of the project 4 years, Cost of capital is 14%. The annuity factor at 14% for 4 years is 2.9137 and at 18% for 4 years is 2.6667.	Remember	CCMB419.01																													
7	Define simulation. Discuss in detail about Monte Carlo approach to simulation in investment decisions under risk and uncertainty?	Understand	CCMB419.01																													
8	What is capital rationing? Discuss the types, advantages and disadvantages in capital rationing in investment decisions?	Understand	CCMB419.01																													
9	How do you measure portfolio risk and Portfolio return under Markowitz portfolio theory in investment decisions?	Remember	CCMB419.01																													
10	Define capital rationing. How can you distinguish capital rationing from portfolio in investment decisions?	Understand	CCMB419.01																													
UNIT-II																																
TYPES OF INVESTMENTS AND DISINVESTMENTS																																
1	Define disinvestment. What are the types of investments in capital budgeting decision?	Remember	CCMB419.06																													
2	Discuss any two methods for calculation of mutual funds returns in detail?	Remember	CCMB419.06																													
3	What is investment decision? Explain the steps involved in the process of capital budgeting in detail.	Understand	CCMB419.05																													
4	Define disinvestment. State the three methods adopted by Government of India for disinvesting the public sector undertakings?	Understand	CCMB419.06																													
5	Define project abandonment analysis. Discuss in detail about the information necessary to take capital budgeting decisions as divestment value?	Remember	CCMB419.06																													
6	Briefly explain about Lorie and Savage Paradox linear programming model for resolving capital rationing problem?	Understand	CCMB419.06																													
7	Discuss the differences in detail among Internal Rate Of Return, Modified Internal Rate Of Return and Multiple Internal Rate Of Return	Remember	CCMB419.02																													
8	Explain the differences among simple investment, pure investment and mixed investment with a example.	Understand	CCMB419.04																													

S. No	QUESTION	Blooms Taxonomy Level	Course Learning Outcome (CLOs)										
9	Define Net Present Value In Capital Budgeting Decisions. Explain About Adjusted Net Present Value in evaluation of the projects.	Remember	CCMB419.04										
10	Calculate Modified Internal Rate Of Return at the rate of 12%, if the cash inflows are as follows and cash outflow is Rs.1000 <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">Year</td> <td style="text-align: center;">1</td> <td style="text-align: center;">2</td> <td style="text-align: center;">3</td> <td style="text-align: center;">4</td> </tr> <tr> <td style="text-align: center;">Cash inflows</td> <td style="text-align: center;">100</td> <td style="text-align: center;">300</td> <td style="text-align: center;">400</td> <td style="text-align: center;">700</td> </tr> </table>	Year	1	2	3	4	Cash inflows	100	300	400	700	Remember	CCMB419.06
Year	1	2	3	4									
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UNIT-III													
CRITICAL ANALYSIS OF APPRAISAL TECHNIQUES													
1	Define capital budgeting. Explain the principles and importance of capital budgeting in investment decisions.	Remember	CCMB419.08										
2	Define non discounted cash flow techniques in capital budgeting. Discuss any two methods of traditional methods in capital budgeting?	Understand	CCMB419.08										
3	What do you mean by DCF in capital budgeting? State the advantages and disadvantages of Net present value method?	Remember	CCMB419.08										
4	What is payback period in traditional methods of capital budgeting? What is the difference between post payback and payback period methods?	Remember	CCMB419.08										
5	What is bail out pay back method? Discuss the differences between bailout payback period method and discounted payback method?	Understand	CCMB419.08										
ASSIGNMENT NO.2													
UNIT-III													
CRITICAL ANALYSIS OF APPRAISAL TECHNIQUES													
1	What return on investment in capital budgeting techniques? Write the advantages and disadvantages of Internal rate of return?	Understand	CCMB419.08										
2	State the importance of profitability index technique for simple and divisible projects with single period capital constraints?	Understand	CCMB419.08										
3	Briefly explain the significance of information and data bank in project selections during implementation of the project?	Understand	CCMB419.08										
4	Explain the various steps involved in Hertz Simulation procedure with a neat diagram.	Remember	CCMB419.08										
5	Discuss the 3 different cases of Hiller expected Net present Value and standard deviation of Net present Value?	Remember	CCMB419.08										
UNIT-IV													
STRATEGIC ANALYSIS OF SELECTED INVESTMENT DECISIONS													
1	Define lease financing. Discuss in detail about the broad classification of leasing in strategic investment decisions?	Understand	CCMB419.09										
2	Write characteristics of leasing and steps involved in the process of lease financing?	Remember	CCMB419.11										
3	Write the differences between borrowing and procuring? Discuss the factors affecting the decisions of leasing or buying?	Understand	CCMB419.13										

S. No	QUESTION	Blooms Taxonomy Level	Course Learning Outcome (CLOs)
4	Define hire purchase. Write the features and characteristics of hire purchase transaction?	Remember	CCMB419.09
5	Discuss the various forms of income tax benefits to both hire vendor and the hire purchaser in hire purchase as a financing alternative	Understand	CCMB419.10
6	State the advantages to Hire purchaser, seller, and to society in hire purchase system?	Understand	CCMB419.09
7	Explain the need of considering only after tax present value of the two alternatives in evaluation of lease or buy decisions.	Remember	CCMB419.09
8	Comment on “financial evaluation of lease- Break even lease rental (BELR) ”in leasing as a financing decision	Remember	CCMB419.13
9	Explain in detail about risks associated with lease financing.	Remember	CCMB419.11
10	Write the advantages of leasing as investment decisions?	Understand	CCMB419.11
UNIT-V			
FINANCING DECISIONS			
1	Define mergers. Discuss the various types of mergers in which a company can merge with another company?	Remember	CCMB419.14
2	How do you evaluate the returns and cash flows of mergers through an appropriate financial assessment?	Remember	CCMB419.14
3	What do you mean by efficiency theories? Discuss the efficiency theories that have been combined with mergers in detail?	Understand	CCMB419.14
4	State the different methods used in mergers and acquisition valuations in detail?	Apply	CCMB419.14
5	Define acquisitions. Discuss the various types of acquisition strategies in financing decisions?	Remember	CCMB419.14
6	Define takeovers. Write about the takeover strategies and anti takeover strategies in detail?	Understand	CCMB419.14
7	Explain the Security Exchange Board of India (SEBI) guideline for takeovers in India.	Understand	CCMB419.15
8	Define diversification. Discuss the types of diversification based on the applied criteria?	Remember	CCMB419.15
9	What are the legal procedures laid down in the company’s act,1956 for merger or acquisition in India?	Understand	CCMB419.15
10	What is the difference between mergers and acquisitions that a company can amalgamate with other?	Remember	CCMB419.14

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