

Time: 3 hours  
Marks: 60

**Answer any FIVE Questions**

**All Questions carry equal marks**

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1. Discuss the aspects of a business environment that need to be monitored in selection of profitable projects.
2. Discuss the procedure for Simulation Analysis and its merits and demerits.
3. Explain the concept of Adjusted NPV and how it can be effectively used.
4. Critically analyse the various Appraisal Techniques.
5. What is portfolio? State its features.
6. XYZ Company is acquiring PQR Company. XYZ will pay 0.5 of its share to the shareholders of PQR for each share held by them. The data for the two companies are as given below:  
XYZ PQR  
Profit after - tax (Rs in lakh) 150 30  
Number of share (lakh) 25 8  
Earnings per share (Rs) 6.00 3.75  
Market price of share (Rs) 78.00 33.75  
Price - earnings ratio 13 9  
Calculate the earnings per share of the surviving firm after merger. If the price - earnings ratio falls to 12 after the merger, what is the premium received by shareholders of PQR (using the surviving firm's new price)? Is the merger beneficial for XYZ's shareholders?
7. What are the main propositions of the traditional approach of capital structure.
8. What is meant by financial distress?