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Total Number of Pages : 02

MBA
15MNG402B

4th Semester Regular / Back Examination 2017-18

STRATEGIC FINANCIAL MANAGEMENT (SFM)

BRANCH : MBA

Time : 3 Hours

Max Marks : 100

Q.CODE : C187

Answer Question No.1 and 2 which are compulsory and any four from the rest.

The figures in the right hand margin indicate marks.

Q1 Fill in the Blanks : (2 x 10)

- _____ involves cutting back activities away from niche or peripheral markets.
- _____ is a strategy of moving into new activities in which the organization has limited or no experience.
- _____ represent a hybrid investments in the sense that it combines the features of both equity and debt.
- _____ is the ratio of market value of a company's equity to book value of the same company's equity.
- _____ immunization is the construction of a bond portfolio such that it will have a minimum return regardless of interest rate changes.
- _____ are employees severance arrangements that are triggered whenever a change in control takes place.
- _____ is an alternative corporate business form that gives the benefits of limited liability of a company and the flexibility of a partnership.
- A _____ by far the most common divestitures (and usually refer to as divestitures), is the sale of one or more company units to another company.
- Mergers and Acquisitions are regulated under the laws in India which are _____ and _____
- A unique type of merger called a _____ is used as a way of going public without the expense and time required by an IPO.

Q2 Answer the following questions (write short notes) : (2 x 10)

- Financial policy
- Yield to maturity
- Price-earnings ratio
- Reverse merger
- Corporate take overs
- Market to book value
- Targeted stock offerings
- Bond immunization
- Dividend capitalization model for stock valuation
- Corporate Strategy

Q3 Explain the conceptual framework of strategic financial management. What are the different approaches for wealth maximization of all stakeholders ? **(15)**

Q4 ESAR Enterprises engaged in the business of Ship breaking have issued a bond with following features : **(15)**

Face value : Rs.100

Coupon rate : 12%

Periodicity of coupon : Annual

Time remaining for maturity : 6 years

Redemption value :Rs. 110

Current market price : Rs.120

a) What is the current yield of the bond ?

b) If an investor buys the bond today and holds it till maturity, what returns would he realize?

c) Assuming that the yield in the market has fallen to 8%, what impact on price of the bond you see? Work out the price of the bond after two years assuming that yield remains at 8%.

Q5 What is due diligence in the context of corporate restructuring ? List and explain the various types of due diligence. **(15)**

Q6 Define the term 'Restructuring' List and elaborate on the various reasons/motives behind corporate restructuring. **(15)**

Q7 List and explain the various methods used for financial evaluation of target firm with respect to mergers and acquisitions. **(15)**

Q8 Write Short Notes any TWO : **(7½ x 2)**

a) Spin off and sell off

b) Major causes of M&A failures

c) Downsizing and lay off program.