

SECTION - B

15584

MBA 4th Semester Examination
Strategic Financial Management (NS)
FM-05

Time : 3 Hours

Max. Marks : 60

The candidates shall limit their answers precisely within the answer-book (40 pages) issued to them and no supplementary/continuation sheet will be issued.

SECTION - A

It contains ten short note type questions carrying 2 marks each. All the questions are compulsory.

1. What is reverse arbitrage?
2. Define the term financial architecture.
3. What do you mean by mean-variance criterion?
4. What is sensitivity analysis method of evaluating investments under risk and uncertainty?
5. Explain Sharpe Index model of portfolio analysis.
6. Define merger and acquisition.
7. Explain the term financial modeling.
8. Describe the CAPM model.
9. Point out the main reasons for mergers.
10. What is distress restructuring? (2×10=20)

[P.T.O.]

It contains six short answer type questions carrying 5 marks each. Student has to answer any four.

11. What are different techniques of investment decisions? Explain any one of them.
12. Discuss the steps involved in strategic planning process.
13. Describe the legal procedure for merger.
14. Define and distinguish between sell-off and spin-off.
15. How is demerger different from reverse merger? Explain.
16. Discuss the concept of Corporate Valuation and Value Based Management. (5×4=20)

SECTION - C

It contains four essay type questions of 10 marks each. Student has to answer any two.

17. Following data relating to Company - X and Company - Y are provided to you:

Particulars	Company - X	Company - Y
No. of outstanding Shares (In Millions)	20	10
Earning Per Share	Rs. 2.40	Rs. 4.0
Price/Earning Ratio	18	10

- (a) What would be the impact on earning per share of the two companies if they were to merge with share exchange ratio of 1 share of Company - X for 1 share of Company-Y?

- (b) What will happen to EPS of the two companies if the share exchange ratio changes to 1 share of Company - X for 2 shares of Company - Y?
18. What is corporate restructuring? Discuss the various forms of corporate restructuring.
19. What are objectives and goals of financial strategy? Discuss the components of financial strategy.
20. A project involving an investment outlay of Rs. 10 million is expected to generate following cash inflows during 3 years of its life.

Particulars	Year - 1		Year - 2		Year - 3	
	Cash inflow (In Rs. Million)	Probability	Cash inflow (In Rs. Million)	Probability	Cash inflow (In Rs.) Million)	Probability
Worst	3	0.3	6	0.2	7	0.5
Most Likely	4	0.4	7	0.4	8	0.3
Best	5	0.3	8	0.2	9	0.2

Calculate the expected monetary value of the project.

(10x2=20)