

22P445

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Name:

Reg.No:

FOURTH SEMESTER M.Com. DEGREE EXAMINATION, APRIL 2024

(CBCSS - PG)

(Regular/Supplementary/Improvement)

CC19P MCM4 EF04 - ADVANCED STRATEGIC FINANCIAL MANAGEMENT

(Commerce)

(2019 Admission onwards)

Time : 3 Hours

Maximum : 30 Weightage

Part-A

Answer any *four* questions. Each question carries 2 weightage.

1. Write a short note on McKinsey Approach?
2. Define Leverage
3. What is synergy?
4. What is concentric merger?
5. What is hostile takeover?
6. Explain PAC.
7. What is MBO?

(4 × 2 = 8 Weightage)

Part-B

Answer any *four* questions. Each question carries 3 weightage.

8. Explain the characteristics of Strategic Financial Management?
9. Explain the need for shareholder value creation?
10. Two firms A and B are exactly identical except that A does not use any debt finance while B use debt finance of Rs. 20,00,000 at 8 %. Both firms have EBIT of Rs. 5,00,000 and equity capitalization rate is 10%. Assuming corporate tax of 50%. Calculate the value of the firm using M.M Approach.
11. If an investor has sold a put option for Rs. 85 per share with a premium of Rs. 8 per share calculate the net pay off for the investor if the spot prices at expiration are Rs. 60, 70 , 80, 90, 100, 110, 120 and 130.
12. Explain Financial Evaluation of Leasing under Lessor's Point of View.
13. How the present value of net cash outflows after tax under debt financing is calculated?
14. Explain the various methods used to value target company under merger.

(4 × 3 = 12 Weightage)

Part-C

Answer any *two* questions. Each question carries 5 weightage.

15. Is there any relation between the dividend policy and value of a firm? Give suggestions with some live market examples.
16. Explain the different types of leasing with suitable example.
17. You have been provided with the following financial data of two companies.

	A Ltd.	B Ltd.
Earnings after tax	700000	1000000
Equity shares outstanding	200000	400000
Earnings per share	3.50	2.50
Price- earnings ratio (times)	10	14
Market price per share	35	35

B Ltd. acquires A ltd and exchanges its shares, to shareholders of A Ltd. based on market price of shares.

- (a) What will be the EPS subsequent to merge?
 - (b) What is the change in EPS for the shareholders of A Ltd and B Ltd.?
 - (c) Determine the market value of the post- merger firm?
 - (d) Ascertain the profit acquiring to share holders of both the firms?
18. Explain pre and post takeover defences.

(2 × 5 = 10 Weightage)
