23P445 (Pages: 2) Name : ....

Reg. No : ....

FOURTH SEMESTER M.Com. DEGREE EXAMINATION, APRIL 2025

(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. What is Financial Leverage?
2. Why has leasing become popular?
3. What is Swap Ratio?
4. What is vertical merger?
5. What is hostile takeover?
6. Explain PAC.
7. What is Joint ventures?

(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 various approaches to shareholder value?
10. Total Assets 10000
    Return on total assets 30%
    Cost of Capital 10%
    Calculate EVA
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. What are the critical assumptions of Walter Model?
13. Explain how merger and dilution affect on EPS.
14. Explain the pre offer takeover defences?

(4 × 3 = 12 Weightage)

Part-C

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

15. Compute the value of the firm, value of shares and average cost of capital from the following information:

Net Operating Income Rs. 200000

Total investment Rs. 1000000

Equity Capitalization Rate, If:

1. Firm uses no debt 10%
2. Firm uses Rs. 400000 as debt 11%
3. Firm uses Rs. 600000 as debt 15%

Assume that Rs. 400000 debt can be raised at 5% and Rs. 600000 can be raised at 7% rate of Interest.

16. Explain the different types of leasing with suitable example.

17. From the following details, compute the internal rate of return and also advice the lessor about the leasing out decision if the expected minimum rate of return is 15%.

Investment required: Rs.138500

Life of the Asset: 5 years

Year	Cash inflows
1	30000
2	40000
3	60000
4	30000
5	20000

18. A Ltd wants to acquire T Ltd by exchanging 0.5 of its share for each share of T Ltd the relevant financial data is

	ALtd	T Ltd
EAT	800000	360000
Equity shares outstanding	600000	180000
EPS	3	2
Market price per share	30	14
P/E ratio	10	7

(a) What is the number of equity shares required to be issued by A Ltd for acquisition of T Ltd?

(b) What is the EPS of A Ltd after the acquisition?

(c) What is expected MPS of A Ltd after the acquisition, assuming its P/E ratio remains unchanged?

(d) Determine the market value of the merged firm.

(e) Determine the equivalent earnings per share of T Ltd.

(2 × 5 = 10 Weightage)

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