

Roll No.

Total No. of Pages : 02

Total No. of Questions : 10

M.Com. (2018 Batch) (Sem.-3)
STRATEGIC FINANCIAL MANAGEMENT

Subject Code : MCOP-302-18

M.Code : 76829

Date of Examination : 14-12-22

Time : 3 Hrs.

Max. Marks : 60

INSTRUCTIONS TO CANDIDATES :

1. **SECTION-A** contains **EIGHT** questions carrying **TWO** marks each and students has to attempt **ALL** questions.
2. **SECTION-B** consists of **FOUR** Subsections : Units-I, II, III & IV. Each Subsection contains **TWO** questions each carrying **EIGHT** marks each and student has to attempt any **ONE** question from each Subsection.
3. **SECTION-C** is **COMPULSORY** and consist of **ONE** Case Study carrying **TWELVE** marks.

SECTION-A

Write briefly :

1. a. What is the need of financial manager?
b. What are the limitations of agency cost?
c. How equity capital differ from preference capital?
d. Discuss in detail Mckinsy approach.
f. Define financial risk.
g. What do you mean by inventory management?
h. Define discounted cash flow.
i. Define real option.

SECTION-B

UNIT-I

2. Discuss in detail objective, function and scope of financial management. What have been the key developments and reforms of the Indian financial sector since 1990?

3. What do you mean by strategic decision making framework? Discuss in detail interface of financial policy and strategic management.

UNIT-II

4. Define shareholder's value creation's MVA and EVA approach. What are the managerial implications of shareholder's value creation?
5. Define the concept of capital budgeting. Discuss in detail with the help of examples techniques of budgeting. How decision tree analysis approach can be used in capital budgeting decision?

UNIT-III

6. What do you mean by capital structure? Discuss in detail theories of capital structure.
7. The following information is available for Arvanti Corporation.

Earning per share	Rs.4.00
Rate of return on investment	18%
Rate of return required by shareholders	15%

What will be the price per share as per the Waiter model if the payout ratio is 40%, 60% and 50%?

UNIT-IV

8. Describe the concept of working Capital Management. What are the components of working capital? The use of current liability as opposed to long term debt subjects the firm to greater risk of illiquidity. Examine.
9. Define financial restructuring? What are the various methods financial restructuring. Explain its significance in financial decision making. How sick units can be revived?

SECTION-C

10. The scientists at spectrum have come up with an electric moped. The firm is ready for pilot production and test marketing. This will cost Rs. 20 million and take six months. Management believes that there is a 70% chance that the pilot production and test marketing will be successful. In the case of success, spectrum can build a plant costing Rs. 150 million. The plant will generate an annual cash inflow of Rs. 30 million for 20 years if the demand is high or an annual cash inflow of Rs. 20 million if the demand is low. High demand has a probability of 0.6 and Low demand has a probability of 0.4.

What is the optimal course of action using decision tree analysis?

NOTE : Disclosure of Identity by writing Mobile No. or Making of passing request on any page of Answer Sheet will lead to UMC against the Student.