

SVKM's NMIMS
NMIMS – GLOBAL ACCESS SCHOOL FOR CONTINUING EDUCATION

Programme: PGDFM

Examination: June 2017
Subject: Strategic Financial Management

Semester: IV
Course : New
Marks : 70
Time: 3.00 p.m. to 6.00 p.m.

Date: 15.06.2017

Instructions:

1. Answer to each new question to be started on a fresh page.
2. Figures in bracket indicate full marks.

Q.1) Attempt any 2 out of 4

(Marks: 2X5=10)

- a) Dividend price approach in price of Equity
- b) Draw a Diagram of various Corporate Strategy Levels
- c) Elaborate on Dis-advantages on Corporate Strategy & Financial Policy
- d) Explain 2 basic objectives of Dividend Policy

Q.2) Write short notes on (2 out of 5)

(Marks: 2X5=10)

- a) Retained Earnings
- b) Gordon Theory of Relevancy of Dividend Payout on Value of Firm
- c) What is Financial Re-structuring ?
- d) Direct costs of Financial Distress
- e) Types of Mergers

Q.3) Attempt any 3 out of 5

(Marks: 3X10=30)

- a) What is need of Biz Restructuring?
- b) Characteristics of Biz Restructuring
- c) What is Acquisition?
- d) Importance of Venture Capital
- e) Process of Consolidation

Q.4) Attempt both the questions

(Marks: 2X10=20)

a)

Following is the information drawn from ABC Company Ltd.

Sales Revenue	1,00,000
(-) Operating Cost	20,000
(-) Interest Cost	10,000
Earning before tax	70,000
(-) Tax (50%)	35,000
Earning after tax	35,000

The firm existing capital consist of Rs. 50,000 equity funds, having 15% cost and of Rs. 10,000, 12% debt. Determine Economic Value Added.

b)

Assume that firm pays tax at 50%, compute cost of capital in following cases:

- (a) A 8.5% preference share sold at par
- (b) A perpetual bond sold at par, coupon rate of interest being 7%
- (c) Ordinary share selling at a current market price of Rs 120, and paying a current dividend of Rs.9 per share, which is expected to grow at a rate of 8%
