

**SVKM's NMIMS**  
**School of Distance Learning**

Programme: PGDFM

Academic year: 2012 – 2013

Subject: Strategic Financial Management

Semester: IV

Course New

Marks 70

Date: 08.01.2013

Time: 3.00 p.m. to 6.00 p.m.

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**Instructions:** Candidates should read carefully the instructions printed on the question paper and on the cover of the Answer Book, which is provided for their use.

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**Q1) Write Short notes on any 2 out of 3**

**(10 Marks)**

- a) Corporate Restructuring.
- b) Types of Mergers.
- c) Methods of Double Tax Agreement.

**Q2) Attempt any 2 out of 4**

**(10 Marks)**

- a) Briefly discuss the OECD guidelines relating to Transfer Pricing.
- b) Define the Modigliani and Miller's proposition (I and II) of capital structure with all its assumptions
- c) What actions can be taken in financial distress situations?
- d) Explain briefly, how financial policy is linked to strategic management.

**Q3) Attempt any 3 out of 4**

**(30 Marks)**

- a) Discuss in detail Economic Value Added (EVA) and Market Value Added (MVA).
- b) Discuss the various reasons for a failure of Restructuring.
- c) Discuss the various stages of Venture Capital Fund. What are the challenges faced by Venture Capitalist in India?
- d) Describe the process of consolidation. Discuss in brief the success and failure factors of consolidation.

Q4) Attempt both questions

(20 Marks)

a) Objective of DTAA is not to entertain international trade – Discuss.

b) Consider the following information pertaining to two stocks Axe and Tax

Year	Return on Axe(%)	Return on Tax(%)
2011	10	13
2012	14	17

You are required to determine:

- (i) The expected return on the portfolio containing Axe and Tax in the proportion of 4:3
- (ii) The standard deviation of return from each of the two stocks
- (iii) The covariance of returns from each of the two stocks
- (iv) Co-relation co-efficient between the returns of the two stocks

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