

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

Programme: PGDFM

Examination: December 2015
Subject: Strategic Financial Management

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

Date: 17.12.2015

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) What is the meaning of Financial Distress and explain its impact on the corporate?
- b) What are the important functions performed on the basis of corporate strategy?
- c) What are the stages of Turnaround Strategy?
- d) What are the challenges faced by Venture Capitalist in India?

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

(Marks: 2X5=10)

- a) Modes of the Contraction of Business
- b) Generic Turnaround Strategy
- c) Green Field Venture
- d) Forms of Consolidation
- e) Strategic Cost Management

Q.3) Attempt any 3 out of 5

(Marks: 3X10=30)

- a) Explain how capital structure impacts the financial position of the business?
- b) What is business restructuring? Explain the regulations related to restructuring process?
- c) Explain the methods of transfer pricing and interface with Strategic Cost Management?
- d) Calculate the Market price of share as per Walter Model and Gordon Model

Retention Ratio	50%
Internal Rate of Return	20%
Cost of Capital	16%
Dividend per share	₹ 3
Earnings Per share	₹ 5

- e) What are the different methods of Payment of Target Firm? Discuss the methods.

Q.4) Attempt both the questions

(Marks: 2X10=20)

a) Following is the capital structure of Sun Ltd as on 31st March 2015

Equity shares 10,000 shares of ₹ 100 each	10,00,000
10% Preference Shares of ₹ 100 each	4,00,000
12% Debentures	<u>6,00,000</u>
	<u>20,00,000</u>

The market price of the company share is ₹ 110 and it is expected that a dividend of ₹ 10 per share would be declared for the year 2015. The dividend growth rate is 6%. If the company is in the 50% tax bracket compute the weighted average cost of the capital.

b) What are the objectives of DTAA? State the important points of India DTAA as per Income Tax Act 1961.
