

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

Programme: PGDFM

Examination: June 2016
Subject: Strategic Financial Management

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

Date: 16.06.2016

Instructions:

1. Answer to each new question to be started on a fresh page.
 2. Figures in bracket indicate full marks.
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Q.1) Attempt any 2 out of 4

(Marks: 2X5=10)

- a) Define Strategy
- b) Discuss Importance of Strategy
- c) Describe Cost of Capital
- d) Explain Retained Earnings

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

(Marks: 2X5=10)

- a) Explain Importance of Cost of Capital.
- b) What are factors which affect WACC (weighted avg. cost of Capital) ?
- c) What is meaning of EVA (Economic Value Added)?
- d) What are different types of Dividends?
- e) Explain Factors affecting Capital Structure.

Q.3) Attempt any 3 out of 5

(Marks: 3X10=30)

- a) Explain Financial Distress & Factors Affecting Financial Distress
- b) What is Business Restructuring? What are its Characteristics?
- c) How does Financial Restructuring helps Company's Financials?
- d) What is Transfer Pricing? How it is adopted?
- e) Explain Meaning of Double Tax Avoidance Agreement with 3 Methods.

Q.4) Attempt both the questions

(Marks: 2X10=20)

- a) The current market price of an equity share of a company is Rs.90. The current dividend per share is Rs.4.50. In case, the dividends are expected to grow at the rate of 7%, Calculate the cost of equity capital.
- b) ABC Ltd. Company has cost of equity of 10% and currently selling 100000 shares at Rs.100 each. The firm is contemplating the declaration of a Rs.6 dividend at the end of the current fiscal year. What will be price of shares at the end of the year, if dividend is not declared under MM theory? And if company pays dividend with net income of Rs. 1000000 and makes new investments of Rs. 2000000 during the period, how many new shares must be issued?
