

PART C — (5 × 8 = 40 marks)

Answer ALL questions, choosing either (a) or (b).

Each answer should not exceed 600 words.

16. (a) Explain strategic planning process.
Or
(b) Explain in detail the scope of strategic financial management
17. (a) Explain the long term investment plan analysis with risk and return
Or
(b) Discuss the plausible reasons for mergers.
18. (a) Explain the features of corporate restructuring.
Or
(b) Explain the merger and dilution effect on earnings per share.
19. (a) Discuss the process of evaluating leasing from the lessor's perspective.
Or
(b) Briefly describe the following types of lease:
(i) Finance lease
(ii) operating lease
(iii) direct lease
20. (a) Discuss the modern finance explanations for the popularity of warrants and convertible debentures.
Or
(b) Discuss the factors that influence the value of a warrant.

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MASTER OF BUSINESS ADMINISTRATION (CBCS)
DEGREE EXAMINATION,
APRIL 2019.

Fourth Semester

Business Administration

Elective: STRATEGIC FINANCIAL MANAGEMENT
(For those who joined in July 2016 and afterwards)

Time : Three hours Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. A _____ gives its holder the right, but not the obligation, to subscribe to a certain number of equity shares at a stated price during a specified period.
(a) Warrant (b) dividend
(c) return (d) debenture
2. _____ rests on the premise that the goal of financial management should be to maximize the present wealth of the firm's equity shareholders
(a) Financial theory (b) Economic theory
(c) Feasibility study (d) None of the above
3. Risk and return may be defined for a single asset or a portfolio of assets
(a) Uncertainty (b) Risk and return
(c) Risk (d) Return



4. Financial leverage refers to the firm's fixed financing costs
 (a) Financial leverage
 (b) operating leverage
 (c) risk
 (d) None of the above
5. _____ is a foreword between flexibility and uniformity in financial management
 (a) Trade off (b) Sell off
 (c) Profitability (d) Financial distress
6. _____ is used with payback to assess the investment profitability
 (a) Accounting rate of return
 (b) Net present value
 (c) Annual rate of return
 (d) None of the above
7. _____ is rarely easy to compute and in exceptional cases is not a real number
 (a) Internal rate of return
 (b) Payback
 (c) Annual rate of return
 (d) None of above
8. _____ must be removed from fixed costs because it is not a cash flow
 (a) Depreciation (b) Discount
 (c) Break even (d) Profitability
9. A _____ represents a contractual arrangement whereby the lessor grants the lessee the right to use an asset in return for periodical lease payments.
 (a) Hire Purchase (b) Project finance
 (c) lease (d) None of the above

10. An _____ is a hybrid security whose payoff is linked to some general economic variable like the interest rate, exchange rate, or commodity index.
 (a) innovative hybrid
 (b) financial synergy
 (c) convertible debenture
 (d) None of the above

PART B — (5 × 5 = 25 marks)

Answer ALL questions, choosing either (a) or (b).
 Each answer should not exceed 250 words.

11. (a) What are the objectives of strategic planning?
 Or
 (b) What do you understand by strategic financial management?
12. (a) What do you mean by investment decisions?
 Or
 (b) What is corporate strategy? Give an example
13. (a) Write a note on financial restructuring.
 Or
 (b) What are the various financing options that are followed in finding a good capital structure?
14. (a) What are the typical contents of lease agreement?
 Or
 (b) What are the legal aspects of leasing?
15. (a) What are the differences between warrants and convertible debentures?
 Or
 (b) What is the effect of dilution on the value of a warrant?

