

D 72550

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Name.....

Reg. No.....

THIRD SEMESTER M.B.A. DEGREE EXAMINATION, DECEMBER 2019

(CUCSS)

M.B.A.—Finance

BUS 3EF 03/1B 03—STRATEGIC FINANCIAL MANAGEMENT

(2016 Admissions)

Time : Three Hours

Maximum : 36 Weightage

Part A

Answer the questions.

Each question carries 1 weightage.

1. Why there must be separation of ownership and control in firm.
2. Define term Hedging.
3. What is fire asset sale ?
4. What is option related to derivatives ?
5. What does pecking order hypothesis state.
6. When does company decides to buy back shares ?

(6 × 1 = 6 weightage)

Part B

Answer any four questions.

Each question carries 3 weightage.

7. Explain the underinvestment problem due to agency cost.
8. What are the factors affecting Black and Scholes model.
9. Explain the causes of financial distress.
10. Outline the characteristics of bidders and targets in takeover.
11. Discuss how firms can get tax benefits in merger transactions.
12. Discuss the various international sources of finance.

(4 × 3 = 12 weightage)

Turn over

Part C

Answer any three questions.

Each question carries 4 weightage.

13. Explain the conflict of interest between management and creditors. How can this problem be solved.
14. List and explain various balance sheet valuation, discount cash flow models and relative valuation techniques in evaluating equity.
15. What is CAPM ? How does it help the investor to evaluate stock listed in Stock exchange.
16. What is reverse merger ? Discuss the steps involved in reverse merger.
17. What is LBO ? What are the stages of LBO operation ?

(3 × 4 = 12 weightage)

Part D

Compulsory question.

6 weightage.

18. In an MNC like GE, the decisions taken has a multidimensional effect. The main reason being the company has a diversified business portfolio and operates in many countries. Discuss the importance of MNC strategic planning.

(1 × 6 = 6 weightage)