

THIRD SEMESTER M.B.A. DEGREE EXAMINATION, DECEMBER 2017

(CUCSS)

Finance

BUS 3E F03/IB 03—STRATEGIC FINANCIAL MANAGEMENT

(2016 Admissions)

Time : Three Hours

Maximum : 36 Weightage

Part A*Answer all questions.**Each question carries 1 weightage.*

1. 'Strategic Financial Management is an imperative for any business in a competitive scenario, not just an option'. Comment on the statement. Substantiate your views.
2. Enumerate the various approaches to corporate valuation.
3. Discuss the concept of Intellectual Property Rights (IPRs) with suitable examples.
4. Discuss briefly the motives of cross boarder M and As.
5. What do you mean by Management buyout ?
6. Enumerate the major international sources of finance.

(6 × 1 = 6 weightage)

Part B*Answer any four questions.**Each question carries 3 weightage.*

7. 'Agency theory looks at conflicts of interest between stakeholders with different interests'. Critically examine the statement and clearly give your views.
8. Discuss the dividend growth valuation model and its applications.
9. Explain the various disinvestment techniques.
10. Discuss the tax benefits of merger transactions.
11. 'ICICI Bank took birth as a result of a reverse merger between itself and its parent ICICI'. Examine the statement in the light of the concept of reverse merger.
12. Describe the rationale for diversification.

(4 × 3 = 12 weightage)

Turn over

Part C

Answer any three questions.

Each question carries 4 weightage.

13. What is CAPM ? Discuss the assumptions of CAPM.
14. Explain the Black-Scholes model.
15. Explain the steps in merger transactions.
16. What are the major defensive strategies in reverse merger ? Briefly discuss.
17. Discuss the various techniques for corporate restructuring.

(3 × 4 = 12 weightage)

Part D

Answer the following compulsory question which carries 6 weightage.

18. Hero Honda joint venture formed in 1984 is a classic case of strategic alliance involving an Indian company (Hero Group) and a Japanese automobile major company (Honda Motorcycle). The alliance has been terminated with the entire 26% stake of Honda Motorcycle in the venture bought by Hero Group. Selling out of the venture has given the Japanese company the freedom to go it alone in the world's second largest market for two-wheelers. Now, answer the following questions:

- (i) Is joint venture the only way to enter into strategic alliance ? If no, why ?
- (ii) Corporate alliances have been prevalent in the market for quite a long time. But, apart from alliances other forms of integration are emerging in today's competitive business environment. Enumerate a few of such emerging forms of integration.
- (iii) What are the key factors for managing an alliance ?
- (iv) Write the major reasons for the termination of the two companies' joint venture.

(1 × 6 = 6 weightage)