

D 51912

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Name.....

Reg. No.....

THIRD SEMESTER M.B.A. DEGREE EXAMINATION, DECEMBER 2018

(CUCSS)

M.B.A.

Specialisation : Finance

BUS 3EF 03/ IB 03—STRATEGIC FINANCIAL MANAGEMENT

(2016 Admissions)

Time : Three Hours

Maximum : 36 Weightage

Part A

Answer the following.

Each question carries 1 weightage.

1. What is ADR ? How is it different from GDR ?
2. Differentiate between Economic distress and financial distress.
3. When does fire asset sale and hostile takeover occurs ?
4. Why are the features of debt covenants ?
5. What is agency cost ?
6. List out the techniques used in valuation of shares.

(6 × 1 = 6 weightage)

Part B

Answer any four questions.

Each question carries 3 weightage.

7. Explain the features of call option and put option.
8. Enumerate the reasons for failure in Joint Venture.
9. What relations does Capital asset pricing model reveal ? Write a detailed note on SML and CML in the light of the assumptions of CAPM.
10. Discuss the conditions and restrictions on buyback of shares.
11. Enumerate the tax benefits during merger.
12. What is LBO ? Explain the stages of LBO operations.

(4 × 3 = 12 weightage)

Turn over

Part C

*Answer any three questions.
Each question carries 4 weightage.*

13. What do you mean by financial restructuring ? Briefly explain types of transactions involved during financial restructuring.
14. Differentiate between mergers, Acquisitions and amalgamations. Briefly discuss the legal procedure for each of them.
15. Explain the factors affecting dividend policy of an organization.
16. State and explain different techniques employed in corporate restructuring.
17. Explain the Black and Scholes model.

(3 × 4 = 12 weightage)

Part D

Compulsory question. 6 weightage.

18. Large company is acquiring small company on a share exchange basis. Their selected data are as follows :

	Large Company	Small Company
Profit after tax (Rs. in lakhs)	56	21
Number of share (lakhs)	10	8.4
Earnings per share (Rs.)	5.6	2.5
Price- earnings ratio	12.5	7.5

Determine :

- (a) Pre-merger market value per share.
- (b) The maximum exchange ratio large company should offer without the dilution of
(i) EPS ; (ii) Market value per share.

(1 × 6 = 6 weightage)