

Register No.: Name:

SAINTGITS COLLEGE OF ENGINEERING (AUTONOMOUS)

(AFFILIATED TO APJ ABDUL KALAM TECHNOLOGICAL UNIVERSITY, THIRUVANANTHAPURAM)

FOURTH SEMESTER MBA DEGREE EXAMINATION (Regular), JULY 2022**(2020 Scheme)****Course Code : 20MBA238****Course Name: Strategic Financial Management****Max. Marks : 60****Duration: 3 Hours****PART A***(Answer all questions. Each question carries 2 marks)*

1. What are the limitations of financial modelling?
2. Explain features of corporate strategy?
3. Why do companies buy-back their shares
4. Explain constrains to corporate restructuring
5. Explain reverse merger?

PART B*(Answer any 3 questions. Each question carries 10 marks)*

6. Explain different valuation methods
7. Identify various techniques for investment decisions
8. Examine strategic cost management techniques
9. Identify takeover defense strategies
10. ABC Ltd has projected the following cash inflows with two project proposals. The company wants to use a decision tree to get the picture of the projects' future cash inflows. The lifespan of the projects are estimated to be 2 years. The total investment of the project is Rs 50000 and company prefers to discount the inflows at 15%.

First year cash inflow

Proposal	Cash inflow	Probability
1	25000	0.6
2	20000	0.4

Second year cash inflow

Proposal 1		Proposal 2	
Cash inflow	Probability	Cash inflow	Probability
11000	0.3	12000	0.3
12000	0.3	15000	0.2
15000	0.4	30000	0.5

A – Examine the decision tree for the proposal?

(4 Marks)

B – Determine the best path and worst path? Determine whether the project will be accepted or rejected? (6 Marks)

PART C

(Compulsory question, the question carries 20 marks)

11. A. AB Ltd and BC Ltd decided to merge their business to form a new company called ABC Ltd. AB Ltd have a total of 10000 shares issued, which is currently traded Rs.85/share. BC Ltd had issued a total of 4000 shares, which is traded at Rs.2500/share. Determine the swap ratios. Company decided to follow current shareholding proportions and to issue 5000 shares for the new company. (10 Marks)
- B. Identify different payment options to shareholders after a merger? (4 Marks)
- C. Explain various investment decision situation (6 Marks)
