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M-1674

Sl.No.

Total No. of Pages : 2

IV Semester M.Com. Examination, May - 2018
(Scheme : CBCS)
COMMERCE
(Elective Group - C) : FINANCIAL MANAGEMENT
SC : Strategic Financial Decisions (Paper - II)

Time : 3 Hours

Max. Marks : 70

PART - A

Answer any five questions from the following. Each question carries 5 marks each.

[5 × 5 = 25]

1. Define strategic planning.
2. What is financial restructuring?
3. Write a short note on hybrid securities.
4. Distinguish between mergers and acquisition.
5. What is private equity?
6. Mention different types of amalgamation.
7. What is Financial Distress?
8. State different types of risk?

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PART - B

Answer any three questions from the following. Each question carries 10 marks each.

[3 × 10 = 30]

9. What are the different types of mergers? Explain the reasons for merger.
10. Elucidate different stages in strategic planning process.
11. What is risk management? Explain various steps involved in risk management.
12. "Strategic financing is very essential for any organisation" Discuss.
13. Explain the role of insurance and derivatives in mitigating risk.

PART - C

Case Study (Compulsory)

[1 × 15 = 15]

14. The following information is provided related to the acquiring firm A Ltd. and the target firm T Ltd :

Particulars	Firm A	Firm T
EAT (Rs lakh)	1,000	200
Number of shares outstanding (in lakh)	100	50
EPS (Rs)	10	4
P/E ratio (times)	10	5
MPS (Rs)	100	20

- a) What is the swap ratio based on current market prices?
- b) What is the EPS of A Ltd after acquisition?
- c) What is the expected market price per share (MPS) of A Ltd after acquisition, assuming P/E ratio of Firm A remains unchanged?
- d) Determine the market value of the merged firm.
- e) Calculate gain/loss for shareholders of the two independent companies, after acquisition.
- f) Determine the upper and lower limits for swap ratio beyond which the two firms would not go for the acquisition/merger.

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