MBFM 3001/
MBLF 3002

M.B.A. DEGREE EXAMINATION,
DECEMBER 2014/JANUARY 2015.

Third Semester

Finance

STRATEGIC FINANCIAL MANAGEMENT

(2012–2013 Batch onwards)

Time: Three hours  Maximum: 100 marks

SECTION A — (5 × 6 = 30 marks)

Answer any FIVE questions.

1. What are the steps to be followed in strategic planning?

2. Explain the process of Financial Planning.

3. Explain the features of an effective corporate planning.

4. State the purpose of Corporate Restructuring.
Questions for discussion:

(a) An overall analysis of the "Lease Vs own"

(b) Defining a judicious mix of leased at owned assets

(c) Projecting an overall impact of company's

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Balance Sheet, Income statement and cash

How statement.

SECTION B — (5) 10 = 50 marks)

8. Describe any six innovative financial instruments.

7. What are the various methods of venture capital

and suggest on the acceptability of the project.

Risk Adjusted Discount Rate (RAD) approach

R1. Project you are required to calculate NVP using

interest rate is 7% and discount factors are

Rs. 95000, Rs. 85000 and Rs. 1,00,000. Risk-free

economic life of 5 years of Rs. 20,000. Rs. 80,000,

expected to generate cash flows after tax over its

5. A project is required to invest Rs. 1,10,000 and is

11. High Technology Strategic Investment.

Enumerate the pre-requisites and obstacles of a

models.

Elaborate in detail the different types of financial

Importance of Financial Planning.

Explain the

9. Define — Financial Planning. Explain the

Answer any Five Questions.
12. Sky Way Ltd. is considering an investment proposal which requires 20 lakhs. The expected cash inflow and certainty co-efficients are given below:

<table>
<thead>
<tr>
<th>Year</th>
<th>Cash in flow (Rs.)</th>
<th>Certainty Co-efficient</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>6,00,000</td>
<td>0.90</td>
</tr>
<tr>
<td>2</td>
<td>3,00,000</td>
<td>0.85</td>
</tr>
<tr>
<td>3</td>
<td>7,00,000</td>
<td>0.80</td>
</tr>
<tr>
<td>4</td>
<td>8,00,000</td>
<td>0.75</td>
</tr>
<tr>
<td>5</td>
<td>9,00,000</td>
<td>0.65</td>
</tr>
</tbody>
</table>

Risk Free Interest Rate is 6%
Determine NPV of proposal.

13. Describe the various reasons for mergers.

14. Describe the different types of lease.

15. Explain the salient features of venture capital.

16. Discuss the different types of Bonds.
The company has exhausted its production capacity. PIL is one of the market leaders for plastic-moulded products such as buckets, furniture, pipes and other household items. It enjoys around 20% of the market share in its major warehouses and a strong team of more than 800 retail outlet dealers. The company has 11 factories, 64 retail outlets and 16 major warehouses in Western and Northern India.

Devan and Mehta, the Chairman of Plastic India Limited (PIL), was discussing with his top teams about capacity expansion. PIL is one of the market leaders in backward areas that enjoy presently located in backward areas that enjoy presently located in backward areas that enjoy presently located in backward areas that enjoy presently located in backward areas that enjoy presently located in backward areas that enjoy presently located in backward areas that enjoy presently located in backward areas that enjoy presently located in backward areas that enjoy presently located in backward areas that enjoy presently located in backward areas that enjoy presently located in backward areas that enjoy presently located in backward areas that enjoy presently located in backward areas that enjoy presently located in backward areas that enjoy presently located in backward areas that enjoy presently located in backward areas that enjoy presently located in backward areas that enjoy presently located in backward areas that enjoy presently located in backward areas that enjoy presently located in backward areas that enjoy presently located in backward areas that enjoy presently located in backward areas that enjoy presently located in backward areas that enjoy presently located in backward areas that enjoy presently located in backward areas that enjoy presently located in backward areas that enjoy presently located in backward areas.

Compulsory

SECTION C — 1 × 20 = 20 marks