Subject Code:- CMBIE0221

Roll. No:

NOIDA INSTITUTE OF ENGINEERING AND TECHNOLOGY, GREATER NOIDA

(An Autonomous Institute Affiliated to AKTU, Lucknow)

MBA IEV

SEM: II - THEORY EXAMINATION (2025 - 2026)

Subject: Strategic Financial Management

Time: 3 Hours **Max. Marks: 100**

General Instructions:

IMP: *Verify that you have received the question paper with the correct course, code, branch etc.*

1. *This Question paper comprises of* ***three Sections -A, B, & C.*** *It consists of Multiple Choice Questions (MCQ's) & Subjective type questions.*

2. *Maximum marks for each question are indicated on right -hand side of each question.*

3. *Illustrate your answers with neat sketches wherever necessary.*

4. *Assume suitable data if necessary.*

5. *Preferably, write the answers in sequential order.*

6. *No sheet should be left blank. Any written material after a blank sheet will not be evaluated/checked.*

SECTION-A 20

1. Attempt all parts:-

(1.1) A firm increases value for shareholders by: (CO1, K1) 1

(a) Paying high taxes
(b) Minimizing operating profit
(c) Investing in positive NPV projects
(d) Avoiding investments

(1.2) Strategic cost management aims to: (CO1, K1) 1

(a) Eliminate all costs
(b) Reduce fixed costs only
(c) Align costs with business strategy
(d) Delay payments

(1.3) Investment decision refers to: (CO2, K1) 1

(a) Choosing the source of finance
(b) Allocation of capital to long-term assets
(c) Managing daily cash needs
(d) Declaring dividends

(1.4) A debenture holder is a: (CO2, K1) 1

(a) Shareholder
(b) Creditor of the company
(c) Owner of the company
(d) Partner in the business

(1.5) Business valuation is the process of............(CO3, K1) 1

(a) Estimating working capital
(b) Determining the market value of a business
(c) Calculating profit margin
(d) Filing income tax returns

(1.6) Decision trees are useful in: (CO3,K1) 1

(a) Managing employees
(b) Analyzing sequential decisions under uncertainty
(c) Calculating working capital
(d) Determining tax rates

(1.7) Enterprise Value (EV) is calculated as: (CO4, K1) 1

(a) Equity + Retained earnings
(b) Market cap + Debt – Cash
(c) Total assets – Total liabilities
(d) EBITDA – Depreciation

(1.8) Market capitalization is: (CO4, K1) 1

(a) Net income × Assets
(b) Market price per share × Number of shares
(c) Sales ÷ Growth
(d) Debt ÷ Equity

(1.9) Restructuring success depends on: (CO5, K1) 1

(a) Just legal compliance
(b) Strong leadership, clear goals, and stakeholder alignment
(c) Avoiding investor communication
(d) Reducing product variety

(1.10) Business process reengineering (BPR) relates to: (CO5, K1) 1

(a) Financial auditing
(b) Radical redesign of processes for improvement
(c) Share capital calculation
(d) Warehouse automation only

2. Attempt all parts:-

(2.1) Explain the strategic importance of working capital management. (CO1, K2) 2

(2.2) Explain the role of international financial institutions like IMF and World Bank in capital markets. (CO2, K2) 2

(2.3) Discuss the role of risk-adjusted discount rate in project evaluation.(CO3,K2) 2

(2.4) Calculate NAV per share if total net assets are ₹60,00,000 and there are 2,00,000 equity shares. (CO4, K3) 2

(2.5) Describe the dynamics of restructuring in response to market changes. (CO5, K2) 2

<u>SECTION-B</u> 30

Answer any <u>one</u> of the following:-

(3.1) Discuss the challenges faced during the implementation of strategic financial plans. 6

(CO1, K2)

(3.2) Explain the role of financial benchmarking in corporate planning. (CO1, K2) 6

Answer any one of the following:-

(3.3) Compare short-term and long-term instruments used in international capital markets. (CO2, K2) 6

(3.4) Explain the role of institutional investors in international capital markets.(CO2,K2) 6

Answer any one of the following:-

(3.5) Explain the role of insurance in managing financial risk. (CO3, K2) 6

(3.6) Discuss how credit risk is evaluated and managed by firms. (CO3, K2) 6

Answer any one of the following:-

(3.7) Explain the legal and ethical considerations in conducting business valuations.(CO4,K2) 6

(3.8) Describe the steps involved in a professional business valuation process. (CO4, K2) 6

Answer any one of the following:-

(3.9) Discuss a real-world example of successful financial restructuring and its outcomes. (CO5, K4) 6

(3.10) Explain the role of government policies in financial restructuring.(CO5,K2) 6

SECTION-C 50

4. Answer any one of the following:-

(4.1) Explain how companies can balance the interests of creditors and stockholders.(CO1, K2) 10

(4.2) Discuss the governance problems faced during financial distress. (CO1, K2) 10

5. Answer any one of the following:-

(5.1) Discuss the role of rating agencies in evaluating hybrid securities. (CO2, K2) 10

(5.2) Describe a real-world case where a company successfully utilized hybrid instruments for funding. (CO2, K2) 10

6. Answer any one of the following:-

(6.1) A company is considering replacing old machinery with a new one costing ₹2,50,000. The new machine is expected to save ₹60,000 annually for 5 years. The discount rate is 10%. Calculate Payback Period, NPV. (CO3, K3) 10

(6.2) A company is expected to generate ₹80 crore in Free Cash Flow next year, which will grow at a constant rate of 4% annually. If the company's cost of capital is 9%, compute the intrinsic value of the company. (CO3, K3) 10

7. Answer any one of the following:-

(7.1) Describe a real-world scenario where asset-based valuation is most appropriate.(CO4,K2) 10

(7.2) Explain the role of the discount rate in the DCF model and how it is determined. (CO4, K2) 10

8. Answer any one of the following:-

(8.1)	Discuss the risks and rewards associated with leveraged buyouts. (CO5, K2)	10
(8.2)	Define leveraged buyout (LBO) and explain the mechanics of an LBO transaction.(CO5, K2)	10