D 143086 **(Pages : 3)** **Name..**

Reg. No...................................

FOURTH SEMESTER M.Com. DEGREE (REGULAR/SUPPLEMENTARY) EXAMINATION, APRIL 2026

(CBCSS)

Master of Commerce

MCM 4E (F) 04—ADVANCED STRATEGIC FINANCIAL MANAGEMENT

(2019 Admission onwards)

Time : Three Hours Maximum : 30 Weightage

Answers should be written in English only.

Section A

Answer any **four** *questions.*
Each question carries 2 *weightage.*

1. What is meant by Sustainable Growth Rate ?
2. Differentiate between Economic Value Added (EVA) and Market Value Added (MVA).
3. What is meant by Capital structure planning ?
4. Explain financial evaluation of Leasing.
5. What are Takeover defences ?
6. Compare the Horizontal and Vertical merger.
7. Explain different types leasing ?

(4 × 2 = 8 weightage)

Section B

Answer any **four** *questions.*
Each question carries 3 *weightage.*

8. Explain NPV and decision rule of using NPV method.
9. Consider a firm that has existing assets in which it has capital invested of ₹ 100 crores. The after-tax operating income on assets-in-place is ₹ 15 crore. The return on capital employed of 15 % is expected to be sustained to perpetuity, and company has a cost of capital of 10 %. Estimate the present value of economic value added (EVA) of the firm from its assets-in-place.

Turn over

10. Calculate NPV for a small sized project requiring an initial investment of ₹ 20,000, and which provides net cash inflow of ₹ 6,000 each year for six years. Assume the cost of funds to be 8 % p.a and there is no scrap value. (PV of annuity of Re. 1 for 6 years at 8 % p.a interest is ₹ 4.623)

11. The following information is available in respect of a firm :

    Capitalisation rate = 10 %

    Earnings per share = ₹ 50

    Assumed rate of return on investments :

    i) 12 %

    ii) 8 %

    iii) 10 %

    Show the effect of dividend policy on market price of shares applying Walter's formula when dividend payout ratio is a) 0 % ; b) 20 % ; c) 40 % ; d) 80 % ; and e) 100 %

12. Differentiate the Leasing methods and buying.

13. Explain different methods of valuation of firm.

(4 × 3 = 12 weightage)

Section C

Answer any **two** *questions.*
Each question carries 5 *weightage.*

14. Explain the different types of Takeovers of business.

15. X Ltd. is considering the proposal to acquire Y Ltd. and their financial information is given below :

Particulars		X Ltd.	Y Ltd.
No. of Equity shares	...	10,00,000	6,00,000
Market price per share (Rs.)	...	30	18
Market Capitalization (Rs.)	...	3,00,00,000	1,08,00,000

X Ltd. intend to pay Rs. 1,40,00,000 in cash for Y Ltd., if Y Ltd.'s market price reflects only its value as a separate entity. Calculate the cost of merger :

(i) When merger is financed by cash ; and

(ii) When merger is financed by stock.

16. Company B is being acquired by company A on share exchange basis. The relevant data for the two companies are given below :

	Company A	Company B
Number of share (Lakhs)	6	4
Earning After Tax (Lakhs)	30	12
EPS (Rs.)	5	3
Price earnings Ratio	16	8

You are required to determine :

a) Pre-merger market value per share ; and

b) The maximum share exchange ratio that company A should offer without the dilution i) EPS ; and ii) Market Value per share.

17. Describe the financial impact of Merger of business undertakings.

(2 × 5 = 10 weightage)