3M6306

Roll No _ ____________

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M.B.A. III Sem.(Main/Back) Exam Dec. 2012

Group : Finance

M -306 Finance for Strategic Decisions(Major Elective)

Time : 3 Hours

Maximum Marks : 70

Min. Passing Marks : 28

Instructions to Candidates:

1) *The question paper is divided in two sections.*
2) *There are sections A & B. Section A contains 6 questions out of which the candidate is required to attempt any 4 questions. Section B contains short case study/ application base 1 question which is compulsory.*
3) *All question are carrying equal marks.*
4) *Use of following supporting material is permitted during examination (Mentioned in from No. 205)*

1. ____________ Nil ____________ 2. ____________ Nil ____________

Section A

Q.1. Changing global economic environment effects financial decision making strategies. Discuss with examples.

Q.2. Discuss the modern techniques of valuing a firm. How the Market Value Added (MVA) differs from Economic Value Added (EVA).

Q.3. Discuss the impact of globalization on the financial decision making of corporate enterprises. Also discuss the impact of Liberalization on Indian Financial system. Explain with suitable examples.

Q.4 What is the difference between factoring and forfeiting? How far the factoring services have been useful for the Indian Corporate Sector?

Q 5. Write short notes on :

(i) Characteristics of Financial Instruments.

(ii) Role and Functions of Non Banking Financial Intermediaries.

Q 6. Discuss the Various Corporate Financial Models.

Section B

The following data relates to two companies PBS & TPS

	PBS	TPS
Profit after tax (Rs in'000)	100	20
Equity Share (Rs in'000)	50	5
Price - Earning ratio	20	10

(i) If Companies PBS and TPS merge by exchanging one share of company PBS for each share of company TPS, how would earning per share of the two companies be effected? What is the market value exchange ratio?

(ii) If the exchange ratio were 3 shares of company PBS for two shares of company TPS, What would be the impact of earning per share after merger? Assume that there would be synergy benefits equal to 20 % increase in the present earning due to merger