

00278

**POST GRADUATE DIPLOMA IN GLOBAL
BUSINESS LEADERSHIP
(PGDGBL)**

Term-End Examination

December, 2011

**MGBE-008 : STRATEGIC FINANCE :
FORMULATIONS, APPRAISAL AND CONTROL**

Time : 3 hours

Maximum Marks : 100

Note : Attempt any five questions. All questions carry equal marks.

1. What do you mean by 'Strategic Finance' ? State 20
some special cases or situations where, strategic
finance would be more appropriate rather than
the conventional financial management.
2. Explain the concept of 'capital budgeting'. What 20
appraisal methods of a capital investment
decision making would you use for this
purpose ? Give suitable examples.
3. What factors determine the dividend policy of a 20
company ? Briefly state the popular dividend
theories and their utility while laying down policy
with regard to dividends.

4. State the importance of 'capital structure' to a firm. **20**
What factors are kept in mind while designing the capital structure of a firm ? Should a new organisation depend more on debt ?
5. Distinguish between 'operating' and 'financial leverage'. What is their role in strategic financial management ? Illustrate your answer. **20**
6. Outline the meaning and importance of 'cost of capital'. How is the weighted average cost of capital computed and why ? Does tax rates matter in this computation ? **20**
7. How would you explain the different reasons of merger of firms ? What are the possible advantages of merger of entities ? Why companies de-merge sometimes ? **20**
8. Write short notes on *any two* of the following : **20**
- (a) Economic Value Addition concept and its utility.
 - (b) Composite leverage and its computation
 - (c) CAPM
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