



K26P 0663

Reg. No. :

Name :

IV Semester M.Com. Degree (CBCSS – OBE – Regular/Supple./Imp.)

Examination, April 2026
(2023 Admission Onwards)

A – Finance

CMCOM 04E03 : STRATEGIC FINANCIAL MANAGEMENT

Time : 3 Hours

Max. Marks : 60

SECTION – A

Answer **any five** questions in this Section. **Each** question carries **3** marks.

1. Define Strategic Financial Management. State any three features.
2. What is Shareholder Value Creation ? Name two metrics used to measure it.
3. Differentiate between Equity Financing and Debt Financing.
4. Comment :
 - a) Bootstrapping
 - b) Crowdfunding
 - c) Venture capital.
5. Distinguish between CML and SML.
6. Portfolio : 50% stock A ($\beta = 1.2$), 50% stock B ($\beta = 0.8$). Compute Portfolio Beta. (5×3=15)

SECTION – B

Answer **any three** questions in this Section. **Each** question carries **5** marks.

7. Discuss the factors affecting a firm's cost of capital.
8. Outline the types of corporate leverage and their impact on risk and return.

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9. What is Portfolio Management ? Examine its objectives.
10. Explain the principles of Relative Valuation and Swap Ratio in mergers.
11. Equity = ₹ 3,00,000 @ 12%; Debt = ₹ 2,00,000 @ 10%; Tax = 30%. Compute WACC. (3×5=15)

SECTION – C

Answer **any three** questions in this Section. **Each** question carries **10** marks.

12. Critically analyse Markowitz's model of risk-return optimisation,
13. Explain in detail the factors influencing the strategic financial decision.
14. Elaborate on the factors affecting the capital structure of a firm.
15. A company plans to invest ₹ 10,00,000 in a project. Expected cash inflows over 5 years are :

Year	Cash Inflow (₹)
1	2,50,000
2	3,00,000
3	3,50,000
4	2,50,000
5	2,00,000

Assume that the cost of capital = 12%.

- a) Compute NPV
 - b) Compute IRR approximately
 - c) Advise whether to accept the project.
16. Given the following details :
- Sales = ₹ 6,00,000; Variable cost = ₹ 3,60,000; Fixed cost = ₹ 1,00,000;
Interest = ₹ 40,000.
- Compute :
- 1) Degree of Operating Leverage (DOL)
 - 2) Degree of Financial Leverage (DFL)
 - 3) Degree of Combined Leverage (DCL)

(3×10=30)