MBSC-4.1A

Sl.No. :

Total No. of Pages : 3

Fourth Semester M.B.A. Degree Examination,
October - 2025
(SLM Scheme) (CBCS)
MANAGEMENT
(Elective - A) : FINANCE
Strategic Financial Management

Time : 3 Hours **Max. Marks : 80**

SECTION - A

Answer any five questions. Each question carries five marks : [5 × 5 = 25]

Q1) What are the 'Nine References' for Strategic Financial Management, and how do they influence decision-making?

Q2) What are the determinants of a firm's capital structure and their implications for financial management?

Q3) How do financial innovations impact dividend policy and financial decision-making?

Q4) Discuss the role of Venture Capital Firms in the growth of startups and emerging businesses.

Q5) Outline the role of corporate governance in Strategic Financial Management.

Q6) What are the key legal and procedural aspects of Mergers and Acquisitions in India?

Q7) Discuss the process of distress restructuring and how companies can implement it effectively.

SECTION - B

Answer any four questions. Each question carries ten marks. [4 × 10 = 40]

Q8) Discuss the key determinants of Dividend Policy in a firm. How do financial innovations and market conditions influence a company's choice of dividend policy? Provide examples to support your answer.

Q9) Analyze the concept of Financial Engineering and its role in Strategic Financial Management.

Q10) Explain the methods used for Venture Capital Financing. What are the key risks and rewards associated with venture capital investments, particularly in the Indian startup ecosystem?

Q11) Discuss the provisions of the Companies Act 2013 related to M&A and the importance of due diligence in such transactions.

Q12) Critically examine the impact of Corporate Restrcturing on a company's financial health.

Q13) Discuss the role of staging and VC monitoring in resolving principal-agent conflicts within the venture capital setting.

SECTION - C

Q14) **Case (Compulsory)** **[1 × 15 = 15]**

PQR Textiles Ltd., a well-established company in the textile industry, has been facing severe financial difficulties over the last two years. The company had made significant investments in modernizing its machinery and expanding its manufacturing capacity. However, due to a sudden downturn in global demand and rising raw material costs, PQR Textiles struggled to generate sufficient revenue to cover its debts.

As a result, the company began missing interest payments on its loans, and its credit rating was downgraded. Suppliers started demanding upfront payments, and banks were hesitant to extend further credit. The financial distress led to a liquidity crisis, and PQR Textiles considered restructuring its debt to avoid insolvency.

The management explored several options:selling non-core assets, negotiating with creditors to restructure the debt, or even filing for bankruptcy protection. Employees were anxious about potential layoffs, and investors were concerned about the company's long-term viability.

Questions:

a) What are the primary causes of financial distress in companies like PQR Textiles, and how can management identify early warning signs?

b) Discuss the various strategies a company can use to restructure its debt and recover from financial distress.

c) How do financial distress and restructuring impact stakeholders such as employees, creditors, and investors?

