



# Avinashilingam Institute for Home Science and Higher Education for Women

Deemed to be University Estd. u/s 3 of UGC Act 1956, Category A by MHRD (now MoE)

Re-accredited with A++ Grade by NAAC. CGPA 3.65/4, Category I by UGC

Coimbatore - 641 043, Tamil Nadu, India

**Bachelor's Degree Examination – November 2025**

**V Semester**

**Class : III UG**

**Major: B.Com PA**

**Time: 3 Hours**

**Max. Marks: 100**

## **23BCPC10 Strategic Financial Management**

### **Course Outcomes:**

**CO1:** Understand the financial policies, strategic management and risk evaluation.

**CO2:** Gain insights on the theories of security valuation, portfolio management and securitization mechanism.

**CO3:** Develop an understanding on international financial management.

**CO4:** Acquire knowledge on the approaches and methods of corporate valuation.

**CO5:** Familiarize the concept of corporate restructuring and startup finance in India.

### **Part A**

**10 x 1 = 10**

#### **Choose the Correct Answer**

1. What is strategic decision making? CO1 K1
  - a. A process of making routine decisions
  - b. A process of making decisions that affect the entire organization
  - c. A process of making decisions that are not critical to the organization
  - d. A process of making decisions that are only focused on short-term goals
  
2. VAR stands for CO1 K1
  - a. value at risk
  - b. Value added risk
  - c. Variance and risk
  - d. Value at return
  
3. What is the primary goal of security valuation? CO2 K1
  - a. To determine the market price of a security
  - b. To estimate the intrinsic value of a security
  - c. To predict future price movements
  - d. To identify undervalued securities
  
4. What is the primary goal of portfolio management? CO2 K1
  - a. To maximize returns
  - b. To minimize risk
  - c. To achieve a balance between risk and return
  - d. To invest in a single asset class
  
5. When was the first mutual fund introduced in India? CO3 K1
  - a. 1822
  - b. 1868
  - c. 1964
  - d. 1992
  
6. What is the difference between a forward contract and a futures contract? CO3 K1
  - a. A forward contracts to buy or sell a foreign currency at a fixed exchange rate at a future date
  - b. A forward contract is a customized contract, while a futures contract is a standardized contract
  - c. A forward contract is traded on an exchange, while a futures contract is traded over-the-counter
  - d. A forward contract is used for hedging, while a futures contract is used for speculation
  
7. What is the primary goal of interest rate risk management? CO4 K1
  - a. To maximize returns
  - b. To minimize risk
  - c. To optimize cash flows
  - d. To manage foreign exchange exposure
  
8. What is the impact of higher interest rates on corporate valuation? CO4 K1
  - a. Increases valuation
  - b. Decreases valuation
  - c. No impact on valuation
  - d. Depends on the industry
  
9. Which of the following is a type of merger? CO5 K1
  - a. Horizontal merger
  - b. Vertical merger
  - c. Conglomerate merger
  - d. All of the above
  
10. How do startups typically finance their growth? CO5 K1
  - a. Through venture capital and angel investments
  - b. Through debt financing
  - c. Through initial public offerings (IPOs)
  - d. Through mergers and acquisitions

**Part B** **5 x 6 = 30**  
**Answer ALL questions**  
**Each answer should not exceed 400 words or two pages**

- 11.a. Enumerate the evaluation of financial risk. CO1 K1  
(or)  
11.b. What do you mean by technical analysis? State the assumptions of technical analysis. CO1 K1
- 12.a. Discuss the discount rate selection in cash flows. CO2 K2  
(or)  
12.b. Illustrate the Capital Market Theory. CO2 K2
- 13.a. Explain how simulation can be used in international capital budgeting. CO3 K4  
(or)  
13.b. Point out the different approaches of option valuation. CO3 K4
- 14.a. Explain the various concepts of valuation. CO4 K3  
(or)  
14.b. Write a short note on  
i) EVA      ii)MVA      iii)SVA CO4 K3
- 15.a. Summarize the sources of start up funding. CO5 K4  
(or)  
15.b. What is Acquisition? Explain. CO5 K4

**Part C** **5 x 12 = 60**  
**Answer ALL questions**  
**Each answer should not exceed 800 words or four pages**

- 16.a. Elaborate various types of risk faced by an organisation. CO1 K1  
(or)  
16.b. Elucidate the Efficient Market of Hypothesis Analysis. CO1 K1
- 17.a. Discuss the various ways of valuation of bonds and debentures. CO2 K2  
(or)  
17.b. What is securitization? Illustrate the problems in securitization. CO2 K2
- 18.a. List out the merits and demerits of mutual funds. CO3 K3  
(or)  
18.b. Explain the objectives of effective cash management. CO3 K3
- 19.a. Explain with example the process of determining the risk and expected return of portfolio. CO4 K4  
(or)  
19.b. Explain the CAPM and how does it help in the estimation if expected return of a security? CO4 K4
- 20.a. Explain the broad areas of corporate restructuring. CO5 K4  
(or)  
20.b. Discuss the various forms of financing a merger. CO5 K4

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