



Seat No. : _____

DE-102

December-2025

IMBA Sem-V (NEP SYLLABUS)

IMBA in Finance (FM) / IMBA in HR and

Public Administration (HRPA)/

IMBA in Business Management (BM)

DPPG-IMBA-F-DSC-M-355/ DPPG-IMBAF-F-DSC-M-355/

DPPG-IMBAH-F-DSC-C-355 : Strategic Financial Management (SFM)

Time : 2:00 Hours]

[Max. Marks : 50

1. Define Strategic Financial Management. Discuss its role, importance, and objectives in achieving corporate goals. 10

OR

1. Explain the concept of financial environment and how it influences strategic financial decisions. 10
2. A company is considering an investment proposal to install new milling controls. The project will cost ₹ 50,000. The facility has a life expectancy of 5 years and no salvage value. The company tax rate is 35%. The firm uses straight line depreciation. The estimated profit before depreciation from the proposed investment proposal are as follows : 10

Year	Profit
1	10,000
2	11,000
3	14,000
4	15,000
5	25,000

Compute the following :

- (a) Pay-back period.
- (b) Average rate of return.
- (c) Internal rate of return.
- (d) Net present value at 10% discount rate.
- (e) Profitability index at 10% discount rate.

OR

2. Shivam Ltd. is considering two mutually exclusive projects A and B. Project A costs ₹ 36,000 and Project B ₹ 30,000. You have been given the net present value probability distribution for each project :

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PROJECT A		PROJECT B	
NPV Estimates (₹)	Probability	NPV Estimates (₹)	Probability
15,000	0.2	15,000	0.1
12,000	0.3	12,000	0.4
6,000	0.3	6,000	0.4
3,000	0.2	3,000	0.1

- (a) Compute the expected Net present values of A and B.
 - (b) Compute the risk attached to each project i.e. the standard deviation of each probability distribution.
 - (c) Compute the Profitability index of each project.
 - (d) Which project do you recommend ? State reasons.
3. What is Venture Capital ? Explain its process and stages of financing. How does it differ from Private Equity ?

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OR

3. The following information is available for the company :

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Particulars	₹
Equity Share capital (face value ₹ 10 per share)	4,00,00
Share Premium	1,00,000
Reserves	3,00,000
12% perpetual debentures (face value ₹ 100 per debenture)	2,00,000

An annual dividend of ₹ 3 has just been paid by the company. The expected growth rate in annual dividends is 10% p.a. which is expected to continue forever. Equity shares are quoted at ₹ 33 in the market and debentures at 80%. Ignore taxes. Calculate WACC based on market value weights.

4. Identify at least four Key Performance Indicators (KPIs) that a financial manager would use to assess the performance of a manufacturing company. Explain how each KPI contributes to strategic decision-making.

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OR

4. The balance sheet and income statement of KYR Ltd. are shown below. Calculate all the key ratios (ROE by Dupont Analysis) for two years and comment based on comparison.

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Balance Sheet of KYR Ltd.

Liabilities	2011-12	2012-13	Assets		2011-12	2012-13
Share Capital	2,45,680	2,65,740	Fixed Assets		4,32,780	5,69,850
Reserves	3,45,690	3,60,210	Current Assets	3,94,520		
Loans	5,31,520	6,54,250	Less Current Liabilities	89,550		
			Net Current Assets		3,04,970	3,36,890
			Investment		3,85,140	12,80,200
Total	11,22,890	12,80,200	Total		11,22,890	12,80,200

Profit & Loss A/c of KYR Ltd.

Sales	5,65,00,000	7,15,25,000
Less Expenses	2,45,40,000	2,85,90,000
Depreciation	12,87,500	13,78,950
PBIT	3,06,72,500	4,15,56,050
Interest	58,467	71,968
PBT	3,06,14,033	4,14,84,082
Taxes (30%)	91,84,210	1,24,45,225
PAT	2,14,29,823	2,90,38,857

Note : In 2011-12, current assets included inventory worth ₹ 2,16,200 and receivables worth ₹ 1,58,050. In 2012-13, current assets included inventory worth ₹ 2,16,200 and receivables worth ₹ 1,58,050.

5. Answer in short :

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- (A) Mention any two roles of a financial manager in strategic decision-making.
 - (B) What is Sensitivity Analysis in capital budgeting ?
 - (C) Differentiate between Debt financing and Equity financing.
 - (D) Mention any two non-financial performance indicators.
 - (E) Define Economic Value Added (EVA).
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