**Strategic Financial Management**

**June 2022 Examination**

**Q1. A Financial Express news article of February 3, 2022, mentioned that Alphabet, on February 1, 2022, has announced that its Board of Directors has approved and declared a 20-for-1 stock split. In light of this news, explain what is a stock split and how is it different from a bonus issue made by the company?(10 Marks)**

**Ans 1.**

**Introduction**

A stock split is when a corporation splits its common shares into several units to grow stock availability. While a percentage gets divided, it's typically performed because while the cost is rising, it is computationally expensive for businesses to purchase. It lowers the dividend payout because the number of first-rate stocks issued rises even as the market capitalization stays unchanged. Face cost is the most effective detail this is cut up. The final goal is to make shares extra on hand to regular buyers. When a business enterprise's value fee is higher than the factor,

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**Q2. For the first time any BBB-rated Asian company outside of Japan has issued a 40-yeardollar bond. In January 2022, Resilience Ltd. raised $1.5 billion in a 10-year issue at a coupon or interest rate of 2.875%, $1.75 billion in a 30-year bond at a 3.625%, and $750million in a 40-year issue at a 3.75% coupon rate. The coupon frequency for the 30-yearbond is semi-annual and for the others is annual. You’re required to compute the value of the bonds if their face value is $1,000 and the applicable rate is 6.9 percent. (10 Marks)**

**Ans 2.**

**Introduction**

It takes three steps to discern how tons bonds are worth. Bonds have several assets of sales. One could be a waft of interest prices that the investor receives frequently. The other is the essential equity investment reimbursement, which occurs on every occasion the bond matures. The financial profit of each of these income factors is what a bond is worth these days. We will begin by figuring out how good deal earnings we will spend. For the term of the bonds, money is

**Q3. In India, the year 2021 saw an immense surge in mergers and acquisitions. This was mainly propelled by first-time buyers and steered by the growth of industry disruptors across multiple sectors and business activities. The acquisition of Indian payments giantBillDesk by technology investors Prosus NV was the largest merger and acquisition deal in the Indian fintech industry. Proses has its own Fintech business PayU. This acquisition will help PayU to become one of the leading online payments providers, globally, with a presence in over 20 markets and increased total payments volume (TPV)of over US$4 billion.**

**a. With this deal in the backdrop, explain mergers and acquisitions as a restructuring tool. (5 Marks)**

**Ans 3a.**

**Introduction**

The practice of rearranging one or maybe more company components is referred to as corporate restructuring. The manner of reorganizing an organization might nicely be achieved for a variety of motives, consisting of gaining market share to turn out to be greater aggressive, weathering the current monetary climate, or counting on the organization's personality to maintain ahead in a

**b. Identify and explain the type of merger seen here. Also, elucidate the other types of mergers and acquisitions in brief. (5 Marks)**

**Ans 3b.**

**Introduction**

Mergers and acquisitions (M&A) are among the most well-known methods to grow your enterprise, regionally or globally. Honestly said, it occurs while one company merges with that difference. M&As (mergers and acquisitions) is a word that refers back to the merging of or