

2022

M B A

4th Semester Examination

STRATEGIC FINANCIAL MANAGEMENT

(Specialisation : Financial Management)

PAPER—F-403

Full Marks : 100

Time : 3 Hours

The figures in the right-hand margin indicate full marks.

Candidates are required to give their answers in their own words as far as practicable.

Illustrate the answers wherever necessary.

Answer all questions.

1. Answer any eight questions.

8×5

(a) Explain the term capital budgeting decisions.

(Turn Over)

- (b) Describe the certainty equivalent method of evaluating projects with the help of an example.
- (c) What is sensitivity analysis? How does it differ from scenario analysis as an evaluation technique? 3+2
- (d) CAPM is useful for determining the present value of projects. Discuss the statement.
- (e) What is the purpose of business valuation? Write the names of any five relative valuation methods. 2+3
- (f) Projects should be evaluated after giving due consideration to their riskiness. In line with the statement, discuss the risk-adjusted discount rate approach.
- (g) What is leveraged buyout (LBO)? What are the pre-requisites of successful LBO? 2+3
- (h) Briefly discuss the different forms of merger with suitable examples.
- (i) Distinguish between Absorption and Amalgamation.

- (j) What do you mean by Corporate Restructuring?
Discuss the motives for Restructuring. 2+3
- (k) Discuss the process of issuing a GDR.
- (l) What do you mean by "Trade Secrets"? Discuss
the provision of Protection of Trade Secrets in
India. 2+3

2. Answer any *four* questions. 4×10

- (a) Give an overview of the business valuation
techniques. 10
- (b) (i) How does one choose the appropriate
discount rate to value the combined cash
flows in the case of mergers?
- (ii) Explain the concept of free cash flow in
valuation.
- (c) S. Ltd. is in the process of acquiring T. Ltd.
by merger. The following information is
available in respect of the two companies.

Particulars	S.Ltd.	T.Ltd.
Number of equity shares	5,00,000	3,00,000
Earning after tax	Rs. 25,00,000	Rs. 9,00,000
Market value per share	Rs. 33	Rs. 22

You are required to compute the following :

(i) The existing EPS of S. Ltd. and T. Ltd.

(ii) The new earnings per share for S. Ltd. after the merger, if the exchange ratio is on the basis of the current market price.

(iii) The required exchange ratio, if T Ltd. wants to ensure that the earnings to its shareholders remains the same even after the merger. 3+4+3

(d) Discuss the important steps of formulating Merger and Acquisition Strategy.

(e) What are the salient features of divestitures? How would you assess divestiture programme of company? 4+6

(f) What is the significance of Protection of Intellectual Property Rights? Discuss the different types of intellectual property rights? 4+6

[Internal Assessment - 20 Marks]