

2024

**BUSINESS ADMINISTRATION — HONOURS**

**Paper : BBAA-503-DSE-1A**

**(Strategic Corporate Finance)**

**Full Marks : 80**

*The figures in the margin indicate full marks.*

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

**Section - A**

**(Marks : 30)**

1. Answer *any five* questions : 2×5
- (a) What is meant by 'Corporate Valuation'?
  - (b) What is Lifecycle Costing?
  - (c) Mention two factors leading to Bankruptcy.
  - (d) Define Quality Costing.
  - (e) State any two strategic issues in Corporate Finance.
  - (f) What is the meaning of 'financial option'?
  - (g) Identify two reasons of a company's forceful retirement.
  - (h) List four advantages of strategies in Corporate Finance.

2. Answer *any five* questions : 4×5
- (a) State briefly the factors that influence the 'timing of sale' in an Exit Strategy.
  - (b) What are the reasons behind Vendor initiated Buy-out/Buy-in?
  - (c) XYZ Ltd. has decided to finance its assets using different types of capitals as below :

Equity Capital	₹ 1,80,000
12% Debt Capital	₹ 1,04,000
Reserves and Surplus	₹ 36,000
Other Information :	
Risk Free Rate of Return	9%
Market Risk Premium	3%
Beta Factor	0.8
Tax Rate	30%

You are required to calculate the Weighted Average Cost of Capital (WACC) for XYZ Ltd.

- (d) Discuss the different types of financial strategy for Shareholders Wealth.
- (e) Explain the link between Valuation and Corporate Finance.

**Please Turn Over**

**(8289)**

- (f) Outline the steps involved in the liquidation process of firms.  
(g) What is Strategic Risk Management? Write about its components.  
(h) Mention the relevance of 'Zero Based Budgeting' and 'Target Costing'.

**Section - B**

**(Marks: 50)**

Answer *any five* questions.

3. What is a Business Plan? Highlight its key elements. 2+8  
4. What are real options? What are the different types of real options? 3+7  
5. Calculate Economic Value Added (EVA) from the following information : 10

Equity Capital (₹ 10 each fully paid up)	₹ 5,00,000
12% Debt Capital	₹ 20,00,000
Reserves and Surplus	₹ 75,00,000
Net Operating Income	₹ 30,00,000
Cost of Equity Capital	19.5%
Tax Rate	30%

6. What do you mean by Value Chain Analysis? Explain Decision Tree Analysis. 4+6  
7. What is meant by 'most-appropriate-exit strategy'? Discuss the process of implementing a successful exit strategy. 2+8  
8. Following information is available for ABC Ltd, a public manufacturing company :

Liabilities	Amount (₹)	Assets	Amount (₹)
Equity Share Capital (₹ 10 each)	6,00,000	Fixed Assets	20,00,000
Reserves and Surplus	5,00,000	Investments	4,00,000
10% Debentures	9,00,000	Inventories	5,00,000
12% Term Loan	9,00,000	Sundry Debtors	7,00,000
Sundry Creditors	6,00,000	Bank	1,50,000
Provision for Tax	3,00,000	Cash	50,000
	38,00,000		38,00,000
Other Information :			
Net Sales for the year is ₹ 1,04,00,000			
Earnings before Interest and Tax (EBIT) is ₹ 6,52,190.			

You are required to :

- (a) Calculate Altman's Z-score for ABC Ltd.  
(b) Interpret the calculated score.

7+3

(3) **ABB(5th Sm.)-Business Admn.-H/BBAA-503-DSE-1A/CBCS**

9. Differentiate between :

- (a) Traditional Costing vs Strategic Costing
- (b) MBI vs MBO.

5+5

10. Write short notes on (*any two*) :

5×2

- (a) Activity based Costing
  - (b) Management Buy-In
  - (c) Assumptions of the Black-Scholes Model
  - (d) Bankruptcy.
-