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MBA Semester- 4th Examination, 2026
MASTER OF BUSINESS ADMINISTRATION
PAPER: MBA 406B
(STRATEGIC FINANCIAL MANAGEMENT)

Full Marks: 80 **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.

Group-A

Answer any **EIGHT** of the following questions: 8×5=40

1. What is CAPM? Explain its significance in valuation. 3+2
2. 3+2
   i. Explain the CAPM equation.
   ii. Compute cost of equity of A having beta of 1.90, given the risk-free rate as 5% and nifty return of 14%.
3. What is management buy-out? Mention any two of its advantages. 3+2
4. Discuss the concept of Risk Adjusted Discount Rate (RADR)?
5. Explain NPV and IRR as investment decision techniques.
6. What is Corporate Restructuring? Explain its objectives. 2+3
7. Discuss leading and lagging as a method of managing forex risk.
8. Explain the concept of Liquidation.
9. What is a Reverse Merger? Explain the role of due diligence in merger transactions. 2+3
10. Explain the concept of foreign exchange risk management. How can exporters use forward contracts for managing risk? 2+3
11. Why is business valuation important? Explain the capitalisation of earnings method. 2+3
12. Write a short note on strategic alliances as a form of expansion strategy.

Group-B

Answer any **FOUR** of the following questions: 4×10=40

13. What is Sensitivity Analysis? Explain the advantages and limitations in investment decisions. 2+8
14. What are Forward Margins? Explain forward premium and forward discount with suitable examples. 3+7

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15. What is hostile takeover? Explain any four hostile takeover defensive strategies. 2+8

16. (3+2)+5

i. What do you understand by investment decision under risk and uncertainty? What is certainty equivalent approach for assessing projects?

ii. A firm projects its cash flows for the next four years as follows:
Year 1: Rs. 10 million, Year 2: Rs. 12 million, Year 3: Rs. 15 million and Year 4: Rs. 19 million
If the initial investment is Rs. 9 million and the certainty equivalent factors are as follows:
Year 1: 0.919, Year 2: 0.862, Year 3: 0.775 and Year 4: 0.690, compute the net present value using the certainty equivalent method.

17. What is SWOT Analysis? Explain its four components. Define Angel Investment? 2+6+2

18. What is an American Depositary share? Explain relationship with ADR. 4+6

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