



FINAL EXAMINATION  
MODEL QUESTION PAPER  
PAPER – 20A

SET - 2  
TERM – JUNE 2025  
SYLLABUS 2022

STRATEGIC PERFORMANCE MANAGEMENT AND BUSINESS VALUATION

Time Allowed: 3 Hours

Full Marks: 100

The figures in the margin on the right side indicate full marks.

SECTION – A (Compulsory)

1. Choose the correct option:

[15 x 2 = 30]

- (a) (i) \_\_\_\_\_ is also referred as the ‘focal’ company in supply chain management
- (A) Original equipment manufacturer
  - (B) Original brand manufacturer
  - (C) Both (a) and (b)
  - (D) None of the above
- (ii) The Top key performance indicators (KPIs) of the Order to Cash (O2C) are
- (A) Process cycle time
  - (B) Days sales outstanding (DSO)
  - (C) On-time delivery performance
  - (D) All of the above
- (iii) According to Kaplan & Norton, which of the balanced scorecard perspectives serves as the focus of the other perspectives?
- (A) Financial.
  - (B) Customer.
  - (C) Internal business processes.
  - (D) Learning & growth.
- (iv) Given the following information for a business:
- Asset turnover = 3.50  
Equity multiplier = 1.00  
Return on equity = 30%
- Using the DuPont analysis, the net profit margin is \_\_\_\_\_
- (A) 8.57%
  - (B) 5.87%
  - (C) 7.65%
  - (D) 6.75%



**FINAL EXAMINATION**  
**MODEL QUESTION PAPER**  
**PAPER – 20A**

**SET - 2**  
**TERM – JUNE 2025**  
**SYLLABUS 2022**

**STRATEGIC PERFORMANCE MANAGEMENT AND BUSINESS VALUATION**

- (v) ANINY LTD. earned free cash flow to Equity shareholders during the financial year ended-2024 at ₹5 lakh. If its cost of equity is 12% and free cash flow to Equity (FCFE) is expected to grow forever at 10%, what will be value of ANINY LTD. (using FCFE valuation approach)?
- (A) ₹450 lakh  
(B) ₹300 lakh  
(C) ₹275 lakh  
(D) None of the above
- (vi) A company with PAT of ₹ 60 Crores, Tax Rate 30% plus a cess of 3%, Return on Equity is 20%, Other Equity ₹ 225 Crores, PAT of the Company is growing by 8% per year and equity share with a par value of ₹ 10 will have EPS of
- (A) ₹ 2  
(B) ₹ 8  
(C) ₹ 10  
(D) Insufficient information
- (vii) An investment is risk free when actual returns are always \_\_\_\_\_ the expected returns
- (A) Equal to  
(B) Less than  
(C) More than  
(D) Depends upon circumstances
- (viii) A firm has PAT of ₹33.6 lakh with extraordinary income of ₹ 6 lakh. Cost of capital is 20% and the applicable tax rate is 40%. The value of the firm is
- (A) ₹ 250 lakh  
(B) ₹ 150 lakh  
(C) ₹ 180 lakh  
(D) ₹ 168 lakh
- (ix) A Company's share is trading presently at ₹ 55 giving an annual return of 12.76%. Its beta is 0.98. If the risk free rate prevailing at present is 7.75% and the market rate of return is 16.25%, then the share is (Assume that in a stock market is efficient and CAPM works)
- (A) Properly valued  
(B) Undervalued  
(C) Overvalued  
(D) Nothing can be said as the information is not complete
- (x) Price of a Callable bond =



**FINAL EXAMINATION**  
**MODEL QUESTION PAPER**  
**PAPER – 20A**

**SET - 2**  
**TERM – JUNE 2025**  
**SYLLABUS 2022**

**STRATEGIC PERFORMANCE MANAGEMENT AND BUSINESS VALUATION**

- (A) Price of an Option-free bond - Price of embedded call option
- (B) Price of an Option-free bond + Price of embedded call option
- (C) Price of Option-free bond + Price of Embedded Option
- (D) None of the above

(b) Read the following scenario and answer the following questions:

There are eight stores (A to H) across a city in which certain number of employees (given in the table below) effects Sales in a particular month.

Stores (DMUs)	A	B	C	D	E	F	G	H
Employee (No.)	20,400	32,000	34,200	44,000	54,000	54,000	62,000	80,000
Sales (₹)	16,000	27,500	25,400	44,000	46,000	43,200	56,000	58,000

Answer the following questions based on the above.

Choose the correct answer from the given four alternatives:

(xi) What is the efficiency in terms of sales per employee of Store F?

- (A) 1.25
- (B) 0.80
- (C) Insufficient data
- (D) None of the above.

(xii) From the above table, which Store has the highest efficiency score in terms of sales per employee?

- (A) A
- (B) B
- (C) C
- (D) D

(xiii) If the efficiency scores are plotted with number of employees on the horizontal axis and sales on the vertical axis, the slope of the line connecting each point to the origin corresponds to the sales per employee and the highest slope is attained by the line from the origin, is called \_\_\_\_\_

- (A) Regression Line
- (B) Efficient Frontier
- (C) Relative Efficiency Line
- (D) None of the above

(xiv) As per the above Q. No. (xiii), the highest slope line will touch the point for Store



**FINAL EXAMINATION**  
**MODEL QUESTION PAPER**  
**PAPER – 20A**

**SET - 2**  
**TERM – JUNE 2025**  
**SYLLABUS 2022**

**STRATEGIC PERFORMANCE MANAGEMENT AND BUSINESS VALUATION**

- \_\_\_\_\_.
- (A) B
  - (B) D
  - (C) F
  - (D) G

- (xv) The above case is an example of:
- (A) Data Envelopment Analysis
  - (B) Du-Pont Analysis
  - (C) RONA Model
  - (D) Total Productive Maintenance

**SECTION – B**

**(Answer any five questions out of seven questions given. Each question carries 14 Marks.)**

**[5x14=70]**

2. (a) Describe the advantages and benefits of Customer Relationship Management application. [7]
- (b) Explain the various types of benchmarking, with a focus on how they are categorized based on the nature of the business and the specific practices or processes being benchmarked. [7]
3. (a) A firm has a demand function:  $p = 12 - x^2$  and the total cost function:  
 $C = - (4/3)x^3 + 4x^2 + 10$  where  $p$  = Price per unit (₹ '000) and  $x$  = Quantity demanded/produced (units in thousands). On the basis of the information given, answer the following:
- (i) Examine that the firm is a monopolist firm.
  - (ii) Calculate the quantity the firm should produce to maximize profit. Also, calculate the amount of profit. [7]
- (b) Describe the Risk Mapping? Explain the importance of Risk Mapping. [7]
4. (a) The following financial data for two years has been extracted from the Annual Report 2023-24 of one of the world's largest generic pharmaceutical companies having a strong presence in over 170 countries. Though the company's mission is — 'To be a leading global healthcare company which uses technology and innovation to meet every day needs of all patients', yet it also wants to keep its shareholders happy by giving them a fair rate of return. For gauging return for shareholders, the company is using Return on Equity (ROE) as one of the metrics of performance evaluation. Because of intense competition, in recent years, its ROE is under



**FINAL EXAMINATION**  
**MODEL QUESTION PAPER**  
**PAPER – 20A**

**SET - 2**  
**TERM – JUNE 2025**  
**SYLLABUS 2022**

**STRATEGIC PERFORMANCE MANAGEMENT AND BUSINESS VALUATION**

pressure and to maintain the level of ROE, the company is changing its business model — in that, it is varying its margins, assets utilization and leverage.

Use suitable DU PONT Analysis by using the financial data given below.

Critically assess how the ROE of the company is changing due to its margins, assets utilization and leverage over a period of two years. Evaluate the change in these parameters and Recommend your comments accordingly

(₹ In Lakh)

Statement of Profit and Loss	2023	2024
Relevant financial data		
Total Revenue	7,125.80	8,431.55
Profit before Tax	1,421.46	2,011.86
Profit after Tax	1,123.96	1,507.11
Dividend	160.58	160.58
Tax on Dividend	26.05	27.29
Retained Earnings	937.32	1,319.24

(₹ In Lakh)

Balance Sheet	2023	2024
<b>ASSETS:</b>		
Fixed Assets	3,346.11	3,768.63
Investments (Current and Non-Current)	1,035.15	2,601.82
Other Net Assets (Current and Non-Current)	3,413.67	3,746.08
Total	7,794.93	10,116.53
<b>EQUITY AND LIABILITIES:</b>		
Share Capital	160.58	160.58
Reserves and Surplus	7,389.70	8,708.94
Net Worth	7,550.28	8,869.52
Loan Funds (Current and Non-Current)	12.20	965.81
Other Current Liabilities	232.45	281.20
Total	7,794.93	10,116.53

[7]

- (b) The following financial data related to the Balance Sheet of Vedisha Ltd. a public listed large manufacturing company as at March 31, 2024, has been extracted from the Annual Report 2023-24:



**FINAL EXAMINATION**  
**MODEL QUESTION PAPER**  
**PAPER – 20A**

**SET - 2**  
**TERM – JUNE 2025**  
**SYLLABUS 2022**

**STRATEGIC PERFORMANCE MANAGEMENT AND BUSINESS VALUATION**

Assets	(Amount in ₹ lakh)
Non-Current Assets	
(a) Property, Plant and Equipment	1,620
(b) Other Assets	140
Total Non-Current Assets	1,760
Current Assets	
(a) Inventories	305
(b) Financial Assets	
(i) Investment	250
(ii) Trade Receivables	245
(iii) Cash and Cash Equivalents	125
(c) Other Assets	80
Total Current Assets	1,005
Total Assets	2,765
1. Equity And Liabilities Shareholders Fund:	
(a) Equity Share Capital (₹10 each)	500
(b) Reserve and Surplus	1,250
Total Equity	1,750
2. Non-Current Liabilities	
(a) Financial Liabilities	
- Borrowings	600
(b) Provisions	10
(c) Other liabilities	80
Total Non-Current Liabilities	690
3. Current Liabilities	
(a) Financial Liabilities	
(i) Borrowings	-
(ii) Trade Payables	195
(b) Provisions	10
(c) Other liabilities	120
Total Current Liabilities	325
Total Equity and Liabilities	2,765

Additional Information:

- (i) Net sales for 2023-24 were ₹ 3,050 lakh.



**FINAL EXAMINATION**  
**MODEL QUESTION PAPER**  
**PAPER – 20A**

**SET - 2**  
**TERM – JUNE 2025**  
**SYLLABUS 2022**

**STRATEGIC PERFORMANCE MANAGEMENT AND BUSINESS VALUATION**

(ii) Operating profit of the company for the year was ₹ 585 lakh.

(iii) Market value of each equity share is ₹ 16 on the stock exchange.

Using the above information provided and discriminant function developed by Altman, Calculate Z-Score of Vedisha Ltd. and Illustrate your assessment of the company's financial condition. [7]

5. (a) ATTL Ltd. and STTL Ltd. are in the same risk class and are similar in every respect except that ATTL Ltd. is a levered firm, while STTL Ltd. is unlevered, ATTL Ltd. has ₹ 12,00,000 debentures worth carrying 12% rate of interest. Both the firms earn 18% before interest and taxes on their total assets of ₹ 22 lakh. Assuming a tax rate of 50% and a capitalization rate of 14% for the unlevered firm.

Calculate the value of both the firms using Net Income approach. [7]

- (b) P Ltd. is considering buying the business of Q Ltd., the final accounts of which for the last 3 years ended 31st December is.

(Figures in ₹)

Particulars	2022	2023	2024
Sales	2,00,000	1,90,000	2,24,000
Material Consumed	1,00,000	95,000	1,12,000
Business Expenses	80,000	80,000	82,000
Depreciation	12,000	13,000	14,000
Net Profit	8,000	2,000	16,000

Balance Sheet as at 31st December

(Figures in ₹)

Particulars	2021	2022	2023	2024
Fixed Asset (at cost)	1,00,000	1,20,000	1,40,000	1,80,000
Less: Depreciation	70,000	82,000	95,000	1,09,000
	30,000	38,000	45,000	71,000
Stock-in-trade	16,000	17,000	18,500	21,000
Sundry Debtors	21,000	24,000	26,000	28,000
Cash in hand and Bank	32,000	11,000	28,000	13,200
Prepaid Expenses	1,000	500	2,000	1,000
Total Assets	1,00,000	90,500	1,19,500	1,34,200
Equity Capital	50,000	50,000	70,000	70,000
Share Premium	-	-	5000	5,000



**FINAL EXAMINATION**  
**MODEL QUESTION PAPER**  
**PAPER – 20A**

**SET - 2**  
**TERM – JUNE 2025**  
**SYLLABUS 2022**

**STRATEGIC PERFORMANCE MANAGEMENT AND BUSINESS VALUATION**

General Reserve	16,000	24,000	26,000	42,000
Debentures	20,000	-	-	-
Sundry Creditors	11,000	13,000	14,000	14,000
Accrued Expenses	3,000	3,500	4,500	3,200
Total Liabilities	1,00,000	90,500	1,19,500	1,34,200

P Ltd. wishes the offer to be based upon trading cash flows rather than book profits. Trading Cash Flow means Cash received from Debtors less Cash Paid to Creditors and for Business Expenses excluding Depreciation, together with an allowance for average annual expenditure on Fixed Assets of ₹ 15,000 per year.

The actual expenditure on Fixed Assets is to be ignored, as is any cash receipt or payment out on the issue or redemption of Shares or Debentures. P Ltd. wishes the Trading Cash Flow to be calculated for each of the years 2022, 2023 and 2024 and for these to be combined using weights of 25% for 2022, 35% for 2023 and 40% for 2024 to give an Average Annual Trading Cash Flow. P Ltd. considers that the Average Annual Cash Flow should show a return of 10% on its investment.

Calculate:

- (i) Trading Cash Flow for each of the years 2022, 2023 and 2024
- (ii) Weighted Average Annual Trading Cash Flow and
- (iii) Value of the business

[7]

6. (a) Calculate the value of equity share of Rama & Company Ltd. which is listed on stock exchange, from the following information:

Equity share capital (₹ 20 each) ₹ 50,00,000

Reserves and Surplus ₹ 5,00,000

15% Secured loans ₹ 25,00,000

12.5% Unsecured loans ₹ 10,00,000

Fixed Assets ₹ 30,00,000

Investment ₹ 5,00,000

Operating Profit ₹ 25,00,000

Corporate Tax Rate 25% (including all)

Price Earnings Ratio 12.5

Support your answer with complete workings.

[7]

- (b) From the following information concerning Nebula Ltd., Calculate EVA for the year ended 31st March 2024:

Summarized Profit and Loss Account for the year ended 31st March 2024



**FINAL EXAMINATION**  
**MODEL QUESTION PAPER**  
**PAPER – 20A**

**SET - 2**  
**TERM – JUNE 2025**  
**SYLLABUS 2022**

**STRATEGIC PERFORMANCE MANAGEMENT AND BUSINESS VALUATION**

Particulars	Amount (₹)	Amount (₹)
Sales		20,00,000
Cost of goods sold		12,00,000
Gross Profit		8,00,000
Expenses:		
General	2,00,000	
Office and administration	2,50,000	
Selling and distribution	64,000	5,14,000
Profit before interest and tax (PBIT)		2,86,000
Interest	36,000	36,000
Profit before tax (PBT)		2,50,000
Tax 40%		1,00,000
Profit after tax		1,50,000

Summarized Balance Sheet as on 31st March 2024

Particulars	2024 (₹)
Equity and Liabilities:	
Shareholders' Funds:	
Share Capital	2,40,000
Reserves and Surplus	1,60,000
	4,00,000
Non-Current Liabilities:	
Long-Term Borrowings	2,40,000
	2,40,000
Current Liabilities	
Trade payables	1,60,000
	1,60,000
Total	8,00,000
Assets:	
Non-Current Assets	
Fixed Assets:	
Tangible Assets	6,00,000
	6,00,000
Current Assets	
Inventories	1,20,000
Trade Receivables	60,000



**FINAL EXAMINATION**  
**MODEL QUESTION PAPER**  
**PAPER – 20A**

**SET - 2**  
**TERM – JUNE 2025**  
**SYLLABUS 2022**

**STRATEGIC PERFORMANCE MANAGEMENT AND BUSINESS VALUATION**

Cash and Bank Balances	20,000
	2,00,000
Total	8,00,000

Other particulars:

- (i) Cost of goods includes depreciation expenses of ₹ 60,000.  
(ii) The expectation return of shareholders is 12%. [7]

7. (a) A Ltd., is considering the acquisition of B Ltd., with stock. Relevant financial information is given below:

Particulars	A Ltd.	B Ltd.
Present earnings (₹)	7.5 Lakhs	2.5 Lakhs
Equity (no. of shares)	4.0 lakhs	2.0 Lakhs
EPS (₹)	1.875	1.25
P/E ratio	10	5

Answer the following questions:

- (i) Calculate the market price of each company?  
(ii) Calculate the market Capitalization of each company?  
(iii) If the P/E of A Ltd., changes to 7.5. Calculate the market price of A Ltd.?  
(iv) Does market value of A Ltd., change?  
(v) Advise, what would be the exchange ratio based on Market Price? (Take the revised price of A Ltd.) [7]

- (b) The shareholders of A Co. Ltd., have voted in favour of a buyout offer from B Co. Ltd. Information about each firm is given here below. Moreover, A Co. Ltd.'s shareholders will receive one share of B Co. Ltd. Stock for every three shares they hold in A Co. Ltd.

Particulars	B Co. Ltd.	A Co. Ltd.
Present earnings (in ₹)	6.75	3.00
EPS (in ₹).	3.97	5.00
Number of share (Lakhs)	1.70	0.60
P/E ratio	20	5

- (i) Calculate the EPS of B Co. Ltd., after the merger? Calculate the PE ratio if the NPV of the acquisition is zero?  
(ii) Evaluate, what B Co. Ltd. might consider to be the value of the synergy between the firms? [7]



**FINAL EXAMINATION**  
**MODEL QUESTION PAPER**  
**PAPER – 20A**

**SET - 2**  
**TERM – JUNE 2025**  
**SYLLABUS 2022**

**STRATEGIC PERFORMANCE MANAGEMENT AND BUSINESS VALUATION**

8. (a) The Balance Sheets of Maras Ltd. for the years ended on 31.03.2023 and 31.03.2024 are as follows:

(Amount in ₹ Lakh)

	As at 31.03.23	As at 31.03.24
Equity & Liabilities		
Shareholder's Fund:		
Share capital	696.60	726.70
Equity Share suspense	30.07	—
Equity Share warrants	—	841.20
Reserve & Surplus	31,256.89	39,156.40
Non-Current Liabilities:		
Secured Loans	4,784.56	3,300.09
Unsecured Loans	9,128.31	14,939.75
Deferred Tax liabilities	3,491.00	3,936.27
Current Liabilities:		
Other current liabilities	8,432.77	10,522.73
Provisions	856.44	1,496.31
	58,676.64	74,919.45
Assets		
Non-current assets	—	—
Fixed Assets (Net)	31,830.23	30,941.81
Capital work in progress	3,764.07	11,502.92
Non-Current Investment:		
Investment	8,125.67	11,031.80
Current Assets:		
Inventories	6,068.25	7,123.77
Trade receivables	1,866.21	3,113.79
Cash and bank balance	917.68	2,140.03
Other current assets	1.53	36.27
Loans and advances	6,103.00	9,029.06
	58,676.64	74,919.45

- (i) Classify, how would you make the Common-Size Balance Sheet of Maras Ltd.?  
(ii) Interpret your observations on the common-size Balance Sheet. [7]

- (b) R Ltd. is intending to acquire S Ltd. (by merger) and the following information are available in respect of both the companies:



**FINAL EXAMINATION**  
**MODEL QUESTION PAPER**  
**PAPER – 20A**

**SET - 2**  
**TERM – JUNE 2025**  
**SYLLABUS 2022**

**STRATEGIC PERFORMANCE MANAGEMENT AND BUSINESS VALUATION**

Particulars	R Ltd.	S Ltd.
Total Current Earnings (₹)	2,50,000	90,000
No. of Outstanding Shares	50,000	30,000
Market Price per Share (₹)	21	14

- (i) Calculate the present EPS of both the companies?
- (ii) If the proposed merger takes place, calculate the new earnings per share for R Ltd. (assuming the merger takes place by exchange of Equity Shares and the Exchange Ratio is based on the Current Market Price)? Assume no synergy impact. [7]