- 7 MAR 2025 (M)

THE NORTHCAP UNIVERSITY	Minor Examination Question Paper	Review Date:
	THE NORTHCAP UNIVERSITY | SCHOOL OF BUSINESS	Semester: IV Session: JAN-JUNE 2025
	Program: MBA Course Name: -- Business Valuation Course Code: BSL616	Maximum Marks: 40 Duration: 90 minutes Sheet 1 of 2

Instructions

1. The paper has THREE Sections.
   a. Section A has 5 questions of 2 marks each.
   b. Section B has 3 questions of 5 marks each.
   c. Section C is Application Based and has 3 questions of 5 marks each.
2. There is **NO CHOICE** in this paper.
3. Attempt one section fully before starting with a new section.
4. This paper does NOT require use of any log/statistic table(s)
5. This paper does require use of calculator, students should bring their own calculators.

Course Outcomes

CO1	Understand the role,significance and need for valuation including value drivers and valuation for different stakeholders.
CO2	Identify and deal with both quantitative and qualitative aspects of valuation, discussing understanding of traditional approaches (Balance sheet and Cash flow approach) .
CO3	Facilitating students with knowledge of various modern techniques of Valuation for Businesses and Bonds :Earning Balancng Potential Basis, Growth Rate, Market Price etc.; Computation of Impact on EPS
CO4	Enabling students to apply the acquired skills in real-world situations understanding the importance of relevance valuation viatheory and case studies discussion

SECTION A
Short Answer Type Questions
10 marks

Q#	QUESTION	Marks	CO#
1.	Write short note on the following:-		
	a. Weighted average cost of capital	2	3
	b. Relevant Valuation	2	4
	c. Profitability Ratio	2	2
	d. Value Drivers	2	1
	e. Time Value for Money	2	2

SECTION B
Long Answer Type Questions
15 marks

Q#	QUESTION	Marks	CO#
2.	What is capital structure of a company, what role tax rate plays in deciding the capital structure of any company, support your argument with example?	5	4
3.	Capital assets pricing models depends on the relationship between an asset's beta, the risk free rate and equity risk premium. Explain this statement .	5	3
4.	From the following information, calculate any two of the following ratios (i) Current ratio (ii) Debt equity ratio (iii) Inventory turnover ratio Information: Revenue from operations (Net sales) ₹ 5,00,000, opening inventory ₹ 7,000, closing inventory ₹ 4,000 more than the opening inventory, net purchase ₹ 1,00,000 less than revenue from operations, operating expenses ₹ 30,000, liquid assets ₹ 75,000, prepaid expenses ₹ 2,000, current liabilities ₹ 60,000, 9% debentures ₹ 3,00,000, long-term loan	5	2

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	from bank ₹ 1,00,000, equity share capital ₹ 10,00,000 and 8% preference share capital ₹ 2,00,000.		

SECTION C

Application Based Question / Case Study

15 marks

Q#	QUESTION	Marks	CO#
5.	Moonlight Ltd., dealing in Sports Equipment, is planning to expand its business operations and decides to set up one more plant at Jallandhar. For this purpose, the company needs additional funds ₹ 70,00,000. The company wishes to raise the required funds by Equity Shares. But the debt can be issued at an estimated cost of 9%. The EBIT for the previous year of the company was ₹12,00,000, and the total capital investment was ₹1,00,00,000. The financial manager of the company however is advising to opt for a source which is the cheapest. Analyse this situation and clear the position of Finance Manager. Is he right in suggesting that particular source of funds? Elaborate your answer.	5	4
6.	Shri Ltd. Was carrying on a business of packaging in Delhi and earned good profit in the past years. The company wanted to expand its business and required additional funds. To meet its requirement, the company issued equity shares of 30,00,000. It purchases a computerized machine of 20,00,00. It also purchased raw material amounting to 2,00,000. During current year the Net Profit of the company was 15,00,000. Calculate the cash from operating activities from the above transactions (Your answer should specify the reason of inclusion and exclusion of any item)	5	2,4
7.	While valuing the stock(shares) of a company Amar noted that a company has a net income of $1 million, 1 million outstanding shares, $100,000 preferred dividends, and 500,000 options that could be exercised at $20 per share, How can he calculate earnings from shares will proposed dividend will impact earning for share .	5	3,4

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