Roll No.												

PRESIDENCY UNIVERSITY

BENGALURU

End - Term Examinations – December 2025

Date: 10- 12- 2025 **Time:** 1.00pm to 04.00pm

School: SOC / SOM (UG)	**Program:** B.COM CMA/B.COM BA/BBA	
Course Code: BBA3003	**Course Name:** BUSINESS VALUATION	
Semester: V	**Max Marks**:100	**Weightage**:50%

CO - Levels	**CO1**	**CO2**	**CO3**	**CO4**	**CO5**
Marks	**20**	**20**	**20**	**20**	**20**

Instructions:

(i) Read all questions carefully and answer accordingly.

(ii) Do not write anything on the question paper other than roll number.

Part A

Answer ALL the Questions. Each question carries 2marks. **10Q x 2M=20M**

1.	State any two needs for business valuation	**2 Marks**	**L1**	**CO1**
2.	What is bottleneck in business valuation?	**2 Marks**	**L1**	**CO1**
3.	Why is valuation important in mergers and acquisitions?	**2 Marks**	**L1**	**CO2**
4.	List any two sources of fund-raising activities for non-profit organizations	**2 Marks**	**L1**	**CO2**
5.	A company is expected to pay a dividend of ₹4 per share next year. The dividend is expected to grow at a rate of 5% per annum indefinitely. If the required rate of return is 10%, find the value per share using the Dividend Discount Model (DDM).	**2 Marks**	**L1**	**CO3**
6.	If a company's EPS is ₹12 and its industry P/E ratio is 15, find the market value per share	**2 Marks**	**L1**	**CO3**
7.	A company has reported the following financial information for the year: Net Income: ₹4,00,000 Depreciation: ₹1,00,000 Increase in Working Capital: ₹80,000 Net Borrowing: ₹7,00,000 What is the company's Free Cash Flow (FCF)	**2 Marks**	**L1**	**CO4**

8.	A company has a Net Operating Profit After Tax (NOPAT) of ₹5,00,000. Its Weighted Average Cost of Capital (WACC) is 15%, and the Capital Employed is ₹3,00,000. Find the Economic Value Added (EVA) of the company.	**2 Marks**	**L1**	**CO4**
9.	What is market-based approach?	**2 Marks**	**L1**	**CO5**
10.	What is NOPAT and state its formula.?	**2 Marks**	**L1**	**CO5**

Part B

Answer ALL the Questions. Each question carries 7 marks. **5Q x 7M = 35M**

11.	Explain the genesis of business valuation. How has the concept evolved over time in financial decision-making?	**07 Marks**	**L2**	**CO1**
	Or			
12.	Summarize the following terms:(a) Fair Market value (b)Book Value (c) Intrinsic Value (d) Replacement Value (e) Liquidation Value	**07 Marks**	**L2**	**CO1**

13.	In 2014, Sun Pharmaceutical Industries acquired Ranbaxy Laboratories in an all-stock deal valued at $4 billion (approx. ₹24,000 crore). This was one of the largest acquisitions in the Indian pharmaceutical industry. Question: Explain the strategic objectives behind Sun Pharma's acquisition of Ranbaxy Laboratories and Role of Valuation in the Deal.	**07 Marks**	**L2**	**CO2**
	Or			
14.	Case Study : CMC merges with TCS: This is an example where there is a merger in the same industry (horizontal). It was done to consolidate the IT businesses. The objective of this merger, as indicated by the management of CMC, was that the amalgamation will enable TCS to consolidate CMC's operations into a single company with rationalized structure, enhanced reach, greater financial strength and flexibility. Further it also indicated that, it will aid in achieving economies of scale, more focused operational efforts, standardization and simplification of business processes and productivity improvements. Question: Explain why CMC merged with TCS? Give valid reasons.	**07 Marks**	**L2**	**CO2**

15.	(a) Company B has an EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization) of $500,000. Comparable companies have an average EV/EBITDA multiple of 10x. Estimate the enterprise value (EV) of Company B. (b) A private software company has an EBITDA of ₹1,50,000 and operates in the technology sector. You find the following comparable transactions in the same industry:	**07 Marks**	**L4**	**CO3**

	Comparable Transaction EV/EBITDA Multiple Transaction EV/EBITDA Multiple Transaction 1 8x Transaction 2 10x Transaction 3 12x Examine the enterprise value (EV) of the software company using the Comparable Transactions Method.			
	Or			
16.	Explain the following methods: (i) Comparable Market Multiples method **(ii)** Dividend Discount Model	**07 Marks**	**L2**	**CO3**

17.	(i) For K Ltd. Market rate of return (Rm) = 10%, Interest Rate of Treasury Bonds (Rf) = 5.5%, Beta Factor (β) = 1.0. Determine Equity Risk Premium & Cost of Equity (ke).	**07 Marks**	**L5**	**CO4**
	Or			
18.	(ii) Net Income = ₹7,00,000 Depreciation = ₹10,000 Increase in Working Capital = ₹5,000 Capital Expenditure = ₹3,00,000 Net Borrowing = ₹1200,000 Examine the free cash flows to equity (FCFE) (ii) Illustrate the importance of market valuation methods for business valuation	**07 Marks**	**L4**	**CO4**

19.	Apply the steps of the Economic Value Added (EVA) approach to evaluate a firm's financial performance.	**07 Marks**	**L3**	**CO5**
	Or			
20.	(i) Domino's India Ltd. has invested Rs. 250 crores in its operations. The After-Tax Operating Profit (NOPAT) for the year is Rs. 30 crores. The company's Cost of Capital is 10%. Examine the Economic Value Added (EVA) of the company. (ii) Explain in detail about Free cash flows to equity	**07 Marks**	**L4**	**CO5**

Part C

Answer any three Questions. Each question carries 15marks **3Q x 15M=45M**

21.	Apply the business valuation approaches to determine the value of a business with suitable examples	**15 Marks**	**L3**	**CO1**

22.	Explain the key factors involved in voluntary assessment of business valuation	**15 Marks**	**L2**	**CO2**

23.	You are valuing a company with the following projections: Free Cash Flows (FCF): Year 1: ₹15,000 Year 2: ₹20,000 Year 3: ₹25,000 Year 4: ₹30,000 Year 5: ₹35,000 Terminal Value (at the end of Year 5): Free cash flows are expected to grow at a constant rate of 4% indefinitely after Year 5. Discount Rate (WACC): 12% Net Debt: ₹1,00,000 You need to determine: a. The present value of the projected cash flows. b. The terminal value. c. The enterprise value. **d.** The equity value.	**15 Marks**	**L5**	**CO3**

24.			**15 Marks**	**L5**	**CO4**

Investment Outlay	40,000	Depreciation	Straight line
Project Life	5 years	Tax rate	30%
Salvage Value	0	Debt Equity ratio	05:02
Annual Revenues	40,000	Cost of equity	20%
Annual costs (excluding depreciation, interest & taxes)	4,000	Cost of debt (post tax)	10%

Examine the EVA of the project over its life.

25.	(i) Company X has an EBITDA of ₹750,000. Comparable companies trade at an average EV/EBITDA multiple of 8x. Estimate the Enterprise Value (EV) of Company X. (ii) Company Y has an EPS of ₹6. The average P/E ratio for the industry is 15x. Estimate the fair market price per share of Company Y. (iii) Justify how these two multiples are appropriate for valuing Company X and Company Y in the given scenario.	**15 Marks**	**L5**	**CO5**