

## IMBA in FS (NEP) Sem.-5 Examination

DSC-C-FS-351T

Business Valuation - I

Time : 2-00 Hours]

December-2025

[Max. Marks : 50

**Instructions:**

- **Figures to the right indicate Full Marks.**
- **Do not write anything on the question paper.**
- **Simple calculator is allowed. Do not use a scientific calculator.**

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| Q.1 | <p>Explain in detail what is Business Valuation. Also list down Purpose of Business Valuation.</p> <p style="text-align: center;"><b><u>OR</u></b></p> <p>Explain in detail Objectives of Business Valuation.</p>  | 10 |
| Q.2 | <p>Company: ABC Manufacturing Ltd. (Indian Company)<br/>Given Data (₹ in Crores):</p> <ul style="list-style-type: none"> <li>• Net Income: ₹500</li> <li>• Depreciation &amp; Amortization: ₹150</li> <li>• Capital Expenditures: ₹200</li> <li>• Change in Working Capital: ₹50 (increase)</li> <li>• Interest Expense: ₹80</li> </ul> <p>Calculate Free Cash Flow to the Firm (FCFF)<br/>Also, Calculate FCFE from FCFF</p> <p>Additional Data:</p> <ul style="list-style-type: none"> <li>• Interest Expense: ₹80</li> <li>• Net Borrowing: ₹120 (new debt raised)</li> </ul> <p style="text-align: center;"><b><u>OR</u></b></p> <p>What is DCF Valuation? Explain its Applications and assumptions.</p> | 10 |
| Q.3 | <p>On April 1, 2024, KRS Ltd. purchases a new machine. The following costs are incurred:</p> <ul style="list-style-type: none"> <li>• Purchase price: ₹ 10,00,000 (after deducting a trade discount of ₹ 50,000).</li> <li>• Import duties and non-refundable purchase taxes: ₹ 1,00,000.</li> <li>• Initial delivery and handling costs: ₹ 50,000.</li> <li>• Cost of site preparation: ₹ 1,50,000.</li> <li>• Administration and general overhead costs: ₹ 75,000.</li> <li>• Cost of training staff on how to operate the machine: ₹ 25,000.</li> </ul> <p>Required: Calculate the cost at which the machine should be initially recognized in the books of ABC Ltd. as per AS 10.</p>                    | 10 |

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|     | <b>OR</b>  |    |
|     | <p>MNP Industries acquires manufacturing equipment:</p> <ul style="list-style-type: none"> <li>• List Price: ₹20,00,000</li> <li>• Volume Discount: 5%</li> <li>• GST: 18% (can be claimed as input credit)</li> <li>• Custom Duty: ₹1,00,000</li> <li>• Transportation: ₹50,000</li> <li>• Site Preparation: ₹75,000</li> <li>• Installation: ₹1,25,000</li> <li>• Testing and Trial Runs: ₹80,000</li> <li>• Insurance during transit: ₹15,000</li> <li>• First Year Insurance Premium: ₹25,000</li> <li>• Employee Training: ₹40,000</li> </ul> <p>Calculate the cost of the asset to be capitalised as per AS 10</p>   |    |
| Q.4 | <p>Explain the concept of Investment and list down types of Marketable Securities.</p> <p style="text-align: center;"><b>OR</b></p> <p>ABC Ltd. holds 1,000 equity shares of XYZ Ltd. at ₹100 per share (cost). XYZ Ltd. announces rights issue in the ratio 1:4 at ₹80 per share when market price is ₹120 per share.</p> <p>Required:</p> <ol style="list-style-type: none"> <li>1. Calculate the value of rights per share</li> <li>2. Calculate Theoretical Ex-Rights Price (TERP)</li> <li>3. Show accounting treatment in ABC Ltd.'s books if: <ol style="list-style-type: none"> <li>a) ABC Ltd. subscribes to the rights issue</li> <li>b) ABC Ltd. sells the rights at ₹8 per right</li> </ol> </li> </ol>                | 10 |
| Q.5 | <p><b>Short Questions (Attempt any 5 out of 8)</b></p> <ol style="list-style-type: none"> <li>1. List down any two points for Normalisation of Financial Statements.</li> <li>2. Name Any Two Valuation approaches for Business Valuation</li> <li>3. Explain in brief methods of Asset Based Approach of Valuation.</li> <li>4. Explain any Two Advantages of DCF Valuation.</li> <li>5. Explain Meaning of Inventory as per Accounting Standard 2</li> <li>6. Explain what are investments according to AS 13?</li> <li>7. Machine cost ₹6,00,000, originally depreciated at 10% SLM. After 3 years, changed to 15% WDV method. Calculate depreciation for 4th year.</li> <li>8. How does AS 13 classify investments?</li> </ol> | 10 |