Name:

Enrolment No:



UNIVERSITY OF PETROLEUM AND ENERGY STUDIES

END Semester Examination, DEC. 2024

Course: Valuation & restructuring of Firms
Program: INT. BBA - MBA_FIN
Course code: FINC3065
Semester: V
Time: 3 Hours
Max. Marks: 100

Course code: FINC3065 Max. Mark Instructions: Attempt all Questions		ks: 100	
Q1	SECTION A (Objective) (10 * 2 Marks Each) - 20 Ma		
A	Novelis was acquired by which Indian group? (a) Reliance (b) Tata (c) ITC (d) Birla (Hindalco)	CO1	2
В	If General Electric were to acquire New Start Airways, the acquisition would be classified as aacquisition. (a) horizontal (b) longitudinal (c) conglomerate (d) vertical (e) integrated		
С	What is the value of the firm usually based on? a) The value of debt and equity. b) The value of equity. c) The value of debt. d) The value of assets plus liabilities.	CO1	2
D	Which of the following is not one of the three fundamental methods of firm valuation? a) Discounted Cash flow b) Income or earnings - where the firm is valued on some multiple of accounting income or earnings. c) Balance sheet - where the firm is valued in terms of its assets. d) Market Share		2
Е	Leasing of machinery can be categorized as a) Fixed asset b) Investment decision c) Financing decision d) Capital budgeting decision		2
F	Listed companies can be valued at a) Book Value b) Market value c) Salvage value d) Liquidation value	CO1	2
G	What does the price-to-earnings ratio (P/E) tell you? a) How much each of a company's products sells for on average. b) How much investors are willing to pay per unit of a company's earnings. c) How much tax per unit investors are willing to pay. d) None of the above	CO1	2
Н	What does a high P/E ratio suggest?	CO1	2

	a) A company shares are currently overpriced.		
	b) A company shares are currently underpriced.		
	c) No relation		
	d) None of the above		
I	High P/E ratios tend to indicate that a company will	CO1	2
	a) grow quickly		
	b) grow at the same speed as the average company		
	c) grow slowly		
	d) not grow		
J	is equal to (common shareholders' equity/common shares outstanding).	CO1	2
	a) Book value per share		
	b) Liquidation value per share		
	c) Market value per share		
	d) Tobin's Q		
	SECTION B (4* 5 Marks Eac	h -20 M	arks)
		,	
	Distinguish between Price and value.	CO2	5
Q2.		COZ	5
	What are the different approaches to Business Valuation?		_
Q3.		CO2	5
	What are the Advantages and limitations of Discounted Cash flow valuation		
Q4.	The tire the flavalinges and infinitelisins of Biscounica Sasii now variation	CO2	5
Ψ1.	What is Enterprise Value? How it helps to value a firm?		
Q5.	what is Enterprise value: How it helps to value a firm:	CO2	5
<u>U</u> J.	SECTION-C (3* 10 Marks Ea	l- 20 l	\
	SECTION-C (3* 10 Marks E	acn- 50 l	viarks)
Q6	What do you mean by Valuation Multiples, explain with examples?		10
Qυ	what do you mean by variation with examples:	CO3	10
Q7	What is terminal value. Illustrate how to calculate terminal value.	GOA	10
ν'	Trial 15 terminar value. Intestitute 110 % to earestate terminar value.	CO3	10
Q8	Why the concept of time value of money is important in valuation of equity, bonds and		
	for companies. Explain with suitable examples?	CO3	10

	SECTION-D- Attempt any Tv	vo (2* 15 Marks Eacl	h- 30 Ma	rks)
Q9	A frim is currently paying a dividend of Rs.2 per share. The rate of dividend is expected to grow at 5% for first 5 years and 10% thereafter. Find out the Intrinsic value of share if the required rate of return of the investor is 15%			15
Q10	From the following Ratios, prepare the Balance Sheet of the firm:			
	Inventory Turnover Ratio	6 Times		
	Capital Turnover Ratio (Cost of Sales/ Capital)	2 Times		
	Fixed Assets Turnover Ratio (Cost of Sales/Fixed Assets)	4 Times		
	Gross Profit Ratio	20%		
	Debtor Collection Period	2 months	004	4 =
	Creditor/Average Payment Period	73 Days	CO4	15
	The gross profit is Rs. 60,000. Closing Stock is Rs. 5000 in excess of opening stock			
Q11	Explain the concept of value creation in horizontal, vertice OR	cal and conglomerate mergers	CO3	
	Explain the different types of corporate restructuring.		CO3	15
	Explain the different types of corporate restructuring.			