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Your Roll No............................

Sr. No. of Question paper	**:**	**7280**
Unique Paper Code	**:**	**2413090028**
Name of the Paper	**:**	**Business Valuation**
Type of the Paper	**:**	**DSE**
Semester	**:**	**VIII**
Programme	**:**	**B. Com. (P)**

Duration: 3 Hrs. **Maximum Marks: 90**

Instruction for Candidates:

1. **Write your Roll No. on the top immediately on receipt of this question paper.**
2. **Attempt all questions.**
3. **All parts of a question to be attempted together.**
4. **All questions carry equal marks.**

1. a) "Valuation is often considered a mix of art and science." In light of this statement, discuss the critical issues and practical problems a valuer faces when determining the worth of a closely-held private company. **(9)**

   b) Distinguish clearly between 'Fair Market Value', 'Intrinsic Value', and 'Investment Value'. Explain with examples how the purpose of a valuation might dictate which of these values is most appropriate to use. **(9)**

OR

a) Discuss the fundamental Principles of Valuation. How do the 'Principle of Substitution' and the 'Principle of Anticipation' guide an investor in making a capital budgeting decision? **(9)**

b) Compare and contrast the International Valuation Standards (IVS) with the regulatory framework for valuation in India. Highlight the role of the Registered Valuer under the Companies Act, 2013. **(9)**

2. a) "The Discounted Cash Flow (DCF) analysis is theoretically the soundest method of valuation, yet it is highly sensitive to its inputs." Critically evaluate this statement, focusing on the roles of the terminal value and the discount rate. **(9)**

b) Explain the concept of 'Relative Valuation'. Distinguish between the 'Comparable Market Multiple' method and the 'Comparable Transaction' method. Why does the latter usually result in a higher valuation? **(9)**

OR

a) Compare and contrast the Dividend Discount Model (DDM) and the Free Cash Flow to Equity (FCFE) approach. Under what specific circumstances would a valuer prefer FCFE over DDM? **(9)**

b) Discuss the 'Economic Value Added' (EVA) as a tool for valuation. How does it differ from traditional accounting profit, and what are the primary factors a manager must consider when choosing between an Income-based and an Asset-based valuation technique? **(9)**

3.a Discuss the "Relief from Royalty Method" and the "Multi-period Excess Earnings Method" (MEEM) for valuing intangible assets. Provide examples of when a valuer would choose one over the other for brands versus patents. **(9)**

b) Valuing a start-up is fundamentally different from valuing a large, mature enterprise. Identify the unique challenges in start-up valuation and explain how the "First Chicago Method" helps address the uncertainty of future cash flows. **(9)**

OR

a) In the context of Property, Plant, and Equipment (PPE), explain the concept of "Depreciated Replacement Cost." How does a valuer distinguish between physical deterioration and functional obsolescence during the appraisal process? **(9)**

b)"The value of a derivative is derived from the characteristics of the underlying asset." Explain the key variables used in the Black-Scholes Model for options pricing and discuss how a forward contract's value changes over its life relative to the spot price. **(9)**

4 a) "The quality of top-level management is a critical intangible asset that significantly impacts a company's valuation." Discuss this statement, explaining how leadership stability and strategic vision are factored into the assessment of a firm's future earnings. **(9)**

b) Explain the role of Corporate Governance in reducing the 'Agency Problem.' How does a strong governance framework influence the discount rate or 'Cap Rate' used by a valuer when determining the fair value of an enterprise? **(9)**

OR

a) Distinguish between Corporate Social Responsibility (CSR) and Environmental Accountability. With reference to the Indian context, discuss how a company's commitment to ESG (Environmental, Social, and Governance) principles can lead to a lower Cost of Capital.

(9)

b) Middle-level management is often described as the 'engine room' of an organization. Evaluate how the efficiency of middle management and the overall Human Resource health of a company act as lead indicators for its long-term financial sustainability and market valuation.

(9)

5. Write Short Notes on any three of the following: **(3X6=18 Marks)**

(a) Indian and international standards on valuation.

(b) Discounted Cash Flow Analysis

(c) Valuation of Tangibles

(d) Copyrights

(e) Governance

(200)