[This question paper contains 6 printed pages.]

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

Sr. No. of Question Paper : 1407 **L**

Unique Paper Code : 2923072006

Name of the Paper : CORPORATE ANALYSIS AND VALUATION

Name of the Course : **BBA (FIA)**

Semester : IV

Duration : 3 Hours Maximum Marks : 90

Instructions for Candidates

1. Write your Roll No. on the top immediately on receipt of this question paper.
2. Attempt **all** parts of a question together.
3. Marks are indicated against each question.

Q1. From the following information of TVS Motor Company Ltd.,

a) Analyze the company's financial results using any 2 key ratios each on the basis of Liquidity, Long term Solvency and Profitability. Compare the ratios for both years and interpret the results by clearly stating whether each ratio has increased or decreased in 2025 over 2024, and whether such change is favourable or unfavourable for the company.

b) Compare the 3 point DuPont components for 2024 and 2025, and comment on the specific components responsible for the improvement or deterioration of ROE in 2025 over 2024.

(12+6=18)

BALANCE SHEET- TVS MOTOR COMPANY LTD.

Rupees in Crores

Particulars	**As at 31-03-2025**	**As at 31-03-2024**
ASSETS		
Non-current assets		
Property, plant and equipment	**3,880.22**	**3,442.18**
Capital work-in-progress	**642.04**	**329.73**
Other intangible assets	**466.14**	**329.67**
Intangible assets under development	**596.78**	**600.41**
Financial assets		

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i. Investments	**9,038.23**	**6,828.07**
ii. Other financial assets	**28.00**	**152.69**
Non-current tax assets (Net)	**–**	**22.34**
Other non-current assets	**229.61**	**139.33**
Total non-current assets	**14,881.02**	**11,844.42**
Current assets		
Inventories	**1,725.76**	**1,370.80**
Financial assets		
i. Investments	**233.19**	**163.19**
ii. Trade receivables	**1,280.06**	**1,302.14**
iii. Cash and cash equivalents	**293.56**	**485.83**
iv. Bank balances other than (iii) above	**264.77**	**45.13**
v. Other financial assets	**97.55**	**77.25**
Other current assets	**1,186.98**	**773.48**
Total current assets	**5,081.87**	**4,217.82**
TOTAL ASSETS	**19,962.89**	**16,062.24**
EQUITY AND LIABILITIES		
Equity		
Equity share capital	**47.51**	**47.51**
Reserves & Surplus	**9,889.14**	**7,683.53**
Total equity	**9,936.65**	**7,731.04**
Liabilities		
Non-current liabilities		
Financial liabilities		
i. Borrowings	**834.51**	**986.91**
ii. Lease liabilities	**192.63**	**313.07**
Provisions	**255.94**	**205.87**
Deferred tax liabilities (Net)	**265.92**	**187.05**

and incremental capital expenditure will be offset by depreciation. During all years, net working capital requirement will be 25% of revenues.

The Company wants to maintain its Debt-Equity ratio at 0:1 at all times. Risk free rate is 6%, Beta is 1.125 and Market Risk Premium is 8%. Corporate Tax rate is 30%.

Q3. Sigma Ltd. has a return on equity of 23.22%. In the base year, company earns Rs 33.27 per share. It's dividend payout ratio is 16.53% which it will maintain for next 5 years.

For this high growth period, it is estimated that the company will have a beta of 1.1 with a risk free rate of 6% and market risk premium of 7%.

After 5 years, the firm's growth is expected to slow down to 15% for next 3 years. During this phase, the firm will have a beta of 1 with market risk premium of 5.5%. However, the risk free rate will remain the same as earlier.

After 8 years, the growth rate in earnings will remain stable at 5% forever with cost of equity at 8%. You have to calculate the intrinsic value per share as per three stage dividend discount model assuming the firm maintains the same dividend payout ratio every year.

Should the investment be made in the company if it is currently trading at Rs. 375 per share? (18)

Q4. RST Ltd. is a large unlisted company. The promoters of the company wish to estimate its fair market value. For this purpose, a valuation analyst has identified A Ltd., B Ltd. and C Ltd. as comparable listed companies operating in the same industry.

Particulars	**A Ltd.**	**B Ltd.**	**C Ltd.**	**RST Ltd.**
Sales	9,600	8,800	8,000	7,200
EBITDA	2,400	2,000	1,000	900
PAT	780	600	480	540
Shareholders' Funds	4,800	4,000	3,200	2,400
Loan Funds	3,600	2,800	2,400	1,500
Total Assets	9,000	7,500	6,000	4,500
Paid-up Equity Share Capital (FV ₹10 each)	1,200	1,000	800	600
Market Price per Share (₹)	40	20	30	—

Particulars	A Ltd.	B Ltd.	C Ltd.	RST Ltd.
Beta	1.10	1.20	1.25	—

Assume that the market value of debt is the same as its book value. Determine RST Ltd's value using EV/EBITDA, EV/Sales, and EV/Book Value as the base and total assets as a weight for all three companies. (18)

Q5. Write Short Notes on any 3 of the following: (6+6+6=18)

a) Management Discussion and Analysis.

b) Suitability of Price to Book Value ratio.

c) Instability of Beta.

d) Gordon Growth Model.

Other non-current liabilities	**28.00**	**31.50**
Total non-current liabilities	**1,577.00**	**1,724.40**
Current liabilities		
Financial liabilities		
i. Borrowings	**900.43**	**526.53**
ii. Lease liabilities	**108.39**	**137.11**
iii. Trade payables		
a. Total outstanding dues of micro and small enterprises	**37.21**	**34.80**
b. Total outstanding dues of other than (iii)(a) above	**6,116.45**	**5,077.37**
iv. Other financial liabilities	**310.92**	**126.95**
Other current liabilities	**754.31**	**526.63**
Provisions	**184.13**	**143.60**
Current tax liabilities (Net)	**37.40**	**33.81**
Total current liabilities	**8,449.24**	**6,606.80**
Total liabilities	**10,026.24**	**8,331.20**
TOTAL EQUITIES AND LIABILITIES	**19,962.89**	**16,062.24**

STATEMENT OF PROFIT AND LOSS

Rupees in Crores

Particulars	**Year Ended 31-03-2025**	**Year Ended 31-03-2024**
I Revenue from operations	**36,251.32**	**31,776.37**
II Other income	**58.01**	**148.53**
III Total income (I + II)	**36,309.33**	**31,924.90**
IV Expenses:		
Cost of materials consumed	**25,542.35**	**23,244.16**
Purchase of stock-in-trade	**406.73**	**389.37**
Changes in inventories of finished goods, stock-in-trade	**(188.43)**	**(204.56)**

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and work-in-progress		
Employee benefits expense	**1,970.26**	**1,595.87**
Finance costs	**138.66**	**181.63**
Depreciation and amortisation expense	**744.60**	**700.35**
Other expenses	**4,066.37**	**3,237.42**
Total expenses	**32,680.54**	**29,144.24**
V Profit before exceptional items and tax (III - IV)	**3,628.79**	**2,780.66**
VI Exceptional items	–	–
VII Profit before tax (V + VI)	**3,628.79**	**2,780.66**
VIII Tax expense / (credit)		
i. Current tax	**867.67**	**702.08**
ii. Deferred tax	**50.58**	**(4.42)**
Total tax expense	**918.25**	**697.66**
IX Profit for the year (VII - VIII)	**2,710.54**	**2,083.00**
X Earnings per equity share (Face value of ₹1/- each)		
Basic & Diluted earnings per share (in rupees)	**57.05**	**43.84**

Q2. RadheyShyam Ltd. is expected to grow at a rate of 20% p.a. for the next three years, after which the growth rate will stabilize at 8% p.a. in perpetuity. Calculate the enterprise value of RadheyShyam Ltd from the following using DCF Technique: (18)

Revenue = 7500 Crores

Cost of Goods Sold = 3000 Crores

Operating Expenses = 2,250 Crores

Capital Expenditure = 750 Crores

Depreciation (Included in Operating Expenses) = 600 Crores

During high growth period, Revenues & EBIT will grow at 20% p.a. and capital expenditure net of depreciation will grow at 15% p.a. From year 4 onwards, Revenues and EBIT will grow at 8% p.a.