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# BRAINWARE UNIVERSITY



## Term End Examination 2025-2026
## Programme – MBA-2025
## Course Name – Corporate Finance and Valuation
## Course Code - MBA27503 (T)
## ( Semester II )

**Full Marks : 40** **Time : 2:0 Hours**

[The figure in the margin indicates full marks. Candidates are required to give their answers in their own words as far as practicable.]

### Group-A

(Multiple Choice Type Question) 1 x 10=10

1. *Choose the correct alternative from the following :*

(i) Recognize which of the following is a traditional objective of financial management.

a) Value maximization b) Profit maximization
c) Risk minimization d) ESG compliance

(ii) Identify the function of a finance manager that deals with long-term asset acquisition.

a) Working capital management b) Financing decision
c) Investment decision d) Dividend decision

(iii) Recognize which of the following is a source of long-term debt financing.

a) Trade credit b) Commercial paper
c) Debentures d) Bank overdraft

(iv) Identify which of the following securities is classified as a hybrid source of finance.

a) Equity shares b) Preference shares
c) Term loans d) Retained earnings

(v) State which cost is explicitly considered while computing WACC.

a) Historical cost b) Book value cost
c) Opportunity cost d) Component cost of capital

(vi) Explain why shareholders' wealth maximization is considered superior to profit maximization.

a) It ignores time value of money b) It considers risk and timing of returns
c) It focuses only on accounting profit d) It avoids dividend decisions

(vii) Identify the concept that represents the value of money today.

a) Future value b) Present value
c) Annuity d) Perpetuity

(viii) Differentiate between business risk and financial risk by examining their sources.

a) Both arise from financing decisions b) Business risk arises from operations and financial risk from leverage

c) Financial risk arises from market competition

d) Business risk depends on capital structure only

(ix) Evaluate whether a firm should increase debt when EBIT is highly unstable.

a) Yes, because debt is cheaper

b) Yes, because WACC will fall

c) No, because financial risk will increase

d) No, because equity is cheaper

(x) Assess the suitability of WACC for evaluating a project riskier than existing operations.

a) WACC is always appropriate

b) WACC should be reduced

c) A higher project-specific discount rate should be used

d) Cost of debt should be applied

## Group-B

(Short Answer Type Questions) 3 x 5=15

2. Define financial management. (3)
3. Describe the primary objective of financial management. (3)
4. Enumerate the main functions of a finance manager. (3)
5. Evaluate the revised valuation of a firm if its base value of ₹300 crore increases by 15% after strategic financial restructuring. (3)
6. Evaluate the firm value using the EV/EBITDA method if EBITDA is ₹12 crore and the industry multiple is 10. (3)

**OR**

Estimate the terminal value using the Gordon Growth Model if free cash flow is ₹15 crore, growth rate is 4%, and discount rate is 10%. (3)

## Group-C

(Long Answer Type Questions) 5 x 3=15

7. Describe key components of a financial model. (5)
8. Calculate the present value of ₹10,000, which would be receivable after 3 years, considering a discount rate of 10% per annum. (5)
9. Examine the relevance of the risk–return trade-off in financial decision-making. (5)

**OR**

Compute future value of ₹10,000 invested for 3 years at 10%. (5)

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