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NOIDA INSTITUTE OF ENGINEERING AND TECHNOLOGY, GREATER NOIDA
(An Autonomous Institute Affiliated to AKTU, Lucknow)

MBA MF

SEM: IV - THEORY EXAMINATION (2025 - 2026)

Subject: Financial Modelling

Time: 3 Hours

Max. Marks: 100

General Instructions:

IMP: Verify that you have received the question paper with the correct course, code, branch etc.

1. This Question paper comprises of **three Sections -A, B, & C**. It consists of Multiple Choice Questions (MCQ's) & Subjective type questions.
2. Maximum marks for each question are indicated on right -hand side of each question.
3. Illustrate your answers with neat sketches wherever necessary.
4. Assume suitable data if necessary.
5. Preferably, write the answers in sequential order.
6. No sheet should be left blank. Any written material after a blank sheet will not be evaluated/checked.

SECTION-A

20

1. Attempt all parts:-

- (1.1) The following is not the comparison operator (CO1,K2) 1
- (a) $\leq$
 - (b) $\geq$
 - (c) $=$
 - (d) $+$
- (1.2) What if analysis is performed using (CO1,K2) 1
- (a) Solver
 - (b) Goal seek
 - (c) Scenario Manager
 - (d) All of above
- (1.3) Tax-rate is relevant and important for calculation of specific cost of capital of: (CO2,K3) 1
- (a) Equity Share Capital,
 - (b) Preference Share Capital,
 - (c) Debentures,
 - (d) (a) and (b) above.
- (1.4) Which of the following changes would, all else being equal, increase the final valuation calculated by a multi-year Discounted Cash Flow (DCF) model? (CO2,K4) 1
- (a) Increasing the weighted average cost of capital (WACC)
 - (b) Lowering the estimated terminal growth rate
 - (c) Market Price is more than Issue price,

- (d) Shifting a large expected cash inflow from Year 5 to Year 1
- (1.5) The analysis of financial statement by a shareholder is an example of: (CO3,K2) 1
- (a) External Analysis
 - (b) Internal Analysis
 - (c) Vertical Analysis
 - (d) Horizontal Analysis
- (1.6) If total assets of a firm are 7 10,00,000 and its non-current assets are 7 6,00,000, what will be the percentage of current assets on total assets ? (CO3,K3) 1
- (a) 60%
 - (b) 50%
 - (c) 40%
 - (d) 0.3
- (1.7) The ratio that helps to assess long-term debt paying ability (CO4,K3) 1
- (a) Debt-to-Equity Ratio
 - (b) Inventory Turnover
 - (c) Quick Ratio
 - (d) Net Profit Margin
- (1.8) A project whose acceptance precludes the acceptance of one or more alternative projects is referred to as _____. (CO4,K3) 1
- (a) a mutually exclusive project.
 - (b) an independent project.
 - (c) a dependent project.
 - (d) a contingent project
- (1.9) This type of risk is avoidable through proper diversification. (CO5,K2) 1
- (a) portfolio risk
 - (b) systematic risk
 - (c) unsystematic risk
 - (d) total risk
- (1.10) Beta is the slope of (CO5,K3) 1
- (a) the security market line.
 - (b) the capital market line.
 - (c) a characteristic line.
 - (d) the CAPM

2. Attempt all parts:-

- (2.1) Explain Comparison Operator in Excel. (CO1,K2) 2
- (2.2) Discuss the significance of cost of capital. (CO2,K3) 2
- (2.3) Name two common approaches used in financial forecasting. (CO3,K2) 2
- (2.4) Indicate the impact of discount rate changes on NPV results in Excel. (CO4,K4) 2
- (2.5) Discuss the role of correlation in determining portfolio risk. (CO5,K3) 2

SECTION-B

30

Answer any one of the following:-

(3.1) Explain the key features of Present Value. Apply these features to a practical situation by showing how Present Value helps in making the better financial decision. (CO1,K3) 6

(3.2) Describe the parameters that make a good financial model? (CO1,K3) 6

Answer any one of the following:-

(3.3) Differentiate between sensitivity analysis and scenario analysis. (CO2,K4) 6

(3.4) Discuss valuation in the context of corporate finance. (CO2,K3) 6

Answer any one of the following:-

(3.5) Discuss the nature of Statement of financial position. (CO3,K3) 6

(3.6) Describe how projected cash flows impact decision-making. (CO3,K3) 6

Answer any one of the following:-

(3.7) Describe the role of financial ratios in analyzing and selecting potential investment. (CO4,K3) 6

(3.8) Discuss where should a company consider using XIRR over IRR in cash flow evaluation (CO4,K4) 6

Answer any one of the following:-

(3.9) Discuss how does an investor build an efficient portfolio using return and risk data. (CO5,K3) 6

(3.10) Describe how are returns and variance calculated for portfolio. (CO5,K3) 6

SECTION-C

50

4. Answer any one of the following:-

(4.1) Discuss the concept of time value of money. In 10 years, what is the value of Rs 10,000 invested today at an interest rate of 12% per year, compounded monthly. Explain how to calculate using excel. (CO1,K3) 10

(4.2) Describe how financial modelling helps in building an abstract representation (a model) of a real-world financial situation. (CO1,K3) 10

5. Answer any one of the following:-

(5.1) Describe the steps involved in forecasting terminal value using the Gordon Growth Model. (CO2,K3) 10

(5.2) Discuss the importance of valuation in financial analysis and decision-making. (CO2,K3) 10

6. Answer any one of the following:-

(6.1) Build a dynamic Excel model that updates all three statements based on revenue input. (CO3,K4) 10

(6.2) Analyze the differences between operating, investing, and financing activities in a cash flow statement. Use examples to show how specific transactions are classified under each activity and how they impact overall cash flow. (CO3,K4) 10

7. Answer any one of the following:-

(7.1) An initial investment of ₹6,500 generates cash inflows of ₹2,000, 10

₹2,500, and ₹3,000 over years 1, 2, and 3. Assuming a 10% discount rate, evaluate project viability using NPV and IRR, and justify which metric is superior for investment decisions. (CO4,K4)

- (7.2) Discuss how liquidity, profitability, leverage, and turnover ratios collectively provide a comprehensive view of a company's financial health, and explain the limitations of relying on any single category. (CO4,K3) 10

8. Answer any one of the following:-

- (8.1) Calculate the expected market return and break down each component variable of the CAPM formula, assuming a stock beta of 1.1, a risk-free rate of 5%, and a required return of 12.7%. (CO5,K4) 10
- (8.2) Discuss the concept of beta and provide a detailed step-by-step method to estimate the beta of a stock. (CO5,K3) 10

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