

P.D.L. c

Question Paper Set of

T.Y.B.F.M. – Sem-VI

**Regular Exam**

**University of Mumbai**

April, 2019



Duration : 2.5 hours

Marks : 75

- All questions are compulsory

Q1. A. Match the following: (Any 8)

(8 Marks)

Sr no	Column A	Sr No	Column B
1	Future events are not known	A	Current account
2	Financial leverage	B	Gold & Silver
3	Risk due to Customers	C	Lock in period 1-3 years
4	DSCR	D	Highly liquid
5	Lack of Counterparty	E	Liquidity risk
6	Mutual Fund Investment	F	Debt service coverage ratio
7	Hedge funds	G	Credit Risk
8	Precious Metals	H	Financial Risk
9	Gold ETF	I	Gold in Demat Form
10	Convertibility	J	Uncertainty

Q no 1 B State whether the following statements are true or false (Any 7)

1. Beta of Nifty cannot be measured
2. Forex Market is a 24 hour market
3. There are 2 kinds of Liquidity Risk
4. Real Estate Investments helps to Hedge against inflation
5. VaR stands for Value at Risk
6. Fund of funds is a Private Equity Fund
7. LBO refers to leveraged Buy outs
8. To keep Gold as a part of portfolio Investors can invest in gold ETF
9. Normal Yield curve is a straight line
10. Nifty comprises of 50 stocks

Q2. A. Explain the Nature of Financial Risk

(8 marks)

B. Explain Business Risk &amp; Its Management process

(7 marks)

OR

C. Distinguish between Mutual Funds &amp; Hedge Funds

(8 marks)

D. Explain Risk Identification faced by an Organisation.

(7 marks)

Q3. A. Calculate the Standard Deviation and Expected Return from the following information:

(8 marks)

	Boom	Normal	Recession
Probability of Occurrence	0.35	0.50	0.15
Rate of return on stock X	20%	30%	40%
Rate of return on stock Y	40%	30%	20%

OR

B. Rahul recently forecasted three economic conditions which he believes are likely to occur with given probabilities. Based on these conditions an analyst made the following forecast returns on stock P, Q, R



Economic Conditions	probability	P Returns	Q Returns	R Returns
BOOM	0.30	10%	12%	14%
NORMAL	0.50	20%	16%	18%
RECESSION	0.20	22%	14%	14%

Calculate the Average Return & Standard deviation of the stocks and advise which stock is preferable for investment.

C. Find the value of a bond of HPCL Ltd. from the following Data  
Maturity: 6 Years

Maturity 6 Years

face value of Rs.1000.

Coupon rate is 14% p.a

Required rate of return is 16%.

The coupon is paid annually and the bond is redeemed at a premium of 14%. (8 marks)

D. A Bond is currently trading at Rs. 110 and has a face value of Rs. 100. Maturity is of the bond 7 years and the coupon rate is 15% (paid semi-annually). What should be the YTM of this bond?

Q4. A. Discuss the Current V/s Capital Account Convertibility in India.  
B. What is Maastricht Criteria?

B. What is Market Risk? What are its types?

OR

D. Explain the Characteristic of C.F.

D. Explain the Characteristics of Bond Markets.

Q5. A. Why do Investors prefer in Investing in Debt Markets  
B. What is a yield curve? C. How does it change?

B. What is a yield curve? What are the different types of yield curve?

OR

Q5. Write short notes: (any three)

### a. Interest Rate Risk

b. HNWI

### c. Quantitative Risk Measurement

#### d. Exchange Rate Swap

### e. Technological Risk

\*\*\*\*\*



Duration 2 ½ Hrs

Marks: 75

Note: 1) All questions are compulsory  
2) Figures to the right indicate full marks

Q.1 A) Match the following (Any 8)

08

A

B

- |                                       |                                        |
|---------------------------------------|----------------------------------------|
| 1. Due Diligence                      | a) Repurchase of shares                |
| 2. Promoter Buyback                   | b) Examination of potential investment |
| 3. Unified Structure                  | c) Launch Phase                        |
| 4. Credit Risk                        | d) Human error                         |
| 5. Operational Risk                   | e) Default in payment                  |
| 6. Co-investment structure Investment | f) Domestic Investments                |
| 7. Start up Financing                 | g) Combination of Offshore & Domestic  |
| 8. Growth Capital                     | h) Sale to other PE firm               |
| 9. Secondary Sale                     | i) Funding for expansion               |
| 10. Second stage Financing            | j) Expansion Capital                   |

B. State whether following statements are True or False (any 7)

07

- Private Equity is open ended investment fund which can be easily determined and can be transferred at a certain period of time.
- Venture Capital acts as an Intermediary to link the source of fund with the source of ideas.
- Transaction Risk is the risk of exchange rate variation effecting the realised value.
- The major advantage of secondary sale exit strategy is speed and liquidity.
- Private equity fund typically have a fixed lifespan of about 5 years.
- When an unlisted company makes a fresh issue of securities to the public, it is called as IPO.
- EBITDA means earnings before interest and tax.
- Offshore Structure is generally used where domestic investors were expected to participate in the fund.
- Fund of funds is one of the options for the investors to invest in Private Equity Fund.
- The General Partner is entitled to a share in the profits of private equity investments.



Q.2 A) Explain in detail the concept of venture financing. 08

B) Elaborate role of players involved in the PE market. 07

OR

C) How to prepare business plan for getting venture capital financing? 08

D) State role of private equity, venture capital and hedge funds. 07

Q.3 A) Elaborate the structure of venture capital/private equity funds in India. 08

B) Explain in detail business cycle of PE. 07

OR

C) What are the characteristics of Private Equity? 08

D) Distinguish between venture capital and hedge funds. 07

Q.4 A) Explain the regulatory aspects of Venture Capital/ Private Equity investments. 08

B) Explain various types of risk involved in private equity. 07

OR

C) Explain in detail risk return trade off. 08

D) Explain revenue multiple method. 07

Q.5 A) State various advantages and disadvantages of LBO. 08

B) Explain various routes of exit in private equity. 07

OR

Write short notes (any three) 15

1. Leverage recapitalization.
2. Promoter buyback.
3. Sale to other PE funds.
4. Distressed buyout.
5. Limited liability.



Duration : 2 ½ hrs.

Total Marks : 75

**Instructions:**

- All questions are compulsory.
- Figures to right indicate full marks.
- Use of Simple Calculator is allowed.

**Q 1) a) Match the columns (Any 8)**

08

Column A	Column B
i. SIP	a) First time subscription offer for new scheme launched by AMC
ii. KIM	b) Fixed amount invested on regular basis
iii. Treynor measures	c) Sale price / (1+Entry load)
iv. STT	d) Measures performance of fund
v. NFO	e) Established in 1993
vi. Fund-To-Fund scheme	f) Attracts investment from foreign markets
vii. Offshore fund	g) Hold the fund's securities in safe keeping
viii. NAV	h) Combination of Equity and Debt Mutual fund scheme
ix. AMFI	i) Accompanied by each application form
x. Custodian	j) Securities transaction tax

**Q 1) b) State whether True or False. (Any 7)**

07

- Closed end funds were usually trading at discount to NAV.
- Sponsor must hold at least 50% of AMC's net worth.
- Trustees are appointed by AMC.
- The RBI and SEBI are supervised by Ministry of finance.
- The AMC has to submit its annual reports to AMFI.
- Investors cannot sue the trust.
- The money market mutual funds are regulated by SEBI.
- Rupee cost averaging means investing fixed amount periodically.
- Long term capital gains without indexation are taxable at 30% plus surcharge
- UTI is governed by UTI Act.

Q2) a) What is Mutual Fund ? Explain the advantages of investment in mutual fund.

08

Q 2) b) Discuss AMFI and its objectives in detail.

07

**OR**

Q 2) c) Discuss the role of Sponsor, AMC, trustee and distributor in mutual fund.

08

Q 2) d) Explain the difference between Open ended and Close ended fund.

07

Q 3) a) Describe in detail Exchange traded fund?

08

Q 3) b) Discuss in brief different expenses in mutual fund.

07

**OR**

Q 3) c) Explain code of ethics laid down by AMFI in India.

08

Q 3) d) Enumerate the various types of risk associated in mutual fund investment.

07



Q 4) a) Calculate HPR and AR for following two funds.

08

	RIL	TATA
NAV as on 1/04/2016	20	32
NAV as on 31/03/2019	55	55
Dividend for the period	5	7

Q 4) b) Calculate closing units and closing NAV assuming

07

Opening NAV	Rs. 13.50
Opening outstanding units	20500
Appreciation in portfolio	(Rs.5,000)
Units subscribed	6000
Units redeemed	4000
Dividend received	Rs.5000
Expenses	Rs.7000
Sales and Repurchase of units at	Rs. 15.00.

OR

Q 4) c) Scheme Kotak gives 12% p.a. returns and Scheme HDFC gives returns 13% p.a. Risk free rate is 8% p.a. Standard deviation of A and B is 8% and 6% respectively and Beta of Kotak & HDFC is 0.8 and 0.5 respectively. Find Sharpe ratio and Treynor ratio for both the funds and suggest which investment is better.

08

Q 4) d) Calculate CAGR for following two funds.

07

	Fund P	Fund Q
NAV as on 1/04/2016	400	450
NAV as on 31/03/2018	600	750

Q 5) a) Explain in detail limitations of performance measurement and evaluation.

08

Q 5) b) Explain in detail taxation on dividend and restrictions on dividend stripping.

07

OR

Q 5) Write short notes on (Any 3 out of 5)

15

- SWP
- Debt fund
- Sharpe's measure
- Money Market Mutual fund
- Principles of valuation of equity instruments.

\*\*\*\*\*



Duration: 2<sup>1/2</sup> Hours

Max. Marks: 75

- N.B.: 1) All the questions are compulsory.  
2) Figures to the right indicate the marks.

- Q.1 (A) State whether the following statements are True or False (any Eight) (08)
- Individual differences do not matter when it comes to managing people.
  - Stress within limits is beneficial.
  - The performance of a team depends on both individual contribution as well as collective work.
  - Biofeedback is a technique whereby individuals are taught to control variety of internal body processes.
  - Coercive power has a negative impact on the receiver.
  - Conflicts may be constructive or destructive.
  - Self-actualization means to become all that is possible for a person to become.
  - Employee engagement is a positive work related attitude.
  - Group size influences behaviour.
  - In refreezing stage of change new ideas and practices are learned.

- (B) Match the column (any Seven): (07)

Column A	Column B
1) Collegial model	a) Relaxed
2) Burnout	b) Work-life balance
3) Virtual teams	c) Doing more than what is expected
4) Informal groups	d) Fredrick Herzberg
5) Norms	e) Way to settle conflict
6) Negotiation	f) Group standards
7) Two factor theory	g) Friendship groups
8) Organizational citizenship behavior	h) Online communication
9) Boomers	i) Physical exhaustion
10) Type B personality	j) Partnership

- Q.2 (A) Describe in brief different models of Organizational Behavior. (08)

- Q.2 (B) Describe the common errors that occur in the perceptual process. (07)

OR

- Q.2 (P) Define motivation and compare Maslow's theory of motivation with that of Alderfer's. (08)

- Q.2 (Q) Explain the goals of Organizational Behavior. (07)

- Q.3 (A) 'Conflict is a double-edged Sword'. Explain. (08)

- Q.3 (B) What are the different sources of conflict? (07)

OR

- Q.3 (P) What do you mean by politics at workplace? Explain the various causes of organizational politics. (15)

- Q.4 (A) What is a group? Discuss different types of groups. (08)

- Q.4 (B) Explain stages in group development. (07)



OR

- Q.4 (P) Describe the different elements that contribute to the development organization high performance teams. (08)
- Q.4 (Q) What are the benefits of counseling? (07)
- Q.5 (A) Explain the effects of stress. (08)
- (B) Why do people resist change? What are various types of resistance? (07)

OR

- Q.5 (P) Write short note on any three of the following: (15)
- a) Big five model of personality
  - b) Abraham Maslow's hierarchy of needs
  - c) Machiavellianism
  - d) Levels of conflict
  - e) Determinants of job satisfaction



TIME: 2 ½ Hours

Total Marks: 75

Instructions: 1. All Questions are Compulsory  
2. Use of Simple Calculator is allowed

Q1. A. Match the following (any Eight)

(8)

	COLUMN A		COLUMN B
1	MVA	A	Retained Earnings
2	Irrelevant Cost	B	Act as a catalyst economy
3	Zero based budgeting	C	Sunk Cost
4	Source of Long term finance	D	True or Fair
5	PPP	E	Working start from level zero
6	Walter's Model	F	Business modelling and planning technique
7	What if Scenario	G	(Market Cap – Book Value of net worth)
8	Audit Report	H	Credit Risk
9	Default Risk	I	Finance Due Diligence
10	FDD	J	Theory of dividend policy

Q1. B. State whether True or False (any Seven)

(7)

1. EVA is inversely related to shareholders.
2. Strategic planning horizon rarely exceeds 2 years.
3. Life cycle costing ascertains the cost of product over its projected life.
4. Business plan acts as a control instrument.
5. Commercial paper is a money market instrument.
6. Illiquid refer to the state of a security that can be easily sold.
7. Hedging is used to reduce risk.
8. The net capital expenditures are the difference between capital expenditures and depreciations.
9. MBO refers to management buy opinion.
10. Due diligence is typically balance sheet focused.

Q2. A. Define Strategic Corporate Finance. Explain its scope.

(8)

Q2. B. Write a short note on financial planning?

(7)

OR

Q2. C. Write a short note on Life cycle costing.

(8)

Q2. D. Explain the concept of Quality Costing

(7)

Q3. A. What are the determinants of capital structure?

(8)

Q3. B. Explain What-If scenario

(7)

OR



**Q3. C.** M/s. Priti Ltd. has the following capital structure:

Equity Capital (Rs. 100 each)	Rs. 15, 00, 000
8% Preference Shares	Rs. 10, 00, 000
10% Debentures	Rs. 15, 00, 000

The company pays a dividend Rs. 5 per share and current market price per share is Rs. 50 having growth rate of 5%. You are required to calculate WACC if tax rate is 50%. (8)

**Q3. D.** Calculate Book value and Market value for the following.

(Amounts in lakhs)

Particulars	Book Value	Market value	Specific Cost
Equity Share Capital	80	120	18%
Preference Share Capital	30	20	15%
Debentures	40	40	14%

(7)

**Q4. A.** Explain the Modigliani-Millers Model.

(8)

**Q4. B.** Explain the different company valuation approaches.

(7)

OR

**Q4. C.** The following information is furnished for M/s ABC Ltd. and M/s XYZ Ltd. Calculate Earnings per share (EPS) for both the companies.

(15)

Particulars	ABC Ltd.	XYZ Ltd.
Equity Share Capital (Rs. 100 each)	10, 00, 000	12, 00, 000
9% Preference Share Capital	3, 00, 000	3, 50, 000
7% Debentures	2, 00, 000	2, 50, 000
EBIT	3, 10, 000	3, 42, 000
Tax bracket	50 %	50%

**Q5. A.** Explain credit analysis and its steps.

(8)

**Q5. B.** What is Risk? Explain the methods to treat it.

(7)

OR

**Q5. Answer the following (any three)**

(15)

1. Wealth Management
2. Problem with too much cash
3. Value Enhancement tool
4. Types of Risk
5. Net Income Approach



Duration: 2½ Hours

Total Marks: 75

- N.B.: (1) All questions are compulsory.  
(2) Working Notes should form part of your answer.  
(3) Figure to the right indicates full marks.

Q1 (A) Select the correct alternatives and rewrite the sentence (Any 8):

(08)

- (1) GST is levied on supply of all goods and services except \_\_\_\_\_  
(a) Alcoholic liquor for human consumption (c) Tobacco  
(b) Health care services (d) All of the above
- (2) Aggregate turnover excludes \_\_\_\_\_.  
(a) Exempt Supplies (c) Value of Inward Supplies  
(b) Cess (d) Both (b) and (c)
- (3) \_\_\_\_\_ is required to compulsory get registered under the GST act, if taxable supplies are made.  
(a) E-Commerce Operator (c) Casual Taxable Person  
(b) Non Resident (d) All of the above
- (4) On Petroleum Crude, High Speed Diesel, Motor Spirit (commonly known as Petrol), Natural Gas and Aviation Turbine Fuel \_\_\_\_\_  
(a) GST is not levied at all  
(b) GST is levied, but exempt  
(c) GST will be levied from a date to be notified on the recommendations of the GST Council  
(d) None of the above
- (5) E-WAY Bill is to be generated for a value of more than  
(a) Rs 10,000 (b) Rs 5,000 (c) Rs 50,000 (d) Rs 1,00,000
- (6) Interest at \_\_\_\_\_ is payable on excess claim of credit/excess reduction of output tax liability.  
(a) 12% (b) 15% (c) 18% (d) 24%
- (7) Which of the following activity is outside the scope of supply and not taxable under GST?  
(a) Services of funeral  
(b) Actionable claims, other than lottery, betting and gambling  
(c) Services by an employee to the employer in the course of or in relation to his employment  
(d) All of the above
- (8) Which of the following supplies are naturally bundled?  
(a) Pack of watch, tie and belt  
(b) Package of canned food such as burger, chocolates, sweets, cake etc.  
(c) Rent deed executed for renting of two different floors of a building-one for residential and another for commercial purpose to same person  
(d) None of the above



(9) A \_\_\_\_\_ supply comprising of two or more supplies shall be treated as the supply of that particular supply that attracts highest rate of tax.

- (a) Composite (c) Mixed  
(b) Both (a) and (b) (d) None of the above

(10) Which of the following activities is a supply of services?

- (a) Transfer of title in goods  
(b) Transfer of right in goods/ undivided share in goods without transfer of title in goods  
(c) Transfer of title in goods under an agreement which stipulates that property shall pass at a future date.  
(d) All of the above

Q1 (B) State whether the following are True or False: (Any 7)

- (a) If the goods are received in lots/installment, ITC can be availed upon receipt of last installment.  
(b) ITC is not available on inward supplies made by a composition tax payer.  
(c) Deposits towards tax, penalty, interest, fee or any other amount are credited into the Electronic cash ledger of a taxable person.  
(d) SGST/UTGST liability cannot be adjusted against input tax credit of CGST.  
(e) CPIN stands for Casual Portal Identification Number.  
(f) Form GSTR-1 contains the details of inward supplies of taxable goods and/or services.  
(g) The Invoice of supply of services is to be issued in triplicate.  
(h) Composition tax payer is required to file return in Form no. GSTR-4  
(i) Tax @ 1% is to be deducted where the total value of supply, under a contract exceeds Rs. 25,00,000.  
(j) A registered person supplying exempt goods or services, shall issue bill of supply instead of a tax invoice.

Q2 (A) Explain the Central and State taxes subsumed under GST. (07)

(B) Explain the provisions of Composition Scheme under CGST Act, 2017. (08)

OR

Q2 (C) Compute the value of taxable services and the GST for the month of January, 2019.

All amounts are exclusive of GST. GST rate for all the supplies may be assumed to be 18%. (08)

Particulars	Rs.
1. Commission from Mutual Fund for selling Mutual Fund Units	110,000
2. Distribution of Mutual Fund – Bonds	80,000
3. Renting of property to a charitable educational body	100,000
4. Transfer of Money Through Money Orders	20,000
5. Pension Payment Services	25,000
6. Express parcel Post Services	35,000
7. Postal coaching receipts	20,000
8. Rural Postal Life Insurance Services	30,000



- (D) Amar who is a manufacturer in Thane provides the data for the financial year 2017-18. Total value of supplies including inward supplies taxed under reverse charge basis are Rs. 1,01,00,000. The details are as follows: (07)

Particulars	Rs.
1. Intra State Supplies	12,50,000
2. Intra State Supplies (GST at Nil rate)	30,50,000
3. Intra State Supplies which are wholly exempt	34,60,000
4. Value of inward supplies on which tax payable under RCM (GST rate 5%)	5,40,000

Explain whether Amar is eligible to opt for composition scheme in financial year 2018-19.

- Q3 (A) From the following information determine the place of supply of goods as per section 10(1)(b) of GST Act, 2017, where the goods are delivered by the supplier to a recipient on the direction of a third person during the course of movement of goods. Also determine the nature of supply and type of tax leviable. (08)

Sr. No.	Supplier and his location	Location of the buyer (third person)	Recipient and his location	Place of Supply of Goods
1	Mr. Atul, Indore	Mr. Alok, Indore	Mr. Ramesh, Surat	Surat
2	Mr. Atul, Indore	Mr. Ramesh, Surat	Mr. Alok, Indore	Indore
3	Mr. Atul, Indore	Mr. Manthan, Mumbai	Mr. Ramesh, Surat	Surat
4	Mr. Atul, Indore	Mr. Ramesh, Surat	Mr. Subhash, Surat	Surat

- Q3 (B) Determine the time of supply of goods on approval basis, as per the provisions of GST in the following independent cases: (07)

Sr. No.	Date of Removal	Date of Invoice	Acceptance by Recipient	Date of receipt of payment
1	12-12-18	16-07-19	30-05-19	25-07-19
2	15-12-18	13-03-19	26-02-19	22-02-19
3	16-12-18	19-06-19	16-05-19	20-06-19
4	20-12-18	13-03-19	20-02-19	20-02-19
5	21-12-18	25-06-19	20-06-19	20-06-19
6	25-12-18	11-03-19	20-03-19	21-03-19

OR

- Q3 (C) From the following information determine the place of supply of goods in the following cases as per section 10(1)(d) of GST Act, 2017, where the goods are assembled of Installed at site. Also state the nature of supply and type of tax leviable. (08)

Sr. No.	Supplier and his location	Recipient and his location	Place of assembly / Installation of goods
1	Mr. Arun, Indore	Mr. Bharat, Mumbai	Ahmedabad
2	Mr. Arun, Indore	Mr. Rajesh, Jodhpur	Indore
3	Mr. Arun, Indore	Mr. Ravi, Chennai	Kolkatta
4	Mr. Arun, Indore	Mr. Rajesh, Jodhpur	Mumbai



Q3 (D) Determine the time of supply of goods as per the provisions of GST in the following independent cases under RCM: (07)

Sr. No.	Date of Invoice	Date of receipt of goods	Date of receipt of payment
1	20-12-18	16-11-18	29-11-18
2	14-02-19	15-02-19	14-02-19
3	24-08-19	30-08-19	15-02-19
4	06-05-19	24-08-19	30-08-19
5	06-07-19	06-07-19	06-08-19
6	16-10-18	02-07-18	19-10-18

Q4. (A) M/s. SAI Associates is registered in state of Uttar Pradesh provides following details for the month of April. As the business is commenced on 14<sup>th</sup> April, there is no opening balance in Electronic Credit Ledger. Calculate Net tax liability for the month of April. (15)

Transactions during the month	Rs.
Sold Goods @ 12% GST in Meerut, UP	175,000
Sold Goods @ 5% GST in Bareilly, UP	250,000
Sold Goods @ 28% GST in Mathura, UP	425,000
Sold Goods @ 18% GST in Agra, UP	500,000
Purchased goods @ 18% GST from Mumbai, Maharashtra	630,000
Provided services @ 5% GST in Indore, MP	480,000
Availed services @ 12% GST from Kanpur, UP	700,000
Availed services @ 28% GST from Patna, Bihar	90,000

OR

Q4. (B) Mr. Harshal, states the following transactions of his business in Gujrat. Is he liable to get registered under GST? If yes, from when? (08)

Date	Particulars	Amount
02-12-18	Goods supplied to Surat	750,000
04-12-18	Goods supplied to Baroda	270,000
07-12-18	Goods purchased from Vapi	800,000
09-12-18	Services availed from Surat	340,000
10-12-18	Services provided to Rajkot	680,000
13-12-18	Goods supplied to Jamnagar	830,000
17-12-18	Services provided to Ahmedabad	370,000

(C) Following is the information for the month of July:

(07)

Particulars	IGST	CGST	SGST
Opening Balance in Electronic Credit Ledger	3,78,000	4,72,070	5,68,020
Tax Liability for the month	13,02,100	5,44,000	5,44,000
Input Tax Credit Available	5,39,600	1,44,950	1,44,950

(a) Calculate the Net Tax Liability for the month of July.

(b) The due date for payment of tax was 20<sup>th</sup> August. However, Mr. Pranay made the payment on 25<sup>th</sup> August. Calculate the amount of interest payable.

67130



- Q5 (A) Explain the provisions for furnishing the details of outward supplies  
 (B) Explain the provisions of:  
 (a) Annual Return (b) Levy of late fee in furnishing Return

(08)

(07)

OR

Q5 (C) Write Short Note on (Any 3):

(15)

- (a) Reverse Charge  
 (b) Aggregate turnover  
 (c) Casual Taxable Person  
 (d) Electronic Cash Ledger  
 (e) Tax Invoice for supply of goods



TIME: 2.5 hours

MARKS: 75

Q.1. a. State whether the statement are True or False: (Any 8)

(8M)

1. A consolidation is a combination of two or more companies into a new company
2. LPG paved way to a strong corporate restructuring in India.
3. In absence of execution, planning and formulation of corporate restructuring is enough.
4. Vertical merger is merger of two firms operating and competing in the same business activity.
5. Section 230 and 240 of Companies act, 2013 contains provisions on compromise, Arrangement and Amalgamation.
6. When debenture is used as a source of financing, the company has to be committed towards payment of interest.
7. Medium term foreign currency denominated ECB with minimum average maturity of 1/3 years.
8. Rehabilitation finance refers to merging of sick companies with healthy companies.
9. Post-merger integration requires low quality management.
10. Lack of involvement of human resource can have a positive impact on merger.

Q.1. b. Match the Following: (Any 7)

(7M)

Column 'A'	Column 'B'
1. Leverage Buyout	a. Defence for conglomerate companies
2. Buyback of shares	b. Finance engineering
3. Lack of training	c. Special compensation agreement
4. Crown jewels	d. Combination of two or more companies
5. Financial Instrument	e. Include production process
6. Merger	f. Merging of sick companies with healthy companies
7. Consolidation of operation	g. Return the excess cash to share holders
8. Golden 'Parachute'	h. Using the public company as shell
9. Reserve Merger	i. Using mainly debt to finance
10. Market Extension merger	j. To increase market share
	k. Merger failure
	l. Get access to bigger market
	m. Friendly and hostile



Q.2. a. Write a note on planning, formulation and execution of various Corporate Restructuring strategies.

(8M)

Q.2. b. Explain the role of professionals in Corporate Restructuring.

(7M)

OR

Q.2. p. Discuss about different Restructuring strategies.

(8M)

Q.2. q. Describe the historical back ground of Corporate Restructuring.

(7M)

Q.3. a. Explain Accounting aspect of Amalgamation in terms of

i. Amalgamation in the nature of Purchase

ii. Amalgamation in the nature of Merger

(8M)

Q.3. b. Explain with examples what you understand by Horizontal Merger and Vertical Merger.

(7M)

OR

Q.3.p. Explain what you mean by the term Merger. Also explain with examples what you understand by Conglomerate Merger.

(8M)

Q.3. q. Enumerate the economic aspects of Merger.

(7M)

Q.4. a. What is buyback of shares? Explain reasons for buyback.

(8M)

Q.4.b. Give the different types of Debentures.

(7M)

OR

Q.4. p. Give your views on Funding through Equity and Preference Shares

(8M)

Q.4. q. Explain the term Management Buy – Outs

(7M)

Q.5. a. Give reasons for failure of Mergers.

(8M)

Q.5. b. Enumerate the factors in the Post – Merger Reorganisation

(7M)

OR

Q.5. p. Short Notes: (Attempt any 3)

(15M)

1. Leveraged Buy out

2. Post – Merger Success

3. Reverse Merger

4. Types of Takeover with examples

5. Franchising

\*\*\*\*\*