

T.Y.B.F.M

Sem VI

Corporate Restructuring

Note- All Questions are compulsory.

Marks in the bracket indicate full marks.

Q. 1 (A) Fill in the blanks (Any 8)

(8)

1. _____ refers to the material consolidation of two or more entities to form a new enterprise with a new name.
 - a) Merger
 - b) Joint Venture
 - c) Takeover
 - d) Acquisition
2. Amalgamation means minimum _____ liquidations and _____ new formation
 - a) Two- No
 - b) One-Two
 - c) Two-One
 - d) One- No
3. A _____ takeover is a type of corporate acquisition which is carried out against the wishes of the board of the target company.
 - a) Hostile
 - b) Friendly
 - c) Buy-out
 - d) All of the above
4. _____ integration involves gaining ownership or increased control over distributors or retailers.
 - a) Vertical
 - b) Backward
 - c) Forward
 - d) Horizontal
5. Changes in the _____ environment often represents new opportunities and new ways to reach objectives.
 - a) Internal
 - b) External

- c) Technological
 - d) Organisational
6. The _____ business strategy involves entry into a niche where a core business is operating at its full or near full potential and generating surplus cash.
- a) Prime
 - b) Adjacent
 - c) Retrenchment
 - d) Differentiation
7. When British Airways merged with Iberia, the Spanish airlines it was _____ kind of merger.
- a) Vertical
 - b) Horizontal
 - c) Joint Venture
 - d) Conglomerate
8. The _____ is a correct formula for the additional cash flow from an acquisition.
- a) $A+B+C-D$
 - b) $A+B-C-D$
 - c) $A-B+C-D$
 - d) $A+B+C+D$
9. _____ region has the largest amount of M & A activity.
- a) Continental Europe
 - b) UK
 - c) USA
 - d) Japan and Korea
10. Going private transactions in which a large percentage of the money used to buy the outstanding stock is borrowed is called as _____
- a) Tender Offer
 - b) Proxy Contest
 - c) LBO
 - d) Consolidation

Q. 1 (B) State whether following statements are True or False (Any 7)

(7)

1. Acquisition can be done by the purchase of the assets of the company.
2. Franchising means an acquirer takes over the control of the target company.
3. In Joint Venture business, a business enterprise is formed for the consumer satisfaction.

4. Process approach, business strategy can be formulated through series of activity.
5. The external approach emphasises on the internal resources and capabilities of organisation to develop strategy.
6. Agency theory says that takeover takes place because of the conflict between managers and shareholders over the pay out of free cash flows.
7. Hurbis hypothesis is an explanation of why mergers may happen even if the current market value of the target firm reflects its true economic value.
8. Poison Pill is one of the methods of Joint Venture.
9. Golden Parachutes of one of the method to avoid Hostile takeover.
10. LBO refers to taking a debt on the shoulder for acquiring another company.

Q. 2 (A) Discuss the various forms of Corporate Restructuring. (15)

OR

(B) Explain the Mergers and Acquisition Waves at Global level and in India. (15)

Q. 3 (A) Define Strategy. Explain the process of Strategic Planning. (8)

(B) What is Diversification Strategy? (7)

OR

(C) Distinguish between Strategy Formulation and strategy implementation. (8)

(D) Distinguish between Internal Growth and External Growth. (7)

Q. 4 (A) Distinguish between Merger and Acquisition. (8)

(B) Discuss various types of Mergers and Acquisitions. (7)

OR

(C) What is meant by Post Merger Integration? (8)

(D) Explain the reasons for the failure of the Merger and Acquisition. (7)

Q. 5 (A) Distinguish between LBO and MBO. (8)

(B) Explain the techniques to avoid hostile takeover. (7)

OR

Q.5. Writ Short Notes (Any 3) (15)

1. LCO
2. MBI
3. Conglomerate Diversification
4. Efficiency Theories of M & A
5. Post-Merger Integration

Time 2 ½ hrs.

Marks 75

S.K.Somaiya College of Arts, Science and Commerce

Note: All questions are compulsory

Figures to the right indicate full marks.

Q.1 A. state whether following statements are True or False. (Any Eight) (8)

1. A scheme of higher NAV is always better than Lower NAV.
2. Growth option is for those investors who are looking for capital appreciation.
3. The schemes are formulated by AMC and approved by Trustees.
4. AMCs should be registered with SEBI.
5. SWP stands for Systematic whining plan .
6. Money market refers to that part of the debt market where the maturity is less than 1 month.
7. Index stock fund always contain the stock of every company in a particular index.
8. The offer document of an open – ended is valid for 1 year.
9. Sponsor must hold at least 60 percent of the AMC’s net worth.
10. Fixed assets are held usually in fund accounts.

Q.1 B Match the Following (any Seven)

(7)

	Group A		Group B
1	Trustee appointed by	A	1993
2	Call Money market regulated by	B	Marketable instruments
3	RBI and SEBI are supervised by	C	AMFI
4	Min. year for PPF	D	10 cr.
5	Private sector Mutual Fund	E	75% unit holders
6	Mutual fund can invest in	F	Debt funds
7	Industry association for mutual fund	G	Sponsor

8	AMC Net worth	H	RBI
9	Approval for termination of AMC	I	MoF
10	Expense ratio is important	J	15 years

- Q.2** A. What are the advantages of mutual funds? 8
 B. Distinguish between ULIP and Mutual Fund 7

OR

- Q.2 C. Discuss AMFI code of ethics. 8
 D. Discuss organizational structure of Mutual fund in detail with diagram. 7

- Q.3 A. Discuss Income and Growth mutual fund? 8
 B. What do you mean by SIP, SWP,STP 7

OR

- Q.3 C. Discuss Large, Mid, Small cap in detail . 8
 D. Discuss Index, Balanced, Open ended Funds 7

- Q.4 A. Opening NAV = 14.50 (8)
 Outstanding units= 10,500
 Appreciation in portfolios=(rs. 5000)
 Units subscribed =3,000
 Units redeemed = 1,,000
 Dividend received = Rs. 500
 Expenses= Rs. 750
 Assume sales and repurchase NAV= 18.50
 Calculate closing units and closing NAV.

- Q.4 B. Discuss Holding period rate of return. 7

OR

Q.4 C A mutual fund purchased 1000 Bonds of ABC, on 1st Dec2009@ Rs. 120, cum interest. Coupon rate is 12% and interest is paid on 30th June and 31st Dec. every year. Record the transaction in the books of Mutual Fund. Assume face value Rs. 100. (8)

D. Discuss Sharpe and Treynor measures. 7

Q.5 Write a Short note (Any Three) 15

1. Valuation of debt instruments
2. SEBI's regulation for NAV
3. Valuation of Gold and other instruments
4. Dividend stripping
5. Bonus stripping



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**SUBJECT- VENTURE CAPITAL
MARKS - 60**

Q.1 A)	Match the Column/ Fill in the Blanks/ Multiple Choice Questions: (Any 8 out of 10) - 8 Marks
A)	As per SEBI guidelines, private equity falls under Category ___ AIFs. i) IV ii) II iii) III iv) I
B)	Strategy adopted by PE firms under which investments are made in companies that are on verge of bankruptcy is called __. i) Mezzanine capital ii) bridge finance iii) distressed debt iv) Growth capital.
C)	PE investments are relatively __. i) short term ii) illiquid iii) liquid iv) none of the above.
D)	The minimum return that a fund has to earn before the fund manager can earn carried interest is called __. i) IRR ii) ROI iii) hurdle rate iv) net profit
E)	__ is a hybrid form of structure. i) LLP ii) Company iii) Trust iv) partnership
F)	A wealthy individual willing to invest in a company at its earlier stages is called __ i) business incubator ii) venture capitalist iii) qualified institutional buyer iv) Angel investor
G)	Private equity investments are made in __ i) unlisted equity shares ii) listed equity shares iii) only debt iv) derivative contracts.
H)	As per SEBI, minimum tenure of each scheme of PE fund is __ years. i) 7 ii) 2 iii) 5 iv) 3
I)	__ is the beneficial interest of an investor in AIF. i) Unit ii) Leverage iii) Corpus iv) carried interest.
J)	VC\PE funds are managed by __ i) Limited partners ii) trustees iii) directors iv) General partners

Q.1 B)	Match the Column/ Fill in the Blanks/ Multiple Choice Questions: (any 7 out of 10) – 7 Marks	
	Group A	Group B
A)	Hedge Fund	Rate of discount at which cash flows are discounted.
B)	Business Incubators	Minimum rate of return to be earned on capital invested
C)	Hurdle Rate	Nurturing of businesses
D)	IRR	HNI's who invest in early stages
E)	Angel investors	Category III (SEBI AIF'S)
F)	R&D stage	IPO funding
G)	Start-up stage	Private Equity
H)	Growth stage	Venture Capitalists
I)	Growth and Expansion	Business Incubators & Seed Funds
J)	Maturity Stage	Angel Investors

Q2) Distinguish between Private Equity and Venture Capital? **15 Marks**

OR

Q2) Explain the significance of Venture capital in the Indian Economy?

Q3) Explain in detail the Business Cycle of Private Equity? **15 Marks**

OR

Q3) State various routes for VC/PE investments in India

Q4) Explain various PE strategies in detail **15 Marks**

OR

Q4) Explain the procedure of Due diligence along with its role

Q5) Write short notes on (any 3 out of 5) **15 Marks**

- a) Limited Liability Partnerships
- b) Regulations related to Private equity
- c) LBO
- d) Advantages and Disadvantages of Mezzanine Finance
- e) Private Equity Valuation