

**UNIVERSITY PAPER**

**T.Y.B.F.M**

**SEM-VI**

**MAY -2018**

- N.B:
1. All questions are compulsory subject to internal choice.
  2. Figures to right indicate marks.

Q.1

A) Fill in the blanks with suitable answer: (any eight)

08

1. ----- acts as an intermediary to link up the sources of ideas and the sources of fund.
  - a) Merchant Banker
  - b) Credit Rating Agency
  - c) Venture Capital
2. ----- is a form of investment club.
  - a) Debt fund
  - b) Money Marker
  - c) Private Equity Fund
3. ----- aims at reducing risk and enhances returns.
  - a) Hedge fund
  - b) Equity
  - c) LBO
4. ----- is an investment period of Private Equity.
  - a) Phase One
  - b) Phase Two
  - c) Phase Three
5. ----- structure is normally used where domestic investors are expected to participate in the fund.
  - a) Co-investment
  - b) Unified
  - c) Offshore
6. The ----- has unlimited liability with regard to third parties.
  - a) General Partner
  - b) Limited Partner
  - c) Unlimited Partner
7. ----- is the risk investor is not able to pay their capital commitments to a private equity fund.
  - a) Funding Risk
  - b) Exchange Rate Risk
  - c) Liquidity Risk

8. FEMA Regulations are passed in the year -----.
- 1969
  - 1992
  - 2000
9. A sale of the portfolio company to another private equity is known as -----.
- Mergers
  - Secondary Sale
  - Buyback
10. In India, the acquiring company can form a ----- which is a subsidiary of the acquirer with a minimum equity capital.
- SPV
  - Fund of Fund
  - Sponsor

**B) State whether following statements are True or False: (any seven)**

07

- Private equity investment is generally for a short period of one to years.
- Private equity pool is operated by a Limited Partner who charges management fees for General Partners.
- Under Offshore fund structure, an investment vehicle is organized in an offshore tax favourable jurisdiction.
- In stock purchase format, the target firm sells its assets to the buying group.
- The major advantage of secondary sale is its speed and liquidity.
- Seed capital is provided to the companies for the purpose of expansion of business.
- Mezzanine financing is the hybrid of debt and equity financing.
- Regulatory risk is the risk of doing a transaction which is not as per the prevailing rules and laws of the country.
- Preferred ordinary shares are equity shares with special rights.
- Special situations investing is specialist private equity investor and has existing relationship with firms.

Q.2

- Define Venture Capital and state the features of venture capital. 08
- Explain the concept of Private Equity and elaborate the role of Players in the private equity market. 07

**OR**

- Q.3
- p) Describe the legal structure of Private Equity. 08
  - q) State the differences between Venture Capital and Private Equity. 07
- a) Briefly enumerate the business cycle of Private Equity. 08
- b) What are the routes of VC/ PE investments in India? 07
- OR**
- p) Explain the following valuation methods. 08
- a) Conventional Venture capitalist evaluation method
  - b) The first Chicago Method.
- q) Write a note on regulatory aspects of VC/PE investments in India. 07
- Q.4
- a) What are the advantages and disadvantages of LBO? 08
  - b) Write a note on Growth Equity. 07
- OR**
- p) Explain the procedure of due diligence. 08
- q) Describe the merits of mezzanine financing. 07
- Q.5
- a) Briefly explain the Private Equity exit process. 08
  - b) State the disadvantages of IPO as an exit strategy. 07
- OR**
- c) Write short notes on **any three** of the following. 15
- a) Promoter Buyback
  - b) Merger and Acquisition
  - c) Distressed Debt
  - d) Benefits of Private Finance
  - e) Risks faced by Private Fund Manager

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TY Bfm - VI sem  
20/11/2018 mutual fund

Q.P. Code :31256

[Time: 2.30 Hours]

[ Marks:75]

N.B:

- Please check whether you have got the right question paper.
- 1) All questions are compulsory. Questions 2,3,4 & 5 have internal options
  - 2) Working should be part of answer.
  - 3) Use of Simple Calculator is allowed.

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

- 1) \_\_\_\_\_ is made up of money that is pooled together by a large number of investors who give their money to a fund manager to invest in a large portfolio of stocks and / or bonds.
- 2) \_\_\_\_\_ regulates the Mutual Fund industry.
- 3) In India Mutual Funds are organized in a \_\_\_\_\_ form.
- 4) AMFI stands for \_\_\_\_\_.
- 5) The \_\_\_\_\_ appoints the Trustees.
- 6) All advertisements for a scheme of mutual funds have to be submitted to SEBI within \_\_\_\_\_ days.
- 7) \_\_\_\_\_ Funds invest in a bunch of sectors that are woven by a common theme.
- 8) If \_\_\_\_\_ % of unitholders approve, the services of the AMC can be terminated.
- 9) Investors need to pay additional charges at the time of entering a scheme, these charges are called \_\_\_\_\_.
- 10) \_\_\_\_\_ Scheme invest in other Mutual Funds and offers a return to investors

08

B) Match the Column (Any 7)

07

Group A	Group B
1. SEBI	a. Fundamental Value
2. Gilt Edged Fund	b. 3 yrs lock in period
3. Fair Market Value	c. No Dividend
4. AMFI	d. 1996
5. Growth Fund	e. Watchdog
6. Asset Management Company	f. 1995
7. ELSS	g. Companies Act, 1956
8. Trustees	h. Cash Value
9. Intrinsic Value	i. Government Securities
10. Equity Income Fund	j. Consistent Dividend

Q.2

- A) Define Mutual Fund. Explain its features.
  - B) Explain the role of Sponsor in Mutual Fund Industry.
- OR
- C) What are the code of ethics laid down by AMFI in India?
  - D) Explain the role of AMC in Mutual Fund.

08

07

Q.3

- A) Distinguish between Open Ended and Closed Ended Scheme.
  - B) What is Systematic Investment Plan? Explain its working.
- OR

08

07

**Q.P. Code :31256**

- C) Discuss in brief Exchange Traded Funds.
- D) What are Active Funds and Passive Funds?

Q.4 A) Calculate the NAV of Rohan Ltd. with the following information given below : 08

No. of Units outstanding	80,000
Market Value of investments in stocks	Rs. 10,00,000
Market Value of Investments in Government Securities	Rs 12,50,000
Other assets of the fund	Rs 2,50,000
Total liabilities	Rs 75,000
Accrued Expenses	Rs 60,000

B) From the following information provided below, Calculate the HPR and annualized returns of the 2 funds and suggest in which fund would you invest? 07

Particulars	Fund V (Rs)	Fund M (Rs)
Price as on 31/3/2016	80	90
Price as on 31/3/2018	110	125
Dividend for the period	20	20

OR

C) Calculate closing units and closing NAV of M/s GIL Ltd from the following information assuming sales and purchase NAV to be Rs 20

Opening NAV	Rs 17.45
Outstanding Units	40,000
Appreciation in portfolio	Rs 8000
Units Subscribed	3000
Units Redeemed	1000
Dividend	800
Expenses	1000

D) Calculate the CAGR from the following data of two funds A &B

Mutual fund	A	B
NAV on 31/3/2015	250	200
NoV on 31/3/2017	300	230

Q.5 A) Explain in detail the different types of risk in Mutual funds 08  
B) Discuss in detail the Principle of Valuation of Equity instruments 07

OR

C) Write short note ( any 3)

- |   |                        |
|---|------------------------|
| 1) STP  | 2) Types of Debt Funds |
| 3) Treynor Measure                            | 4) Index funds         |
| 5) Disclosure norms before Launching a scheme |                        |

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23/04/2018

TYBfm

RISK mgnt

IV sem

Q. P. Code : 35059

Duration : 2.5 hours

Marks : 75

- All questions are compulsory

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

Column A

1. Financial Risk
2. REIT
3. Hedge Fund
4. Translation Exposure
5. Global Bond
6. Inverted Yield Curve
7. Duration
8. Legal Risk
9. Beta
10. Operational Risk

Column B

- a. High Net Worth Investors
- b. Downward Sloping
- c. Change in price with respect to interest rate
- d. Focuses on borrower's financial performance
- e. Loss due to regulatory actions
- f. market risk of a security or portfolio
- g. Failure of people, system or processes
- h. Invests in properties or mortgages
- i. Valuation of assets and liabilities into foreign currency
- j. Issued in several countries at the same time

(8 Marks)

B. State whether True or False: (Any 7)

1. Credit rating assesses the credit worthiness of the borrower.
2. Risk and Uncertainty are one and the same.
3. Sensitivity analysis is a quantitative risk management tool.
4. Term structure risk arises if there is a maturity mismatch between liabilities and offsetting assets.
5. Hedge funds are regulated by SEBI.
6. Gold ETFs are gold units representing physical gold in dematerialised form.
7. Currency Convertibility refers to conversion of assets into liabilities.
8. Transaction exposure refers to risk arising due to exchange rate difference on different dates.
9. In a currency rate swap principal is exchanged at the beginning of the contract and end of the contract.
10. Call option gives the holder the right to buy the underlying asset.

(7 marks)

Q2. A. What is Financial Risk? What are its types?

(8 marks)

B. What is Credit Risk? What are the techniques to hedge credit risk?

(7 marks)

OR

C. Distinguish between Financial Risk and Business Risk.

(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)

State of the Economy	Probability	Return on HDFC Ltd.	Return on ICICI Bank Ltd.
High Growth	0.20	-13	-4
Low Growth	0.15	16	-2
Stagnation	0.40	32	21
Recession	0.25	12	20

24/4

Q. P. Code : 35059

B. With the help of following information determine which stocks are overvalued and which are undervalued. (7 marks)

Stock	Actual Returns (%)	Beta
Bajaj Auto	19	1.6
Maruti Suzuki	15	0.8
Tata Motors	23	1.2
Mahindra & Mahindra	17	0.9

Return on Market Portfolio : 20%

Risk free rate of return : 15%

OR

C. Find the value of a bond of ONGC Ltd. with 8 years maturity and face value of Rs.1000. The Coupon rate is 15% p.a and required rate of return is 16%. The coupon is paid annually and the bond is redeemed at a premium of 15%. (8 marks)

D. A Bond is currently trading at Rs. 1250 and has a face value of Rs. 1000. Maturity is of the bond is 10 years and the coupon rate is 13% (paid annually). What should be the YTM of this bond? (7 marks)

Q4. A. Explain REITs? What are its Investment strategies? (8 marks)

B. What is Market Risk? What are its types? (7 marks)

OR

C. Explain the different methods of managing risk in the forex markets. (8 marks)

D. What is Capital Account Convertibility? What are its advantages? (7 marks)

Q5. A. Explain bond and its types. (8 marks)

B. What is a yield curve? What are the different types of yield curve? (7 marks)

OR

Q5. Write short notes: (any three) (15 marks)

- a. Bond Duration
- b. Chief Risk Officer
- c. Hedge Funds
- d. Exchange Rate Swap
- e. Technological Risk

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24/4/2018

strategic corporate

Q.P. Code: 33266

TIME: 2  $\frac{1}{2}$  HOUR

MARKS: 75

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

**Q1. A. State whether the following sentences are true or false (any Eight) (8)**

1. Investment policy is one of the objective of strategic corporate finance
2. EVA is an accounting-based technique of measuring the performance of the company.
3. Equity and Debt are not major sources of finance.
4. Business Plan acts as control instruments.
5. Size of the business is not a factor of factor structure.
6. Dividend decision is one of the important factor in deciding capital structure.
7. Risk is uncertain.
8. Default risk refer to borrower's in ability to pay the debt.
9. Management buyout means the purchase of a business by an outside management.
10. Due diligence is a process of examining all the material facts of a deal.

**Q1. B. Match the following (any Seven) (7)**

Column A	Column B
1. TQM	a) Interest
2. Maturity	b) Last claimants
3. Debentures	c) No Volatility
4. Equity Shareholders	d) Stage in life cycle
5. Zero Beta	e) Quality awareness
6. Goodwill	f) Protection
7. Credit VaR	g) Change in market prices
8. Hedge	h) Risk free
9. Market Risk	i) Worst Loss
10. Bank Deposit	j) Intangible Asset

**Q2. A.** What are the significance of strategy in financial decision making? Explain briefly (8)

**Q2. B.** Write a note on Wealth Maximization. (7)

OR

**Q2. C.** Discuss traditional costing and strategic costing. (8)

**Q2. D.** Explain Zero based budgeting with its advantages and disadvantages. (7)

**Q3. A.** State the various sources of capital. (8)

Q3. B. Determine Weighted Average Cost of Capital using,

(7)

- Book Value
- Market Value

Sources	Book Value (Rs.)	Market Value (Rs.)	Cost (%)
Debt	6, 00, 000	4, 60, 000	6%
Preference	3, 00, 000	2, 50, 000	10%
Equity	8, 00, 000	10, 00, 000	12%

OR

Q3. C. Explain the various factors affecting capital structure.

(8)

Q3. D. Following is the capital structure of a firm,

Sources	Amount (Rs.)
Equity Capital	6, 50, 000
Retained Earnings	2, 00, 000
Preference Shares	3, 00, 000
Debt	4, 00, 000

The firm's after tax, cost of various sources of finance are as follows,

Sources	Cost (%)
Equity Capital	15%
Retained Earnings	13%
Preference Shares	10%
Debt	5%

Calculate Weighted Average Cost of Capital of the firm.

(7)

Q4. A. Write a note on Management Buyout.

(8)

Q4. B. From the following calculate Earnings per share (EPS) for both the companies,

Particulars	ABC Ltd.	XYZ Ltd.
Equity Share Capital (Rs. 10 each)	4, 00, 000	6, 00, 000
10% Preference Share Capital (Rs. 10 each)	3, 00, 000	3, 50, 000
8% Debentures	2, 00, 000	2, 50, 000
EBIT	3, 10, 000	3, 42, 000
Tax Bracket	50%	50%

(7)

OR

Q4. C. What is due diligence? Explain its needs.

(8)

Q4. D. Write a note on Management Buy-Ins.

(7)

33266

Q.P. Code: 33266

Q5. A. Discuss the steps in Credit Analysis.  
Explain various technique to manage default risk.

(15)

OR

Q5. Answer the following (any three)

(15)

1. Quality costing
2. Cost reduction
3. Market approach
4. Long Hedge
5. Value based management

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# TY BCFM SEM VI EXAM.

Date - 25/4/2018

Q.P. Code: 33563

Sybl - Corporate Restructuring

Time: 2.5 hours

Marks: 75

Note: All Questions are Compulsory

The abbreviation M&A stands for Mergers & Acquisitions.

Q1A. True or False (any eight)

(8)

1. The purchase of a business of an enterprise by another enterprise is known as acquisition.
2. A friendly takeover is a type of corporate acquisition which is carried out against the wishes of the board of the target company.
3. First wave of merger and acquisition consist of horizontal merger.
4. The external approach emphasizes on the internal resources and capabilities to develop strategy.
5. Vertical integration involves gaining ownership or increased control over distributors.
6. Foreign collaboration is an agreement between companies of domestic country and foreign country to achieve common objectives.
7. The inefficient management theory says that more efficient firms will acquire less efficient firms and realize gains by improving their efficiency.
8. Difficulties in cultural integration can lead to failure of merger and acquisition.
9. A business deal in which all publicly owned stock in a firm is replaced with complete equity ownership by a private group is called going private transaction.
10. Management buyout is a form of acquisition where a new management team replaces the existing management team.

Q1 B. Match the column (any seven)

(7)

GROUP A	GROUP B
a) Absorption	i) Permission of the board
b) Corporate restructuring	ii) Economies of Scale
c) Internal Growth Strategy	iii) Two firms unrelated to each other
d) Friendly take over	iv) Combination of two or more companies
e) Modernising	v) Acquired company
f) Operating synergy theory	vi) Anti takeover defence
g) Conglomerate merger	vii) Reverse merger
h) Target	viii) Giving up old ways and tradition
i) Golden parachute	ix) Debt finance
j) Leveraged buyout	x) Within the organization

Q2 (A) Why there is an increasing need for corporate restructuring in recent times. (8)

Q2 (B) What are the reasons for mergers and acquisitions between companies. (7)

(or)

Q2 (C) Discuss in brief the waves in the evolution of mergers and acquisitions. (8)

Q2 (D) What are the various advantages that the organizations enjoys because of mergers and acquisitions. (7)

Q3 (A) Enumerate different types of alternative strategies. (8)

Q3 (B) What are the various advantages and disadvantages of diversification strategy. (7)

(or)

Q3 (C) What are the various approaches to strategy formulation. (8)

Q3 (D) Distinguish between internal and external growth strategies. (7)

Q4 (A) Explain the meaning of Friendly approach in the takeover market. (8)

Q4 (B) What are the various steps involved in the post merger integration. (7)

(or)

Q4 (C) Explain briefly the efficiency theories of mergers. (8)

Q4 (D) Explain the concept of Management Buy In. What are the benefits for the firm in this process? (7)

Q5 (A) Explain the various types of mergers and acquisitions (8)

Q5 (B) Distinguish between the concepts of LBO and MBO. (7)

(or)

Q5) Write short notes. (Any3) (15)

i) Demerger

ii) Strategic planning

iii) Hostile takeover

iv) Gains in LBOs

v) Types of diversification

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