

END TERM EXAMINATION

FIFTH SEMESTER [BCOM(HONS)] JANUARY-2024

Paper Code: BCOM303 Subject: Investment Banking

Time: 3 Hours Maximum Marks: 75

Note: Attempt any five questions.

Q1 Write short notes on any three of the following: (3x5=15)

- a) Private Equity
- b) Accretion/Dilution in M&A
- c) M&A Approaches
- d) LBO Exit Strategies
- e) Pros & Cons of DCF

Q2 Describe the role of Investment Bank in Initial Public Offering and Book Building. (15)

Q3 "As equity proportion is quite less, many financial consulting firms, investment bankers and private equity firms carry LBOs to make money in the short run." In the light of this statement, elucidate how do LBOs help in magnifying the return of the private investor. (15)

Q4 How has the investment banking evolved and changed in the last three decades? Discuss giving suitable examples. (15)

Q5 Discuss the various takeover defenses available for a given target firm. (15)

Q6 What do you understand by corporate restructuring? How does it impact M&A decisions both in the pre and post-acquisition scenarios? (15)

Q7 Explain briefly: (3x5=15)

- a) Hedge Funds and Venture Capital
- b) Free Cash Flows
- c) Sale Process in M&A

Q8 The data for ABC Ltd. is given below. Calculate the value of the firm with Multi-stage DCF Model

Forecasted FCFF Input	(Rs. in million)
EBIT	1250
Tax Rate	35%
EBIT(1-t)	812.5
REINVEST	285
Growth Rate (Forecasted Period)	10%
Growth Rate (Steady State)	4%
Forecasted Period	3 years
Discount Rate Input Data	
Forecasted Period	Steady State
Beta	1.07
Rf	5.50%
Risk Premium	6%
Weight of Debt	90%
Cost of Debt	5%

Suppose in the first year growth rate is 10%, in second 8%, in third 6% and from fourth year onwards perpetuity growth rate stabilizes at 4%.

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