

[This question paper contains 2 printed pages.]

Sr. No. of Question Paper : 2555

Roll No.....

Unique Paper Code : 101502

Name of the Course : Bachelor of Financial and Investment Analysis 2013

Name of the Paper : Corporate Restructuring and Merchant Banking

Semester : V

Duration : 3 Hours

Maximum Marks : 75

Instructions for Candidates

1. Write your Roll No. on the top immediately on receipt of this question paper.
2. Attempt **all** questions.

1. (a) The particulars of Alpha and Beta is as follows :

Particulars	Alpha	Beta
Profit (Rs. in crores)	100	75
No. Of Shares (crores)	20	25
EPS (Rs.)	5	3
P/E Multiple	30	10
Market Price (Rs.)	150	30

Alpha proposes to acquire Beta through a stock swap deal. What could be the probable values of exchange ratios at various levels of post merger P/E multiple ? (8)

- (b) Do you feel that Tata-JLR deal is a synergy for Tata Motors ? Substantiate your answer from the relevant information available from the deal. (7)

P.T.O.

2. What are the SEBI rules for hostile takeover ? Explain the following anti-takeover strategies in detail.
- (a) Poison Put
 - (b) Crown Jewel
 - (c) Greenmail
 - (d) Charter Amendment
 - (e) White Knight
 - (f) Black mail (3+6×2=15)
3. (a) Discuss the SEBI guidelines for Merchant Banking. (8)
- (b) Discuss the SEBI regulations for lead managers to an issue. (7)
4. (a) "In mergers and acquisitions it is not always a win-win story and mergers may lead to failures". Explain the various reasons for the failures of mergers. (8)
- (b) Explain the process of book building in detail. (7)
5. Explain the Following in brief (**Any Five**) :
- (a) Red Herring Prospectus
 - (b) LBO
 - (c) MLP
 - (d) Green Shoe Option
 - (e) Glass Steagall Act
 - (f) Megalmonia (5×3=15)

[This question paper contains 4 printed pages.]

Sr. No. of Question Paper : 1227

Roll No.....

Unique Paper Code : 101502

Name of the Paper : Corporate Restructuring and Merchant Banking

Name of the Course : Bachelor of Financial and Investment Analysis

Semester : V

Duration : 3 Hours

Maximum Marks : 75

Instructions for Candidates

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2. Attempt **all** questions.

1. Write short notes (**any ten**) : (10×2=20)

- (i) Boutique merchant banks
- (ii) Institutional Placement Program (IPP)
- (iii) Free Cash Flow to Firm (FCFF)
- (iv) Purchase Method as per AS-14
- (v) Herfindahl Hirschman index
- (vi) Fast Track Issue
- (vii) Equity carve outs
- (viii) Greenmail
- (ix) Poison Pill
- (x) Standstill Agreement
- (xi) MBO
- (xii) Crown Jewels
- (xiii) MLP

P.T.O.

2. Do you think that mergers and acquisitions can be one of the solutions to the turmoil in Indian Civil Aviation ? Justify. (5)
3. Explain the concepts of merger and takeover and distinguish between the two. (5)
4. "The obligations and risks related to underwriting in India are far greater than the pecuniary gains". Comment. (6)
5. What are the SEBI provisions for exercising Green Shoe Option in an IPO. (6)
6. Explain the SEBI DIP Guidelines for IPOs by unlisted companies. (7)
7. "The laws and regulations in India diminish the chances of hostile takeovers". Discuss. (8)
8. Consider the Balance Sheet of X Ltd. as on March 31, 2011 (5)

Liabilities	Rs. '000	Assets	Rs. '000
Share capital :		Land & Building	100,00
Equity shares of		Plant & Machinery	90,00
Rs. 10 each	150,00	Furniture	21,00
14% Preference shares		Investments	10,00
of Rs. 100 each	50,00	Stock	46,00
General Reserve	25,00	Debtors	48,00
12% Debentures	80,00		
Sundry Creditors	40,00	Cash & Bank	30,00
	345,00		345,00

Other Information :

- (i) Y Ltd. takes over X Ltd on 10th April, 2011.
- (ii) Debenture holders of X Ltd are discharged by Y Ltd at a premium by issuing 15% debentures of Y Ltd.
- (iii) 14% Preference shareholders of X Ltd are discharged at a premium of 20% by issuing necessary number of 15% preference shares of Y Ltd. (Face value Rs. 100 each).
- (iv) Intrinsic value of X Ltd is Rs. 20 per share and of Y Ltd is Rs. 30 per share. Y Ltd will issue equity shares to satisfy the equity shareholders of X Ltd on the basis of intrinsic value. However, the entry should be made at par value only. Nominal value per share of Y is Rs. 10.

Calculate the purchase consideration paid by Y Ltd to X Ltd.

9. Illustrate the procedure for proportionate allotment and calculate the number of shares allotted in each category: Offer size-1,00,000 equity shares of Rs. 10 each, No of times oversubscribed-1.5. (5)

Category of shares	No of shares applied	No of applicants
1	50	750
2	100	200
3	150	150
4	200	150
5	250	100
6	300	50

10. Company A Ltd and Company B Ltd decide to merge and form a new company AB Ltd. Following are the details available before the merger of A and B (8)

P.T.O.

	B Ltd	A Ltd
Price per share	Rs. 40	Rs. 170
Earnings	Rs. 72.22 cr	Rs. 274.88 cr
No of shares	163.32 cr	273.25 cr

After combination of A and B, PE ratio of AB Ltd is expected to be 137.62 and EPS is expected to be 1.21. Calculate the maximum exchange ratio acceptable to B Ltd and minimum exchange ratio acceptable to A Ltd.