Name:

Enrolment No:

UPES
End Semester Examination, May 2024

Course: Investment Banking **Semester: IV**
Program: B.COM (H) ECOM & BI **Time: 03 hrs.**
Course Code: FINC 2074 **Max. Marks: 100**

Instructions:

SECTION A
10Qx2M=20Marks

S. No.		**Marks**	**CO**
Q.1	Investment banks act as intermediaries between companies and: a) Retail investors only b) Institutional investors and capital markets c) Individual consumers only d) Government agencies solely	**2**	**CO1**
Q.2	Companies seeking long-term capital often go public through: a) Debt issuance only b) Initial Public Offerings c) Short-term loans d) Merging with another company	**2**	**CO1**
Q.3	Private equity firms typically invest in companies that are: a) Publicly traded on major stock exchanges b) Not publicly traded c) Primarily in the healthcare sector only d) Limited to real estate holdings	**2**	**CO1**
Q.4	Enterprise Value (EV) represents the: a) Market value of a company's outstanding shares b) Total value of the entire company c) Book value of the company's assets minus liabilities d) Amount of debt a company currently owes	**2**	**CO1**
Q.5	Enterprise Value (EV) is calculated by considering: a) Market capitalization only b) Debt financing solely c) Market capitalization plus total debt d) Book value of equity minus outstanding liabilities	**2**	**CO1**
Q.6	Discounted Cash Flow (DCF) analysis estimates a company's value by considering: a) Historical accounting profits solely	**2**	**CO1**

	b) The present value of its future projected cash flows c) Market multiples of similar companies only d) The company's current stock price		
Q.6	Mergers and acquisitions (M&A) can be a strategic tool for companies to: a) Reduce administrative costs only b) Achieve economies of scale and scope c) Increase dividend payouts to shareholders immediately d) Exit a particular industry entirely	**2**	**CO1**
Q.7	Venture capital focuses on funding startups in: a) Established industries with mature companies b) Early stages with high growth potential and risk c) Primarily companies led by experienced CEOs only d) Only businesses with proven profitability	**2**	**CO1**
Q.8	A leveraged buyout (LBO) involves acquiring a company using a significant amount of: a) Retained earnings from the target company b) Debt financing secured by the target company's assets c) New equity issued by the acquiring company d) Government grants and subsidies	**2**	**CO1**
Q.9	The main goal of a successful financial restructuring is to: a) Dissolve the company and sell its assets b) Make the company financially viable again c) Maximize short-term profits for shareholders d) Punish management for past mistakes	**2**	**CO1**
Q.10	A key benefit of Further Public Offerings (FPO) is: a) Selling the company entirely b) Raising additional capital after an IPO c) Distributing company profits to shareholders d) Paying off existing debt quickly	**2**	**CO1**
SECTION B **4Qx5M= 20 Marks**			
Q.11	Explain the need and importance of investment banks in the financial system.	**5**	**CO2**
Q.**12**	Explain how inflation and interest rates are interrelated and how they affect investment decisions.	**5**	**CO2**
Q.**13**	Describe the difference between market capitalization and enterprise value.	**5**	**CO2**
Q.**14**	Summarize the key steps involved in a discounted cash flow (DCF) analysis.	**5**	**CO2**
SECTION-C **3Qx10M=30 Marks**			

<table>
<tr><td>Q.15</td><td>What are different types of private equity transactions? What is their relevance to investment banking?</td><td>10</td><td>CO3</td></tr>
<tr><td>Q.16</td><td>Compare and contrast the different types of financial restructuring options available to a distressed company.</td><td>10</td><td>CO3</td></tr>
<tr><td>Q.17</td><td>Identify the potential risks and challenges associated with an LBO for both the acquiring company and the target company.
OR
Find out the WACC for the Enterprise
<table>
<tr><th></th><th>Amount (Cr)</th><th>Rate</th></tr>
<tr><td>Cost Of Debt
Long Term Debt</td><td>
450</td><td>
9%</td></tr>
<tr><td>Cost Of Equity
Equity Share Capital
Preference Capital</td><td>
580
400</td><td>
20.91%
11.62%</td></tr>
</table></td><td>10</td><td>CO3</td></tr>
<tr><td colspan="4">SECTION-D
2Qx15M= 30 Marks</td></tr>
<tr><td>Q.18</td><td>Evaluate the potential synergies and integration challenges associated with a proposed merger or acquisition.
OR
Find out the fair Value per share by using the following information.
<table>
<tr><th>Method</th><th>Value Per Share</th><th>Weight Applied</th></tr>
<tr><td>DCF</td><td>125</td><td>1</td></tr>
<tr><td>EV/EBITDA</td><td>110</td><td>1</td></tr>
<tr><td>P/E</td><td>85</td><td>0.50</td></tr>
<tr><td>P/B</td><td>75</td><td>0.50</td></tr>
<tr><td>Book Value (NAV)</td><td>42</td><td>0.50</td></tr>
</table></td><td>15</td><td>CO4</td></tr>
<tr><td>Q.19</td><td>Analyze a recent trend in the investment banking industry and predict its future implications.</td><td>15</td><td>CO4</td></tr>
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