Part	sub/obj	Marks	Question	Answer Option 1	Answer Option 2	Answer Option 3	Answer Option 4	Correct Answer (A/B/C/D)	CO	Bloom's Taxonomy Level
A	obj	1	When two or more companies combines to form a legally new entity, it is known as	Vertical Merger	Horizontal Merger	Merger through consolidation	Merger through absorption	C	CO1	L1
A	obj	1	L&T (a company with expertise in wide areas like infrastructure, oil and gas, power and process.) Volta (company with expertise in electro-mechanical Engineering. The merger of L&T and Voltas Ltd is a _________________ type of merger.	Vertical	Conglomerate	Horizontal	None of the options is correct	B	CO1	L2
A	obj	1	Which of the following reasons makes firms vulnerable to takeovers?	Strong DCF Value as compared to stock price	Undervaluation of stock in the market	Both options are correct	None of the options is correct	C	CO1	L2
A	obj	1	A takeover defense strategy in which a simple clause is inserted in an employee's contract as a severance package is known as:	Golden Parachute	Poisson Pill	Both options are correct	None of the options is correct	A	CO1	L1
A	obj	1	Hostile raider hires a third party who poses as a ______________________ to gain trust but later turns around and joins unfriendly bidder.	Yellow Knight	White Knight	Grey Knight	None of the options is correct	B	CO1	L1
A	obj	1	This strategy is generally taken as a last resort;	People Pill	Golden Parachute	Silver parachute	Crown Jewels	D	CO1	L1
A	obj	1	When the clause of severance package is applicable to mid-level managers, it is known as:	Tin Parachute	Golden Parachute	Silver parachute	Crown Jewels	C	CO1	L1
A	obj	1	FCFF stands for:	Fix Cash Flow to Firm	Free Cash Flow to Firm	Free Cash Flow to Equity	None of the options is correct	B	CO2	L1
A	obj	1	CAPM method is used to calculate the cost of debt.	TRUE	FALSE			B	CO2	L1
A	obj	1	Which of the following statements is false?	Discount rate is WACC if FCF	Discount rate is Cost of Equity i	Discount Rate is cost of deb	None of the options is correct	C	CO2	L2
A	obj	1	Suppose a firm is expected to grow at 12% until patent expires in 7 years. Then it is expected to revert to a long-term growth rate of 3% in perpetuity. This is an example of ___________________________	Two stage model	One stage model	Three stage model	H model	A	CO2	L2
A	obj	1	Microsoft motive of acquiring Forethought was:	To diversify across industries	To take benefit of undervaluation	Gain Access to Technology and R&D	All options are correct	C	CO1	L2
A	obj	1	Source of Financial Synergy does not include:	Revenue Increase	Tax Synergy	Cash Slack	None of the options is correct	A	CO1	L2
A	obj	1	The strategy whereby a company sells a part of a business or division is known as:	Merger	Divestiture	Joint Venture	Alliance	B	CO1	L1
A	obj	1	________________ is a second unsolicited bidder in corporate takeover.	White Knight	Yellow Knight	Gray Knight	None of the options is correct	C	CO1	L1
A	obj	1	A deal which involves valuation ranges (Min and Max over the years) from different methods of valuation does analysis based on:	Alliance	Green Field	Brown Field	Football Field	D	CO2	L2
A	obj	1	Potato Chips making company buys a potato farm. This is an example of _______________	Forward Vertical Merger	Backward Vertical Merger	Conglomerate Merger	Football Field	B	CO1	L2

Part	sub/obj	Marks	Question	Answer Option 1	Answer Option 2	Answer Option 3	Answer Option 4	Correct Answer (A/B/C/D)	CO	Bloom's Taxonomy Level
A	obj	1	Underlying premise of ___________________________ consists of the idea that the projects should create returns above their cost of capital.	Enterprise multiple	Net Value Added	Economic Value Added	None of the options is correct	C	CO2	L1
A	obj	1	Managers who undertake M&A believes that the value of the combined firm will be more than the sum of value of individual firms. This is known as:	ergy	Equity Carve Out	Hubris	Golden Parachute	A	CO1	L1
A	obj	1	Leveraged Buyout is a strategy in which:	The funding of the deal is 10% debt and 90% equity.	The funding of the deal is mainly through debt.	The funding of the deal is mainly through equity.	None of the options is correct	B	CO2	L2
A	obj	1	Due diligence means thorough and sound homework before the execution of deal	TRUE	FALSE			A	CO1	L1
A	obj	1	The divestor sells part of its assets or a unit for cash and retain control of the unit. This type of divestiture is known as:	Equity Carve Out	Spin off or demerger	Asset sell off	None of the options is correct	A	CO1	L1
A	obj	1	A company is considering the purchase of a copier that costs $ 5,000. Assume a required rate of return of 10% and the following cash flow schedule. Year 1: $ 3,000 Year 2: $ 2,000 Year 3: $ 2,000 Project’s NPV is closest to?	- $ 309	+ $ 883	+ $ 1,523	0	B	CO2	L3
A	obj	1	Systematic risk of security is measured by:	Beta	Standard deviation	Coefficient of variation	None of the options ois correct	A	CO2	L2
A	obj	1	The ____________________ approximates the value of the firm, if an initially high growth declines linearly with time and reaches a stable growth rate.	H model	Gordon Growth Model	3 Stage Model	None of the options is correct	A	CO2	L2
A	obj	1	Mergers and Acquisition is a form of:	Organic Growth	Inorganic Growth	Any of the options	None of the options is correct	B	CO1	L1
A	obj	1	Types of synergies to be looked at in M&A include:	Financial Synergies	Inorganic Synergies	Both the options are correct	None of the options is correct	C	CO1	L1
A	obj	1	Types of due diligence to be looked at in M&A include:	Legal Due Diligence	Financial Due Diligence	Human Due Diligence	All the options are correct	D	CO1	L1
A	obj	1	The following financial data of a firm is available: Net Income = 2000 lakh Dep = 300 lakh Capital Expenditure = 100 Lakh Working Capital = 300 Lakh Net Borrowings = 200 lakh Interest = 50 Lakh Tax= 30% Compute FCFE	Rs 2100 lakh	Rs 2200 lakh	Rs 1935 lakh	Rs 2935 lakh	A	CO2	L3

Part	sub/obj	Marks	Question	Answer Option 1	Answer Option 2	Answer Option 3	Answer Option 4	Correct Answer (A/B/C/D)	CO	Bloom's Taxonomy Level
A	obj	1	The following financial data of a firm is available: Net Income = 2000 lakh Dep = 300 lakh Capital Expenditure = 100 Lakh Working Capital = 300 Lakh Net Borrowings = 200 lakh Interest = 50 Lakh Tax= 30% Compute FCFF	Rs 2100 lakh	Rs 2200 lakh	Rs 1935 lakh	Rs 2935 lakh	C	CO2	L3
A	obj	1	FCFF = EBIT *(1-Tax Rate)+Dep-Capex-Working Capital	TRUE	FALSE			A	CO2	L2
A	obj	1	A firm has an EPS of Rs 12. If the selected comparable firm has a P/E multiple of 14, then determine the value per share of the firm.:	158	168	268	200	B	CO2	L3
A	obj	1	The assumptions of Gordon Growth Model includes	The firm expects to pay a dividend, D1, in one year.	Dividends grow indefinitely at a constant rate g.	The growth rate g is less than the required rate of return ke.	All of the options are the assumptions	D	CO2	L2
A	obj	1	The following details of a project are available: Initial Capital Investment = $2,00,000 ($2,00,000 of depreciable equipment) – (Straight Line Method over 5 years) Current Assets Required = $70,000 Current Liabilities = $40,000 Sales each year = $2,80,000 Cash Operating Expenses = $ 70,000 Life of Project = 5 Years Salvage Value of Equipment= $50000 NWC Recovered = $30000 Tax Rate = 40% Compute Initial cash outflow at the beginning of the project.	$2,30,000	$2,80,000	$2,00,000	$2,50,000	A	CO2	L3

Part	sub/obj	Marks	Question	Answer Option 1	Answer Option 2	Answer Option 3	Answer Option 4	Correct Answer (A/B/C/D)	CO	Bloom's Taxonomy Level
A	obj	1	The following details of a project are available: Initial Capital Investment = $2,00,000 ($2,00,000 of depreciable equipment) – (Straight Line Method over 5 years) Current Assets Required = $70,000 Current Liabilities = $40,000 Sales each year = $2,80,000 Cash Operating Expenses = $ 70,000 Life of Project = 5 Years Salvage Value of Equipment= $50000 NWC Recovered = $30000 Tax Rate = 40% Compute net cash flows\ each year during the operation of the project.	$1,52,000	$1,92,000	$2,30,000	$142,000	D	CO2	L3
A	obj	1	M&A should result in value creation	TRUE	FALSE			A	CO1	L2
A	obj	1	The following details of a project are available: Initial Capital Investment = $2,00,000 ($2,00,000 of depreciable equipment) – (Straight Line Method over 5 years) Current Assets Required = $70,000 Current Liabilities = $40,000 Sales each year = $2,80,000 Cash Operating Expenses = $ 70,000 Life of Project = 5 Years Salvage Value of Equipment= $50000 NWC Recovered = $30000 Tax Rate = 40% Compute terminal after tax non-operating cash flow.	$65,000	$66,000	$60,000	$55,000	C	CO2	L3
A	obj	1	Operating synergies does not result in economies of scale	TRUE	FLASE			B	CO1	L4
A	obj	1	In _______________ strategy the firm issues shares at a discount rate to existing shareholders. It increase their stake thus reducing the stake of the hostile raider	Flip in poison pill	Flip over poison pill	People Pill	Crown Jewels	A	CO1	L1
A	obj	1	Acquisition of companies which have issued ESOP is a very simple process	TRUE	FALSE			B	CO1	L1