GL BAJAJ
Institute of Management & Research. PGDM Institute
FIND YOUR SPARK
GREATER NOIDA   (Approved by A.I.C.T.E., Ministry of HRD, Govt. of India)

Plot No. 2, Knowledge Park-III, Greater Noida (U.P.) –201306

PGDM/PGDM (General) – 2021-23
END TERM EXAMINATION (TERM - IV)
Academic Session: 2022-23

Subject Name: **Business Valuation and Financial Modelling**	Time: **02.30 hrs**
Sub. Code: **PGF43**	Max Marks: **40**

Note:
All questions are compulsory. Section A carries 5 marks: 5 questions of 1 marks each, Section B carries 21 marks having 3 questions (with internal choice question in each) of 7 marks each and Section C carries 14 marks one Case Study having 2 questions of 7 marks each.

SECTION - A

Attempt all questions. All questions are compulsory.   **1×5 = 5 Marks**
Q. 1: (A). What do you understand by due diligence?
Q. 1: (B). What is a Poison pill takeover defense strategy?
Q. 1: (C). Who are white knights?
Q. 1: (D). What do you understand by LBO?
Q. 1: (E). List the various types of possible synergies in M&A deals.

SECTION – B

All questions are compulsory (Each question have an internal choice. Attempt anyone (either A or B) from the internal choice)   **7 x 3 = 21 Marks**

Q. 2: (A). To ensure that the model is working correctly under all inputs, it needs to be audited before being put to use. Discuss various techniques of auditing a financial model.

Or

Q. 2: (B). Types of financial model depends on the purpose for what it has been created. List down and discuss various types of financial models.

Q. 3: (A). A firm engaged in the business of manufacturing tyres wants to completely purchase a target firm by issuing additional stocks against shares of the target firm working in the same business vertical. The acquirer is traded at Rs 25 per share and the target firm is traded at Rs 55 per share. Outstanding shares are 6000 and 2300 respectively for acquirer and target.

- P/E ratio of the acquirer is 5.
- P/E ratio of the target is 10.

Calculate the accretion/ dilution of the acquirer considering that no premium is paid.

Or

Q. 3: (B). What do you understand by divestment? Divestitures can take three different forms,
1. Equity Carve Out
2. Spin off or Demerger
3. Asset Sell Off

With the help of relevant examples discuss any 2.

Q. 4: (A). Every M&A has a motive. List down and discuss various types of motives for merger. What may be the motive of Tata – Air India deal for Tata group?

Or

Q. 4: (B). With the help of real-life examples, briefly explain various types of mergers.

SECTION - C

Read the case and answer the questions   **7×02 = 14 Marks**

Q. 5: Financial data to calculate FCFF and discount rate of a firm XYZ is given below:

- EBIT = Rs 2000 million
- Tax rate = 35%
- Reinvestment rate = 23%
- Forecasted Period = 5 Years
- Forecasted period growth rate = 8%
- Steady state growth rate = 4%
- Beta forecasted Period = 1.7
- Beta Steady State = 1
- Risk free rate for both periods = 6%
- Risk Premium forecasted period = 7%
- Risk Premium Steady state = 5%
- Weight debt = 30% in both the periods
- Cost of debt = 7% in forecasted period
- Cost of debt = 6% in steady state

Questions:
Q. 5: Create a discounted cash flow (DCF) model in Excel
Q. 6: Find out the value of the firm.

Mapping of Questions with Course Learning Outcome

Question Number	COs	Bloom's taxonomy level	Marks Allocated
Q. 1:	CLO1	L1	5 marks
Q. 2:	CLO2	L1 & L2	7 marks
Q. 3:	CLO3	L3	7 marks
Q. 4:	CLO4	L1 & L2	7 marks
Q. 5:	CLO3	L3	14 marks