GL BAJAJ
Institute of Management & Research. PGDM Institute
FIND YOUR SPARK
GL BAJAJ 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

POST GRADUATE DIPLOMA IN MANAGEMENT (2022-24)
END TERM EXAMINATION (TERM - V)

Subject Name: **Equity and M&A Modelling**	Time: **02.00 hrs**
Sub. Code: **PGF53**	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/ Analysis (with internal choice)

SECTION - A

Attempt all questions. All questions are compulsory.   **1×5 = 5 Marks**

Q. 1: (A). The investors may give convertible debt rather than equity to a very young start-up, which needs initial seed money. Is this statement correct. If yes, justify the logic.

Q. 1: (B). What do you understand by accretive deal.

Q. 1: (C). What is a Pitch Book?

Q. 1: (D). What do you understand by football field analysis? Discuss

Q. 1: (E). Give one point of difference between Multi Spreadsheet Vs Single Spreadsheet Approach

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). A financial model is a systematic approach that displays possible solutions to a real-world financial problem. Discuss in detail the steps for building a financial model. Also discuss the various users of financial modelling.

Or

Q. 2: (B). Auditing a financial model is critical. List down and discuss various ways of auditing a financial model used by the industry practitioners.

Q. 3: (A). A project manager is worried about the initial cash required, the running cash flow. He is also worried about the timely completion of the project. To understand the cash flows better, he has collected the following details. He also approached a senior professional who briefed him about various types of deadline risk in project management.

- Initial Capital Investment = $4,00,000
- ($1,10,000 of non-depreciable land) + ($2,90,000 of depreciable equipment) – Straight Line Method
- Net Working Capital Required: $40,000
- Sales each year = $2,80,000 (Expected to grow by 10% each year)
- Cash Operating Expenses = $ 150,000
- Life of Project = 5 Years
- Salvage Value of Equipment= $80000
- NWC Recovered = $40000
- Tax Rate = 40%

Compute Initial cash outflow at the beginning of the project, net cash flows each year during the operation of the project and terminal year after tax non-operating cash flows.

Or

Q. 3: (B). The following financial data of a firm is available:
- Net Income = Rs 4000 lakh
- Dep = Rs 700 lakh
- Capital Expenditure = Rs 1200 Lakh
- Working Capital = Rs 900 Lakh
- Net Borrowings = Rs 400 lakh
- Interest = Rs 90 Lakh
- Tax= 30%

Compute FCFE.

Q. 4: (A). An investor invests Rs 1.5 million in convertible debt of a start-up firm. The shares outstanding are 250000. The valuation cap is set at Rs 9 million with a conversion discount of 25% offered. In the first series of equity financing, a PE firm invested Rs 5 million at a pre money valuation of Rs 12 million. How many shares will be issued to the investor when he converts his debt into equity.

Or

Q. 4: (B). When a company starts to consider going public, the key question is: Whether the IPO is the right step? In this context list down and briefly discuss the typical motivations for going public.

SECTION - C

This question is compulsory (There is an internal choice. Attempt anyone (either A or B) from the internal choice)

Read the case and answer the questions   **14 Marks**
Q. 5A: Your company has provided you with the following in Excel format (Attached Data Sheet)
- Historical three-year financial statement data
- The assumptions outline sheet.

You have been asked to complete the assumptions sheet, create the schedules etc. and build a 5-year forecasted three statement financial model. Based on the historical trend you can take your own assumptions to complete the model.

Or

Q. 5B: What do you understand by top-down approach or EIC? Analyze the Paint Industry using porters five forces model, industry life cycle analysis and other tools of industry analysis. Also, clearly state the important sections/ points company analysis should include.

Mapping of Questions with Course Learning Outcome

Question Number	COs	Bloom's taxonomy level	Marks Allocated
Q. 1:	CLO1	L1	5 marks
Q. 2:	CLO1	L1, L2, L3	7 marks
Q. 3:	CLO3	L3	7 marks
Q. 4:	CLO4	L2,L3,L4	7 marks
Q. 5:	CLO2	L4	14 marks