



Avinashilingam Institute for Home Science and Higher Education for Women
Deemed to be University Estd. u/s 3 of UGC Act 1956, Category A by MHRD (now MoE)
Re-accredited with A++ Grade by NAAC. CGPA 3.65/4, Category I by UGC
Coimbatore - 641 043, Tamil Nadu, India

Master's Degree Examination – May 2025
II Semester

Class : I M.Com.
Major : Commerce

Time: 3 Hours
Max. Marks: 100

23MCOC13A-Elective I Paper I-Finance-Investment Banking

Course Outcomes:

- CO1: Understand the concept of investment, Speculation and Investment process.
CO2: Acquire knowledge on managing aspect and regulations affecting investment Banking.
CO3: Exposing knowledge on affecting the investment banking industry and assess implications
CO4: Insights into the valuation in M & A and LBO setting and
CO5: Understand the sources of capital in the context of M& A and LBO transactions.

Part A **10 x 1 = 10**
Choose the Correct Answer

1. Which of the following is the primary function of investment banks in India? CO1K1
 - a. Managing corporate mergers and acquisitions (M&A) and raising capital
 - b. Providing retail banking services
 - c. Issuing currency notes
 - d. Offering loans to individuals

2. Which of the following is a risk commonly associated with investment banking activities? CO1K1
 - a. Credit risk associated with corporate loans
 - b. Interest rate risk from retail banking deposits
 - c. Market risk and operational risk from securities trading and underwriting
 - d. Risk from offering personal financial planning services

3. In the Discounted Cash Flow (DCF) model, the value of a business is determined by CO1K2
 - a. Applying a multiple to the company's revenue
 - b. Summing the present value of its projected free cash flows
 - c. Comparing it with the value of similar companies
 - d. Using the market capitalization

4. Which of the following valuation methods is primarily based on the assets and liabilities of a business? CO1K2
 - a. Comparable company analysis (CCA)
 - b. Discounted Cash Flow (DCF) method
 - c. Asset-based valuation
 - d. Market approach

5. Which financial restructuring strategy involves the sale of non-core assets to improve liquidity? CO1K1
 - a. Debt refinancing
 - b. Asset divestiture
 - c. Stock buyback
 - d. Spin-off

6. Which of the following is a potential consequence of a corporate restructuring on employees? CO1K1
 - a. Increased job security
 - b. Improved morale and motivation
 - c. Layoffs and reduced compensation packages
 - d. More opportunities for promotions

7. In the context of corporate restructuring, what is a "leveraged buyout" (LBO)? CO1K1
 - a. A strategy where a company acquires another company using its own funds
 - b. A strategy where a company's debts are converted into equity
 - c. A strategy where a company is purchased using a significant amount of borrowed funds
 - d. A strategy to divest non-core assets of a company

8. In a leveraged buyout (LBO), which of the following is most likely to be used to finance the acquisition? CO1K2
 - a. Primarily equity financing
 - b. A mix of equity and debt financing
 - c. Only cash reserves from the acquiring company
 - d. Only government grants

9. Which of the following is most commonly used to evaluate the financial health of a target company during an M&A transaction? CO1K1
- Gross profit margin
 - Price-to-earnings ratio (P/E ratio)
 - Net present value (NPV)
 - EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization)
10. An auction sales means CO1K1
- Invitation to make an offer
 - Communication regarding goods in course of negotiation
 - A statement of information
 - An offer

Part B

5 x 6 = 30

Answer ALL questions

Each answer should not exceed 400 words or two pages

- 11.a. State the evolution of investment banking. CO1K1
(or)
- 11.b. Define the term economic environment. CO1K1
- 12.a. Explain the financial forecasting. CO2K2
(or)
- 12.b. Interpret the security valuation. CO2K2
- 13.a. Examine the split up through transfer of dilution of control. CO3K3
(or)
- 13.b. Construct the split-up through transfer of assets and equity. CO3K3
- 14.a. Analyze the concept of leveraged buyouts. CO4K3
(or)
- 14.b. Evaluate the primary sources of LBO financing. CO4K3
- 15.a. Summarize the auctions and negotiated sales. CO4K4
(or)
- 15.b. Predict the forms of financing. CO5K4

Part C

5 x 12 = 60

Answer ALL questions

Each answer should not exceed 800 words or four pages

- 16.a. Enumerate the regulatory framework for investment banking in India. CO1K1
(or)
- 16.b. Discover the structure of Indian investment banking industry. CO1K1
- 17.a. Differentiate between Corporate Value Vs. Investment Value. CO2K2
(or)
- 17.b. Discuss in briefly about concepts of business valuation. CO2K2
- 18.a. Experiment the statutory framework for split-up through transfer of equity. CO3K3
(or)
- 18.b. Discover an overview of corporate restructuring. CO3K3
- 19.a. Explain an elaborate monetization strategies. CO4K4
(or)
- 19.b. Appraise the key participants of leveraged buyouts. CO4K4
- 20.a. Discriminate the concepts of mergers and acquisitions. CO5K5
(or)
- 20.b. Evaluate the buy-side valuation and merger consequences analysis. CO5K5
