

## PGD in FA Sem.-1 Examination

PGFA-102

Financial Analytics

January-2025

[Max. Marks : 70]

Time : 2-30 Hours]

- Q.1 Explain with suitable example Probability Distribution Method with respect to Risk Analysis and Capital Budgeting. (14)
- Q.2 From the following information mentioned below find out the value per share using Free Cash flow to equity model (14)  
 EPS = Rs. 4, Capital Expenditure = Rs. 3, Depreciation per share = Rs. 2.50, Changes in working capital = Rs. 0.50, Expected growth = 9%, Beta Coefficient = 0.90, Risk free rate of return = 8% and Market Risk Premium = 6%.
- Or
- Q.2 Explain with suitable example different approaches for valuation of target company. (14)
- Q.3 Explain with suitable examples the Operations Synergy and Marketing Synergy concepts for which acquisitions happen. (14)
- Or
- Q.3 Explain in detail the process of Mergers and Acquisition as per Companies Act. (14)
- Q.4 Explain in detail with suitable example Management Buyout (MBO) as a form of Corporate (Financial) Restructuring. (14)
- Or
- Q.4 Define credit risk? Explain in detail the types of credit risk and factors affecting credit risk. (14)
- Q.5 **Reliance Industries Dials up Risk with Telecom Move: Moody's** (14)  
 Rating agency Moody's Investors Service has said that Reliance Industries Ltd.'s (RIL) acquisition of Infotel has business risk and negative implications. However, it affirmed Reliance Industries' stable outlook post the announcement of the Infotel acquisition. On the 95% stake acquisition in Infotel, Mr. Philipp Lotter, Senior Vice President, Moody's Investors Service, said RIL is "dialing up risk and negative credit implications by making a strategic move into the untested but promising fourth generation (4G) wireless broadband spectrum technology in India." Its strong financial balance sheet, with current cash and cash equivalents of more than \$6 billion (about Rs. 28,000 crore) and \$7-8 billion in projected annual cash flow, can easily accommodate the price tag for Infotel and the expected \$2-3 billion in additional capital outlays (excluding licence fees) during the initial years, according to Moody's weekly credit outlook. The credit rating agency cites certain risks in RIL's telecom move. "RIL is opting for an unproven Long-Term Evolution (LTE) 4G technology that has had commercial trials so far only in Norway and Sweden. Additionally, competition among 15 players has driven calling rates in India, the world's second largest mobile market, to less than one cent per minute, led to a £2.3 billion write-down by mobile operator Vodafone. "This has sparked concerns of overbidding for third generation 3G and 4G spectrum, akin to loss-generating overpayments for 3G made a decade earlier in Europe," the report said.  
 Question - Analyse different risks and implication of the investment discussed in the case.

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