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Mangaluru

School of Commerce, Finance and Accountancy

(PG Programme)

M.Com. Semester III – P.G Examination

October/November - 2025

EQUITY RESEARCH AND SECURITY MARKET OPERATION

Time: $2^1/_2$ Hours **Max Marks: 60**

SECTION – A

Answer any FIVE of the following. **(5x2=10)**

1. List any two differences between speculation and investment.
2. Identify one financial ratio useful in company analysis and state its purpose.
3. Briefly explain the constant growth dividend model.
4. Explain in brief the significance of moving averages in price prediction.
5. Name any two stock market indices in India.
6. Name any two types of technical charts used in stock market analysis.

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SECTION - B

Answer any FOUR of the following. **(4x5=20)**

7. Briefly explain Opportunistic Model Building approach of economic forecasting.
8. Apply the concept of intrinsic value to analyze whether an overvalued stock should be bought, sold, or held.
9. List the key components of Porter's Five Forces model in industry analysis.
10. From the following compute the breadth of the market and give the interpretation for the same:

Day	Number of Stocks advanced	Number of Stocks declined
Monday	1,000	-400
Tuesday	650	800
Wednesday	500	1,100
Thursday	900	700
Friday	1,200	400

11. Consider the data for sample of three shares. The base year index is 100. The base date price, current price and the number of outstanding shares are given below:

Share	Outstanding shares	Base price (₹)	Current price (₹)
X	5,00,000	240	400
Y	8,00,000	300	1800
Z	6,00,000	220	300

Construct Market index using: value weighted index, equal weighted index and price weighted index.

SECTION – C

Answer any THREE of the following. **(3x10=30)**

12. Examine the characteristics and objectives of investment.
13. Examine the macroeconomic policies of the Central Government.
14. Explain the difference between line charts, bar charts, and candlestick charts.
15. The following data has been extracted from the popular index:

Day	Value of index
1/03/2024	18100
2/03/2024	18200
3/03/2024	18350
4/03/2024	18100
5/03/2024	18850

The hundred day simple moving average on 28/02/2024 is 18000. You are required to calculate the hundred-day exponential moving average starting from 1/03/2024. (The value of exponent for the hundred days may be taken as 0.02).

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M.Com. Semester III – P.G Examination

October/November - 2025

MERGERS, ACQUISITIONS & CORPORATE RESTRUCTURING

Time: $2^1/_2$ Hours **Max Marks: 60**

SECTION – A

Answer any FIVE of the following. **(5x2=10)**

1. Two cement companies combine to reduce competition. Identify the type of merger.
2. XYZ ltd is considering merger with ABC ltd. Details are given below.

Particulars	XYZ ltd	ABC ltd
Earnings after taxes	₹ 0.4 million	₹ 0.1 million
Number of Outstanding shares	2,00,000	1,00,000
Market price per share	₹ 25	₹ 12.50

The merger will be affected by means of stock swap (exchange). ABC Ltd has argued to plan under which XYZ ltd will offer the current Market value of ABC Ltd.'s shares.

Determine the pre-merger EPS and P/E ratios of both the companies?

3. Compare and contrast a bailout takeover with a hostile takeover
4. Distinguish between voluntary and involuntary divestiture.
5. Identify two disadvantages of forming a joint venture
6. Distinguish between threshold limits for combining two entities in India and outside India.

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SECTION - B

Answer any FOUR of the following. **(4x5=20)**

7. Evaluate the practical application of valuation theory in financial markets despite its apparent contradiction to the efficient market theory.
8. Two companies, Company X an acquiring company and Company Y a target Company has decided to merge their entity.

	Company X	Company Y
Total current earnings	₹ 400 lakh	₹ 150 Lakh
Number of outstanding shares	20 lakh	10 lakh
Earnings per share	₹20	₹ 15
MPS	₹ 40	₹ 14

Based on the above information you are required to calculate maximum and minimum exchange ratio for P/E multiples of 3 till 9. Also decide negotiable ratio if any.

9. Analyse the various types of preventive measures used in takeovers.
10. Analyse the key variations and distinctions among Leveraged Buyout types.
11. Analyse the implications of Companies Act of 2013 on Mergers & restructuring.

Contd...2

SECTION – C

Answer any THREE of the following. **(3x10=30)**

12. Analyse the key stages and critical components involved in the process of mergers and acquisitions.

13. Legacy Ltd., an acquiring company, is interested in the acquisition of Innovate Ltd., Target Company. The management of Legacy Ltd. wants you to determine the maximum price it should be willing to pay to acquire Innovate Ltd., as per adjusted present value approach. For the purpose, you have been provided with the following data:

i) As a result of acquisition, it is expected that the FCFF of Legacy Ltd., are likely to increase as follows for 6 years

Year-end	1	2	3	4	5	6
₹ in lakh	120	150	200	220	140	100

ii) The FCFF of innovate Ltd., are expected to be constant after 6 years.

iii) Unlevered cost of equity is 15%.

iv) 10% debt (to the extent of ₹ 120 lakh) will finance part of acquisition cost. Debt will be reduced to ₹ 70 lakh at the end of year 6 by repaying ₹10 lakh at the end of each year, commencing from year 1.

v) Debt level is expected to remain at that level thereafter.

vi) Corporate tax rate is 35%.

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vii) Advantage of debt is to be valued at cost of debt.

viii) Bankruptcy costs are assumed to be Zero.

14. 'A' ltd is considering the acquisition of B ltd with stock. Relevant financial information is given below.

Particulars	A Ltd	B Ltd
Present earnings (₹)	75,00,000	40,00,000
Equity (Number of shares)	40,00,000	32,00,000
EPS (₹)	1.875	1.25
P/E Ratio	10	6
Market price (₹)	18.75	7.5

Answer the following questions treating each conditions stated below separately.

i. Determine the ratio of exchange?

ii. What are the earnings per share for the surviving company immediately following the merger?

iii. How many new shares would be issued?

a. If the exchange takes place as per market prices.

b. If A ltd plans to offer a premium of 22% over the market price of B ltd?

c. If the exchange takes place as per EPS.

d. If the exchange takes place as per P/E.

15. Analyse the various types of active takeover measures used in takeovers.

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M.Com. Semester III – P.G Examination

October/November - 2025

INVESTMENT BANKING & FINANCIAL SERVICES

Time: $2^1/_2$ Hours **Max Marks: 60**

SECTION – A

Answer any FIVE of the following. **(5x2=10)**

1. Compare the evolution of investment banking in India with that of developed economies.
2. Apply the concept of private equity to explain how it contributes to India's economic development.
3. Illustrate with an example how an underwriter uses the Green Shoe Option in case of oversubscription.
4. List any two features of factoring.
5. Demonstrate with an example the difference between operating lease and financial lease.
6. Analyze the role of SEBI in strengthening corporate governance through disclosure requirements.

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SECTION - B

Answer any FOUR of the following. **(4x5=20)**

7. Analyze the advantages and limitations of fund-based services over fee-based services in investment banking.
8. Explain the key terms used in deal structuring of private equity.
9. Assess the importance of underwriting fees in the financial services industry.
10. Explain the concept of devolvement in underwriting.
11. Differentiate between the services provided by global rating agencies and Indian rating agencies.

SECTION – C

Answer any THREE of the following. **(3x10=30)**

12. Appraise the business portfolio of investment banks in India with suitable examples.
13. Examine the diverse functions of merchant bankers in issue management, classifying them into pre-issue and post-issue responsibilities.
14. Alfa Ltd is thinking of installing a computer. Decide whether the computer is to be purchased outright (through 14 per cent borrowing) or to be acquired on lease rental basis. The company is in the 50 per cent tax bracket. The other data available are: Purchase of computer: Purchase price – ₹ 20,00,000. Annual maintenance (to be paid in advance) - ₹ 50,000 per year. Expected economic useful life - 6 years. Depreciation (for tax purposes) - Straight line method. Salvage value - ₹ 2,00,000
    Leasing of computer: Lease charges (to be paid in advance): ₹ 4,50,000. Maintenance expense to be borne by lessor. Payment of Loan: 6 year-end equal installments of ₹ 5,14,27. Construct the calculations in such way to help the company in making decision as to which of the financing alternatives should it select?
15. Judge the effectiveness of the rating process in reflecting the true financial health of an organization. Support with examples.

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M.Com. Semester III – P.G Examination

October/November - 2025

CORPORATE TAX PLANNING

Time: $2^1/_2$ Hours **Max Marks: 60**

SECTION – A

Answer any FIVE of the following. **(5x2=10)**

1. Expand MAT and state any 2 statutory additions and deductions under MAT.
2. What is tax evasion?
3. What is a make-or-buy decision?
4. Explain how bilateral relief is more beneficial compared to unilateral relief.
5. What is TCS?
6. At what rate is TDS deducted on winnings from lotteries or horse races?

SECTION - B

Answer any FOUR of the following. **(4x5=20)**

7. A company has two qualifying ships. The net tonnage of ship I is 27,749-ton 400 Kgs and ship II 16,750-ton 500 Kgs.
   Ship I run for 365 days during the previous year and ship II for 150 days during the previous year. Turnover of core activities ₹20 crore. Profit from incidental activities ₹7 lakh.
   Calculate the tonnage tax payable by the company.
8. A firm transfers one of its undertakings by slump sale. The consideration is ₹100 crores, and the net worth is ₹80 crores. If expenses related to transfer are ₹2 crores, compute the taxable capital gain.

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9. State any two industries covered under Section 80IB.
10. An individual, resident of India, has the following incomes during the P.Y. 2024-25:

i) Business income in India	14,40,000
ii) business income in a foreign country with which India does not have avoidance of double taxation agreement	4,80,000
iii)Tax levied in foreign country on income mentioned in (ii)	1,00,000
iv) Deposited in Public Provident Fund	1,20,000

   Compute tax payable by him
11. Mr Damodar is an employee of a Company at Udaipur (population exceeding 25 lakh). He would receive the following during the financial year 2025-26.

	₹
Salary	9,60,000
Dearness Allowance	2,80,000
Bonus	80,000

   Children Education Allowance ₹ 150 p.m. for one child
   Rent-free House – FRV ₹ 1,50,000
   His annual contribution to Provident Fund is ₹ 96,000.
   He has paid Life Insurance Premium of ₹ 12,000.
   Donation to Prime Minister's National Relief Fund ₹ 10,000 by cheque.
   Compute his Income from salary liable to deduction of tax at source and the amount of tax to be deducted.

Contd...2

SECTION – C

Answer any THREE of the following. **(3x10=30)**

12. Calculate the amount of depreciation allowance for the Assessment Year 2025-26 for a Steel Factory using the given assets and their respective written down values (WDV) as on 1st April 2024, along with the provided depreciation rates:
    - Buildings: WDV as on 1.4.2024 is ₹ 14,00,000 with a depreciation rate of 40%.
    - Machinery: WDV as on 1.4.2024 is ₹ 30,00,000 with a depreciation rate of 15%.
    - Motor vehicle: WDV as on 1.4.2024 is ₹ 1,80,000 with a depreciation rate of 30%.
    - Furniture: WDV as on 1.4.2024 is ₹ 22,000 with a depreciation rate of 10%.

    Additionally:
    - The factory acquired and installed old machinery on 31st October 2024 at a cost of ₹ 4,00,000 with the same depreciation rate.
    - One Motor vehicle, whose WDV on 1.4.2024 was ₹ 1,50,000, was completely destroyed by fire on 1.9.2024, and ₹ 40,000 was received from the insurance company in respect thereof.
13. Differentiate between a domestic company and a foreign company under the Income Tax Act with suitable examples.
14. A domestic company in which public are substantially interested submits the following particulars of its income of the previous year ended March 31, 2025.

Profits from business after deduction of donations to approved charitable institution	1,50,000
Donations to the charitable institution by cheque	30,000
Interest on government securities	10,000
Dividend from a domestic company (gross)	60,000
Dividend from a foreign company	10,000
Long term capital gain	50,000
Short term capital gain	33,000
Book Profits u/s 115 JB	8,00,000

During the financial year 2024-25 the company deposited ₹ 15,000 in Industrial Development Bank of India. The company distributed a gross dividend of ₹ 1,00,000 on 6.12.2024.

Compute the taxable income of the company and tax payable by it for the AY 2025-26.

15. From the following information determine whether the assesse should purchase an asset or take on lease.

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i) Cost of the Asset ₹ 10,00,000
ii) Rate of depreciation 15%
iii) Rate of interest 10%
iv) Repayment of loan by the assesse ₹ 2,00,000 p.a.
v) Rate of tax 30%
vi) Residual value ₹ 2,00,000 after 5 years
vii) Lease rent ₹ 3,00,000 p.a.
viii) Present Value factor at 10%

Years	1	2	3	4	5
PV @ 10%	0.909	0.826	0.751	0.683	0.621

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School of Commerce, Finance and Accountancy

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M.Com. Semester III – P.G Examination

October/November - 2025

CONTEMPORARY ISSUES IN ACCOUNTING

Time: $2^1/_2$ Hours **Max Marks: 60**

SECTION – A

Answer any FIVE of the following. **(5x2=10)**

1. What is the role of the International Accounting Standards Board (IASB) in IFRS?
2. Assess how window dressing practices may affect decision-making by creditors.
3. Why do companies disclose environmental costs in their reports?
4. Assess the effectiveness of regulatory measures in mitigating creative accounting.
5. Examine the difference between value added and profit in simple terms.
6. How can EVA be applied to evaluate the performance of a business unit?

SECTION - B

Answer any FOUR of the following. **(4x5=20)**

7. Illustrate the differences between IFRS and Indian GAAP with suitable examples from financial reporting practices.
8. Suppose that the total number of skilled employees in the age group 25 to 34 in a manufacturing organization is each 2000 and that the future average earnings per employee per annum is expected to be as follows:

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Age	Average Annual Earnings per employee
25-34	5000
35-44	6000
45-54	7000
55-64	6000

Assume that the discount rate is 15%.Ascertain the value of human capital according to Lev & Schwartz model.

9. Illustrate the difference between forensic auditing and statutory auditing with suitable examples.
10. A company has a NOPAT of ₹12,00,000, total capital employed of ₹60,00,000, and WACC of 12%. Calculate the EVA.
11. Explain the Cost Approach & Economic Value Approach of Human Assets Valuation.

Contd...2

SECTION – C

Answer any THREE of the following. **(3x10=30)**

12. Assess how the scope of International Accounting influences multinational corporations in decision-making, reporting, and compliance with global standards.

13. From the following Profit and Loss Account of X Limited prepare Gross Value Added Statement and show the reconciliation between Gross Value Added and Profit before Taxation.

Profit and Loss Account for the year ended 31st March,2022

Income	₹ in Lakhs	₹ in Lakhs
Sales		800
Other Income		50
		850
Expenditure		
Production and Operational Expenses	600	
Administrative Expenses	30	
Interest and Other Charges	30	
Depreciation	20	680
Profit before Taxes		170
Provision for Taxes		30
		140
Balance as per last Balance Sheet		10
		150
Transferred to:		
General Reserve		80
Proposed Dividend		20
Surplus carried to Balance Sheet		50
		150

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Break-up of some of the Expenditure is as follows:

Production and Operational Expenses:	
Consumption of Raw Materials and Stores	320
Salaries, Wages and Bonus	60
Cess and Local Taxes	20
Other Manufacturing Expenses	200
	600
Administrative Expenses:	
Audit Fees	6
Salaries and Commission to Directors	8
Provision for Doubtful Debts	6
Other Expenses	10
	30
Interest and other Charges:	
On working capital Loans from Banks	10
On Fixed loans from ICICI	15
On Debentures	5
	30

Contd...3

14. From the following information in respect of Alpha Limited calculate the total value of human capital using Lev & Schwartz model. Apply a discount factor of 17%.

Age	Unskilled		Semi-Skilled		Skilled	
	Number	Average Annual Earnings (₹)	Number	Average Annual Earnings (₹)	Number	Average Annual Earnings (₹)
30-39	70	4,000	50	4,500	30	6,000
40-49	20	5,000	15	5,000	15	7,000
50-54	10	6,000	10	7,000	5	8,000

15. Compare the Lev & Schwartz model and Flamholtz's model in terms of their suitability for service-oriented organizations.

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