

Roll No.

SAP ID



UNIVERSITY OF PETROLEUM AND ENERGY STUDIES
End Semester Examination, July 2020
Open Book – Through Blackboard Learning Management System

Course: Corporate Finance & Investment Regulations
Course Code : LLBL453
Programme: BBALLB (Corporate Law)

Semester: 8

Time: 03 hrs.

Max. Marks: 100

Instructions:

As this examination is in open-book format, the students are expected to demonstrate a very high degree of Academic Integrity and not copy contents from resources referred. Instructors would look for understanding of the concept by the students and any similarity found from resources online/ offline shall be penalized in terms of deduction of marks and even cancellation of paper in requisite cases. The online examination committee of the School would also look for similarity of two answer scripts and if answer scripts of two or more students are found similar, both the answer scripts shall be treated as copied and lead to cancellation of the paper. In view of the aforesaid points, the students are warned that they should desist from using any unfair means.

All Questions are Compulsory
Answer each question in not more than 500 words

S. No.		Marks	CO
	<p>Biggest Bank Gets Bigger</p> <p>State Bank of Bikaner & Jaipur, State Bank of Mysore, State Bank of Travancore, State Bank of Patiala, State Bank of Hyderabad; and the Bharatiya Mahila Bank merged with the parent effective April 1, 2017. SBI expected the merger to help drive synergies, reducing duplication and save on resources.</p> <p>They together contributed about 15 percent to SBI's total Rs 20.44 lakh crore loans and nearly 20 percent to Rs 27.06 lakh crore deposits as of March. According to the annual report, the six entities added: Rs 5.41 lakh crore to deposits. Rs 2.98 lakh crore to total loans. (Refer Ques 1 & Ques 2)</p> <p>Source:https://www.bloomberquint.com/markets/how-indias-biggest-bank-merger-worked-for-sbi</p>		
1	How mergers and acquisitions of such kind bring synergies and added advantages for the merged entities. Elaborate.	20	CO2
Ans.			
2	What key financial parameters one needs to analyse the sound financial health of any company before entering into a merger and acquisition?	20	CO2
Ans.			
3	DHFL is a non-banking financial company, also known as a shadow bank. This means it doesn't have a banking license or access to central bank liquidity, but is nevertheless involved in financial services – in this case, primarily giving loans to	20	CO3

	<p>home buyers in India's tier 2 and tier 3 cities. In 2018, another major NBFC, IL&FS, went bust, causing alarm bells to ring throughout the industry. Banks became much more careful about lending money to NBFCs. But this led to a liquidity crunch, since there was limited access to credit. Many NBFCs rely on short-term borrowing to finance long-term lending, which puts them in a difficult spot when there is a liquidity crunch. In September 2018, after the IL&FS crisis emerged, DHFL's stock also took a hammering, by as much as 60%. Then, in January 2019, <i>Cobrapost</i> claimed that the company's promoters were involved in an Rs 31,000 crore scam to siphon off money. (Source : https://scroll.in/article/926444/)</p> <p>Insolvency of DHFL & IL&FS brought a major change in IBC 2016. Analyze the specific amendments relating to FSPs – NBFCs were brought in the Code how this would help economy as a whole.</p>		
Ans.			
4	<p>Derivatives were almost non-existent 30 years ago, but since then they have been growing very rapidly. According to the Triennial Central Bank Survey of Foreign Exchange and Derivatives Activity (Triennial Survey), the notional amount outstanding of OTC derivatives reached \$516.4 trillion in June 2007.^{7, 8} Since 1998, the notional amount outstanding has grown at an annual rate of 25%.⁹ The Triennial Survey also shows that almost 75% of total derivatives are interest rate contracts, while foreign exchange and credit contracts have a market share of 10% each. The remaining contracts correspond to commodity- and equity related derivatives. (Source : https://www.bis.org/publ/bppdf/bispap44d.pdf)</p> <p>Hence we observe that hedging is driving the growth and deepening of derivative product markets in EMEs. What are the implications of growth in derivatives markets from risk mitigation perspective?</p>	20	CO4
Ans.			
5	<p>The names of Harshad Mehta and Ketan Parekh will live on in memory not only because of the havoc they wreaked on investor wealth, but because they revealed gaping holes in India's financial systems. The adage, 'what doesn't kill you, only makes you stronger' rung true for market regulator Sebi more than once. In 1988, Sebi began to mature as a statutory authority and in 1992 it was forced to speed up the process and embark on a steep learning curve, thanks to Harshad Mehta (HM) and his associates.</p> <p>The multi-million dollar scam swindled hundreds of crores from unsuspecting banks and by artificially pumping up stock prices, the flamboyant Harshad Mehta also lured unsuspecting investors into investments that would ultimately end in heavy losses. The exposure of the scam left Sebi with a lot of ground to cover. (Source : https://www.moneycontrol.com/news/business/markets/-1822713.html)</p> <p>How such scams make regulatory framework stronger and what implication of this were on SEBI as an institution of regulation and supervision in long term?</p>	20	CO4
Ans.			

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