



CBCS SCHEME

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16/17MBAFM401

Fourth Semester MBA Degree Examination, June/July 2019 Mergers, Acquisition and Corporate Restructuring

Time: 3 hrs.

Max. Marks:80

Note: 1. Answer any Four questions from Q.No. 1 to Q.No. 7.
2. Question No. 8 is compulsory.

- 1 a. Define Equity Carve out. (02 Marks)
b. Explain LBO. (06 Marks)
c. Discuss the types of Synergies of merger. (08 Marks)
- 2 a. Give meaning of Reverse merger. (02 Marks)
b. Explain process of Merger Integration. (06 Marks)
c. Discuss in detail the takeover defenses. (08 Marks)
- 3 a. What is Due Diligence? (02 Marks)
b. Discuss various approaches to hostile Takeover. (06 Marks)
c. Write a note on Five – Stage model. (08 Marks)
- 4 a. What is Corporate Restructuring? (02 Marks)
b. Discuss strategic approach to merger and acquisition SWOT analysis. (06 Marks)
c. Explain any four methods of Divestitures. (08 Marks)
- 5 a. Name the four cells of the BCG matrix. (02 Marks)
b. What are the methods of calculating purchase consideration? (06 Marks)
c. What are the disadvantages of Equity Carve – Outs? (08 Marks)
- 6 a. Explain the meaning of Purchase Consideration. (02 Marks)
b. Explain any six strategic motive behind merger. (06 Marks)
c. Discuss the managerial challenges of Merger and Acquisition. (08 Marks)
- 7 a. Write short notes on Spin – Off. (02 Marks)
b. Distinguish between LBO and MBO. (06 Marks)
c. Explain types of Poison pill Defenses. (08 Marks)
- 8 **CASE STUDY :**

Phillip Company has decided to acquire Kaithan Company. Following are the relevant financial data :

	Phillip Company	Kaithan Company
Net Sales (Rs in Lakhs)	350.00	45.00
Profit after tax (Rs in Lakhs)	28.13	3.75
Number of shares (Lakhs)	7.50	1.50
EPS (Rs)	3.75	2.50
Dividend per share (Rs)	1.30	.60
Total market capitalization (Rs in Lakhs)	420.00	45.00



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Calculate :

- Pre merger market value per share for both company.
- Post merger EPS, market value per share and price earning ratio of Kaithan Company shareholders are offered a share of i) Rs 30 ii) Rs 56 iii) Rs 20 in share exchange for merger.
- Phillip Company's EPS of Kaithan Company's shareholders are offered Rs 100 , 15% convertible debentures for each 3 shares held in Kaithan.
- Post merger dividend or interest available to Kaithan Company's shareholders.
Assume 50% tax rate.

(16 Marks)
