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14MBAFM407

**Fourth Semester MBA Degree Examination, June/July 2016**  
**Mergers, Acquisitions and Corporate Restructuring**

Time: 3 hrs.

Max. Marks: 100

**SECTION - A**

*Note : Answer any FOUR questions from Q.No.1 to Q.No.7.*

- 1 Distinguish mergers from acquisition. (03 Marks)
- 2 What is meant by 'Synergy' of a Merger? (03 Marks)
- 3 What are the methods of financing mergers? (03 Marks)
- 4 What is the meaning of a due diligence investigation in the context of a merger? (03 Marks)
- 5 What is a Poison Pill? (03 Marks)
- 6 What is LBO and MBO? (03 Marks)
- 7 What is SWOT Analysis? (03 Marks)

**SECTION - B**

*Note : Answer any FOUR questions from Q.No.1 to Q.No.7.*

- 1 Explain the role of Industry Life cycle in merger. (07 Marks)
- 2 What are the different types of merger? (07 Marks)
- 3 Discuss the tax benefits available to companies when they merge. (07 Marks)
- 4 Elucidate the post merger integration problems in Mergers and Acquisitions. (07 Marks)
- 5 What is Purchase Consideration? What are the different methods of calculation of purchase consideration? Discuss. (07 Marks)
- 6 Explain the managerial challenges in Merger & Acquisitions. (07 Marks)
- 7 Write a note on Porter's five forces model. (07 Marks)

**SECTION - C**

*Note : Answer any FOUR questions from Q.No.1 to Q.No.7.*

- 1 Explain the theories of Mergers. (10 Marks)
- 2 Discuss the five stage model of Merger process. (10 Marks)
- 3 Discuss the different methods of Corporate Restructuring . (10 Marks)
- 4 Explain the SEBI Takeover code. (10 Marks)

- 5 What is MLP? Explain its types. (10 Marks)
- 6 Explain various takeover defenses available to target company. (10 Marks)
- 7 Explain the motives behind mergers and acquisition. (10 Marks)

**SECTION - D**  
**CASE STUDY – [ Compulsory ]**

The following is the balance sheet of Dee Ltd as on 31-3-2005.

Liabilities	Rs	Assets	Rs
40,000 equity shares of Rs 10 each	4,00,000	Building	1,70,000
General reserve	50,000	Plant & Machinery	4,00,000
P & L A/c	29,600	Investment	50,600
10% debentures	2,50,000	Debtors	1,40,500
Creditors	1,28,700	Stock	80,700
		Cash at Bank	16,500
Total	8,58,300	Total	8,58,300

Dee Ltd was absorbed by Comet Ltd on the above mentioned date on the following terms and conditions :

Comet Ltd to :

- i) Assume liabilities and to acquire all assets except investments which are sold by Dee Ltd., for Rs 45,000/-
- ii) Discharge the debentures of Dee Ltd., at a discount of 5% by the issue of 12% debenture of Rs 100 each in Comet Ltd.
- iii) Issue two equity share of Rs 5 each in Comet Ltd., at Rs 6 per share and also to pay Rs 2 per share in cash to the shareholders of Dee Ltd., in exchange of every share in Dee Ltd., and
- iv) Pay the cost of absorption Rs 2500 as a part of purchase considerations. Dee Ltd., sold in open market  $\frac{1}{4}$ <sup>th</sup> of the shares received from Comet Ltd., at the average rate of Rs 5.50 per share.

Show necessary ledger accounts in the books of Dee Ltd., and the opening entries in the books of Comet Ltd. (20 Marks)

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