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Fourth Semester MBA Degree Examination, Feb./Mar. 2022

Mergers, Acquisitions and Corporate Restructuring

Time: 3 hrs.

Max. Marks:100

**Note: 1. Answer any FOUR full questions from Q1 to Q7.
2. Question No.8 is compulsory.**

- 1
 - a. What are the different types of Merger? (03 Marks)
 - b. Explain the strategic motives behind mergers and acquisitions. (07 Marks)
 - c. Discuss the various efficiency theories of mergers. (10 Marks)

- 2
 - a. Name three challenges of due diligence process. (03 Marks)
 - b. Write a note on five-stage model. (07 Marks)
 - c. Explain the different types of due diligence. (10 Marks)

- 3
 - a. Name the four cells of the BCG matrix. (03 Marks)
 - b. Discuss the types of synergies of merger. (07 Marks)
 - c. Discuss the reasons for failure of M and A. (10 Marks)

- 4
 - a. What is amalgamation? (03 Marks)
 - b. Distinguish between pooling of interest methods and purchase method. (07 Marks)
 - c. A Ltd, is considering takeover of B Ltd. and C Ltd. The financial data for the 3 companies are as follows :

Particulars	A Ltd.	B Ltd.	C Ltd.
Equity shares of Rs. 10 each	450	180	90
Earnings (crores)	90	18	18
Market price per share	Rs.60	Rs.37	Rs.46

- Calculate :

 - i) PIE ratio
 - ii) EPS of A Ltd, after the acquisition of B Ltd, and C Ltd, respectively will you recommend the merger of either or both the companies. Justify your answer. (10 Marks)

- 5
 - a. What is Green Mail? (03 Marks)
 - b. Explain various types of takeover. (07 Marks)
 - c. Write a brief note on pre-bid takeover defenses. (10 Marks)

- 6
 - a. What is corporate restructuring? (03 Marks)
 - b. Discuss the procedure of buyback of shares. (07 Marks)
 - c. Give an account of various forms of portfolio restructuring. (10 Marks)

- 7
 - a. Define ESOP. (03 Marks)
 - b. Explain SWOT analysis. (07 Marks)
 - c. Explain the salient features of SEBI takeover code 2011. (10 Marks)

8

Case Study :

The following are the balance sheet of 'P' Ltd. and 'S' Ltd. as on March 2020.

Liabilities	P Ltd.	S Ltd.
Equity capital (Rs.10 each)	5,00,000	3,00,000
12% preferred stock (Rs.100 each)	2,20,000	1,70,000
General reserve	50,000	25,000
Export profit reserve	30,000	20,000
Investment allowance reserve	10,000	10,000
Profit and loss account	75,000	50,000
12% debentures (Rs.100 each)	50,000	35,000
Current liabilities	65,000	40,000
Total Liabilities →	10,00,000	6,50,000
Assets	P Ltd.	S Ltd.
Land and buildings	2,50,000	1,55,000
Plant and Machinery	3,25,000	1,70,000
Furniture and fittings	57,500	35,000
Investment	1,25,000	95,000
Inventories	90,000	1,03,000
Account receivables	82,500	52,000
Cash and bank	70,000	40,000
Total Assets →	10,00,000	6,50,000

P Ltd., takeover 'S' Ltd., on 1st April 2020. 'P' Ltd., discharges the purchase consideration as below :

- Issued 35,000 equity stock of Rs.10 each at par to the equity shareholders of 'S' Ltd.
 - Issued, 5% preferred stock of Rs.100 each to discharge the preference shareholders of 'S' Ltd. at 10% premium.
 - The debentures of 'S' Ltd. will be converted into equivalent number of debentures of 'P' Ltd.
 - The statutory reserve of 'S' Ltd., (Export Profit Reserve and Investment Allowance Reserve) are to be maintained for three more years.
- You are required to show the balance sheet of 'P' Ltd. assuming that :
- The amalgamation in the nature of merger (The pooling of interest method). (10 Marks)
 - The amalgamation in the nature of purchase. (10 Marks)

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