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Internal Assesment Test – II

Sub:	MERGERS ACQUISTIONS AND CORPORATE RESTRUCTURING						Code:	22MBAFM404
Date:	06-10-2025	Duration:	90 mins	Max Marks:	50	Sem: IV	Branch:	MBA
				SET - III				

		Marks	OBE CO	OBE RBT
	Part A - Answer Any Two Full Questions (2* 20 = 40 marks) **Part B – Compulsory – Case Study (1*10 = 10 marks)**			
1 (a)	Explain the term DCF.	[03]	CO4	L2
(b)	Outline the types of Exchange Ratio in detail.	[07]	CO4	L4
(c)	Examine the Evaluation Tools in merger as a Capital Budgeting Project in detail.	[10]	CO4	L3
2 (a)	Explain the term Anti – Takeover.	[03]	CO5	L2
(b)	List the various ways of calculating of purchase consideration.	[07]	CO5	L3
(c)	Outline the case given below.	[10]	CO5	L4

A Ltd. Wants to acquire B Ltd. And offered a swap ratio at 1:2 (by exchanging 0.5 of its shares for each share of B Ltd). The relevant financial data are as follows:

Particulars	Company A	Company B
Earnings after taxes	Rs. 18,00,000	Rs. 3,60,000
Equity shares O/S	6,00,000	1,80,000
EPS	Rs. 3	Rs. 2
P/E Ratio	10	7
MPS	Rs. 30	Rs. 14

a) What is the number of equity shares required to be issued by A Ltd. For acquiring of B Ltd.?
b) What is the EPS of A Ltd. After the acquisition?
c) Determine the equivalent earnings per share of B Ltd.
d) What is the expected market price per share of A Ltd? After the acquisition assuming the P/E remains unchanged?
e) Determine the market value of the merged firm?

		Marks	CO	RBT
3 (a)	Infer the varieties of Takeover.	[03]	CO6	L3
(b)	Summarize the Legal and Human Framework of M&A.	[07]	CO6	L5
(c)	Judge and conclude the scenario.	[10]	CO6	L5

Roshan Ltd. Wants to acquire Neha Ltd., by exchanging 0.5 of its shares of Neha Ltd., the relevant financial data are as follows:

Particulars	Roshan Ltd	Neha Ltd
Earnings after taxes	Rs. 36,00,000	Rs. 7,20,000
Equity shares O/S	12,00,000	3,60,000
EPS	Rs. 3	Rs. 2
P/E Ratio	10	70
MPS	Rs. 30	Rs. 14

a) What is the number of equity shares required to be issued by Roshan Ltd. For acquiring of Neha Ltd.?
b) What is the EPS of Roshan Ltd. After the acquisition?
c) Determine the equivalent earnings per share of Neha Ltd.
d) What is the expected market price per share of Roshan Ltd., after

	acquisition assuming the P/E remains unchanged? e) Determine the market value of the merged firm?			
	Part B - Compulsory (01*10=10 marks)			
4	**Case Study**			
	Analyze the case given below. On 31st March 2022 the balance sheet of A Ltd and B Ltd stood as follows:	[10]	CO4, CO5, CO6	L4

Liabilities	A	B	Assets	A	B
Share Capital (Shares of Rs. 10 Each)	7,50,000	6,00,000	Plant and Machinery	5,00,000	-
General Reserve	3,25,000	-	Furniture and Fittings	80,000	60,000
Profit and Loss a/c	85,000		Stock	4,55,000	4,15,000
Creditors	1,60,000	1,30,000	Debtors	1,02,000	1,15,000
			Cash in Hand	1,83,000	40,000
			Profit and Loss a/c		1,00,000
	13,20,000	7,30,000		13,20,000	7,30,000

On this date X Ltd took over the business of B Ltd for Rs. 5,00,000 payable in the form of its equity shares of Rs. 10 each at
Pass Journal entries in the books of A Ltd.
Pass Journal entries in the books of B Ltd.

Course Outcomes (COs)		PO1	PO2	PO3	PO4	PO5	PS01	PS02	PS03	PS04
CO1:	To explain the major forms and objectives of corporate restructuring.									
CO2:	To describe the process of value creation under different forms of M & A.									
CO3:	To Understand M&A with its different classifications, strategies, theories, synergy etc.									
CO4:	To Conduct financial evaluation of M&A.	1a, 1b, 1c, 4					1a, 1b, 1c, 4			
CO5:	To Analyze and demonstrate the accounting aspects of Amalgamation.		2a, 2b, 2c, 4					2a, 2b, 2c, 4		
CO6:	To Critically evaluate different types of M&A, takeover and anti-takeover strategies	3a, 3b, 3c, 4					3a, 3b, 3c, 4			

Cognitive level	KEYWORDS
L1 - Remember	list, define, tell, describe, recite, recall, identify, show, label, tabulate, quote, name, who, when, where, etc.
L2 - Understand	describe, explain, paraphrase, restate, associate, contrast, summarize, differentiate interpret, discuss
L3 - Apply	calculate, predict, apply, solve, illustrate, use, demonstrate, determine, model, experiment, show, examine, modify
L4 - Analyze	classify, outline, break down, categorize, analyze, diagram, illustrate, infer, select
L5 - Evaluate	asses, decide, choose, rank, grade, test, measure, defend, recommend, convince, select, judge, support, conclude, argue, justify, compare, summarize, evaluate
L6 - Create	design, formulate, build, invent, create, compose, generate, derive, modify, develop, integrate

PO1–*Theoretical Knowledge; PO2–Effective Communication Skills; PO3–Leadership Qualities; PO4 –Sustained Research Orientation; PO5 –Self-Sustaining Entrepreneurship*

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SCHEME OF EVALUATION
Internal Assessment Test 2 - OCT 2025

Sub:	MACR	Code:	22MBAFM404
Date: 6/10/25	Duration: 90mins	Max Marks: 50	Sem: IV	Branch: MBA

Note: Part A - Answer Any Two Full Questions (20*02=40 Marks)

Part B - Compulsory (01*10= 10marks)

Part	Question #		Description	Marks Distribution		Max Marks
A	1	a)	DCF a valuation method used to estimate an investments present value based on its expected future cash flows. a WACC.	3M	3	20 M
		b)	Types of Exchange Ratio: ✓ fixed Exchange Ratio ✓ floating Exchange Ratio ✓ collar Exchange Ratio	4M for points & 3M for Expl.	7	
		c)	Evaluation tools in merger: ✓ NPV ✓ IRR ✓ payback period ✓ PI ✓ MIRR	5M for points & 5M for Expl.	10	

2		a)	Anti - Takeovers measures and tactics such as poison pills, Staggered boards, or financial defenses	3 M	3	20 M
		b)	Various methods: ✓ Lump sum method ✓ Net Assets method ✓ Net payment method ✓ intrinsic value method	4 M for point & 3 M for Expl.	7	
		c)	a) No. of Eq. Shares = 90,000 b) EPS of A = 3.13 c) EPS of B = 2 [0.43 times] d) MPS = 31.3 Rs e) Mkt value = Rs. 2,15,97,000	2 Marks each	10	

	3	a)	Varieties of Takeover ✓ friendly Takeover ✓ Hostile Takeover ✓ Horizontal Takeover ✓ conglomerate Takeover	3 m	3	20 M
		b)	Legal framework : ✓ companies Act 2013 ✓ Competition Act 2002 ✓ SEBI Regulation ✓ IT Act 1961 Human framework : ✓ Role of HR ✓ communication ✓ E'ee empowerment ✓ culture integration ✓ Strategic vision	4 m for points 8 3 m for expl.	7	
		c)	a) No. of Eq. sh = 1,80,000 b) EPS of R. Ltd = 3.13 c) EPS of N. Ltd = 2 [0.435 Lac] d) MPS = Rs. 31.30 e) Value = Rs. 4,31,94,000/-	2 mark each	10	

Issue 50,000 Shares @ Rs 10 = 5,00,000

B	4	a)	J.E. in the books of X Ltd B.P. A/c Dr 5,00,000 - To Liquidity Ltd -5,00,000 Furniture & fitting A/c Dr 60,000 - Stock A/c Dr 4,15,000 - Debtors A/c Dr 1,15,000 - Cash in Hand A/c 40,000 - To Crs A/c -1,30,000 To B.P. A/c - 5,00,000 Liquidation of Y Ltd A/c 5,00,000 - To Eq. Sh cap A/c -5,00,000	5 M	10	10 M

J.E in the books of Y Ltd.

(1) Realisation A/c Dr 6,30,000 -
To Furniture & fitting A/c - 60,000
To Stock A/c - 4,15,000
To Drs A/c - 1,15,000
To Cash in Bank A/c - 40,000

(2) Crs A/c Dr 1,30,000 -
To Realisation A/c - 1,30,000

5 M

(3) X Ltd A/c Dr 5,00,000 -
To Realisation A/c - 5,00,000

(4) Eq. Sh cap. A/c Dr 6,00,000 -
To Eq. Sh. holders A/c - 6,00,000

(5) Eq. Sh. holders A/c Dr 1,00,000 -
To P&L A/c - 1,00,000

(6) Eq. Sh. holders A/c Dr 5,00,000 -
To Eq. Sh. in X Ltd A/c - 5,00,000

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