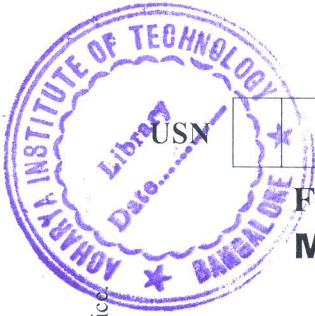


CBCS SCHEME

16/17MBAFM401



--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Fourth Semester MBA Degree Examination, Jan./Feb. 2021 Mergers, Acquisitions 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 term 'Equity Carve Out. (02 Marks)
b. Explain the motives and benefits of Mergers and Acquisitions. (06 Marks)
c. Explain Efficiency Theories of Merger. (08 Marks)
- 2 a. What is Corporate Restructuring? (02 Marks)
b. What is Synergy and what are the synergies that can arise from a merger? (06 Marks)
c. What is LBO? Explain the different stages of LBO Operation. (08 Marks)
- 3 a. What is meant by Reserve Merger? (02 Marks)
b. Write short note on :
i) Spilt up.
ii) Spin off.
iii) Hubris hypothesis. (06 Marks)
c. What is Joint Venture? What is the rationale behind a Joint Venture and what are the common reasons for failure of Joint Venture? (08 Marks)
- 4 a. What is Limited Liability Partnership? (02 Marks)
b. Explain the major components of Due Diligence. (06 Marks)
c. Explain various forms of Corporate Restructuring. (08 Marks)
- 5 a. Define the term 'Amalgamation'. (02 Marks)
b. Briefly explain the provisions of Companies Act 1956 relating to Mergers and Acquisitions. (06 Marks)
c. Explain in detail :
i) Poison pill.
ii) White knight.
iii) Green mail.
iv) Strategic Alliance.
v) Golden parachute. (08 Marks)
- 6 a. What is Price Earning Ratio? (02 Marks)
b. Write a note on BCG matrix. (06 Marks)
c. State the features of Purchase method and Pooling of interest method of accounting treatment of M & A of a firm. (08 Marks)
- 7 a. Define Hostile Takeover. (02 Marks)
b. Explain the various types of Mergers and Industry Life Cycle. (06 Marks)
c. Write a note on salient features of SEBI Takeover code. (08 Marks)

8 CASE STUDY (Compulsory) :

Siri Limited wants to acquire Savi Limited by exchanging 1.6 shares for every share of Savi Limited. It anticipates to maintain existing P/E Ratio subsequent to the merger also. The relevant financial data are furnished below :

Particulars	Siri Ltd	Savi Ltd
Earnings after tax	1500000	450000
No. of shares O/S	300000	75000
MPS	35	40

- What is the exchange ratio based on market price? (03 Marks)
- What is Pre merger EPS and P/E for each company? (03 Marks)
- What is P/E ratio used in acquiring Savi Limited? (03 Marks)
- What will be the EPS of Siri Limited after acquisition? (04 Marks)
- What is the expected market price per share of the merged company? (03 Marks)
