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Total No. of Pages: 02

Total No. of Questions: 10

MBA (Sem. – 4)

MERGERS, ACQUISITION AND CORPORATE RESTRUCTURING

Subject Code: MBA-914-18

M Code: 77813

Date of Examination : 19-12-2022

Time: 3 Hrs.

Max. Marks: 60

INSTRUCTIONS TO CANDIDATES:

1. **SECTION-A** is **COMPULSORY** consisting of **EIGHT** questions carrying **TWO** marks each.
2. **SECTIONS-B** consists of **FOUR** Sub-sections : Units-I, II, III & IV. Student has to attempt any **ONE** question from each Sub-section carrying **EIGHT** marks each.
3. **SECTION-C** is **COMPULSORY** carrying **TWELVE** marks.

SECTION-A

1. Write short notes on the following:

- a) Demerger
- b) Buy Back
- c) Spin-Off
- d) DueDiligence
- e) Poison Pills
- f) Valuation of intangibles in merger
- g) Carry forward \ Set of losses
- h) Impact of merger on EPS

SECTION-B
UNIT-I

2. What is triangular merger? Differentiate between horizontal and vertical mergers and acquisitions.
3. Discuss the types of Synergies of mergers.

UNIT-II

4. What is Valuation? What are the factors to be considered for the valuation of a business?
5. How does buy-back of shares of by a company help in increasing the promoters stake in the company? Explain with a numerical example.

UNIT-III

6. What is purchase consideration? What are the different methods of calculation of purchase consideration?
7. Explain the accounting treatment of assets, liabilities and reserves in the purchase method contrasting the same with the pooling of interest method.

UNIT-IV

8. Discuss the provisions related to Mergers and Acquisition given in Income Tax Act. 1961.
9. What is due diligence? Why there is a need for due diligence in M&A ?

SECTION-C

10. The following data concern companies A and B:

Particulars	Company A	Company B
Earnings after taxes	140000	37500
Equity shares outstanding	20000	7500
EPS(Rs.)	7	5
P/E ratio	10	8
Market price(Rs.)	70	40

Company A is the acquiring company, exchanging its one share for every 1.5 shares of B Ltd. Assume that company A exports to have the same earnings and P/E ratio after the merger as before(no synergy effect), show the extent of gain accruing to shareholders of two companies as a result of the merger. Are they better or worse off than they were before the merger?

NOTE : Disclosure of Identity by writing Mobile No. or Marking of passing request on any paper of Answer Sheet will lead to UMC against the Student.