

MBA III Semester Degree Examination, April/May - 2023**MANAGEMENT****Mergers, Acquisitions and Corporate Restructuring**

Time : 3 Hours

Maximum Marks : 70

Note : Answer **any five** of the following questions with Question No.1 (Q1) **Compulsory**, each question carries **equal** marks.

1. A Ltd. is intending to acquire X Ltd. by merger and the following information is available in respect of the companies. Number of equity shares for A Ltd. is 10,00,000 and X Ltd. is 6,00,000. Earnings after tax for A Ltd. is (Rs.) 50,00,000 and X Ltd. is 18,00,000. Market value per share for A Ltd. is (Rs.) 42 and X Ltd. is Rs 28. **14**
- You are required to compute :
- (i) The present EPS of both the companies.
- (ii) If the proposed merger takes place, what would be the new earning per share of A Ltd. ? Assume that the merger takes place by exchange of equity shares and the exchange ratio is based on the current market price.
- (iii) What should be the exchange ratio, if X Ltd. wants to ensure the earnings to members are as before the merger takes place ?
2. Bring out the differences between mergers and acquisitions by giving suitable examples. Also highlight the different types of mergers and acquisitions. **14**
3. Discuss the five stage process of mergers and acquisitions. **14**
4. Define Corporate Restructuring and discuss the different types of corporate restructuring with illustrations. **14**
5. Describe the term consent takeover and evaluate the different active strategies adopted by target firms. **14**

- 6.** Outline the importance of Porter’s five forces and its implication on the merger and acquisition decision. **14**
- 7.** Define synergy and assess the operating and financial synergy obtained from mergers and acquisitions. **14**
- 8.** Write a short note on :
- (a) Joint Ventures **5**
 - (b) ESOPs **5**
 - (c) Divestitures **4**

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