

Enrollment No: _____

Exam Seat No: _____

C.U.SHAH UNIVERSITY

Summer Examination-2017

Subject Name: Mergers and Acquisitions

Subject Code: 5MS04MAA1

Branch: M.B.A

Semester: 4

Date: 24/04/2017

Time: 10.30 To 01.30

Marks: 70

Instructions:

- (1) Use of Programmable calculator and any other electronic instrument is prohibited.
 - (2) Instructions written on main answer book are strictly to be obeyed.
 - (3) Draw neat diagrams and figures (if necessary) at right places.
 - (4) Assume suitable data if needed.
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SECTION – I

Q-1 Attempt the Following questions (07)

- a. What do you mean by Amalgamation? **1**
- b. Explain the concept of Equity carve out. **1**
- c. What do you mean by Spin off? **1**
- d. Give example of Horizontal Merger. **1**
- e. Give full form of FCFE. **1**
- f. What do you mean by Divestiture? **1**
- g. Give Example of Split up. **1**

Q-2 Attempt all questions (14)

- 1** Write the difference between Horizontal merger and Vertical merger **04**
- 2** Discuss factors driving Indian companies to go for merger and acquisition. **05**
- 3** The Company has 8, 00,000 equity shares of Rs.100, Each fully paid up. The company's expected earning is Rs.34, 00,000 and its P/E ratio is 10. **05**

Calculate the Value of the Firm.

OR

Q-2 Attempt all questions (14)

- 1** What are the problems faced in M&A Success? **07**
- 2** Write notes on Due Diligence with context to M & A. **07**



- Q-3 Attempt all questions (14)**
- 1 Discuss the Takeover Defenses Tactics. **07**
- 2 Following are the particulars of two companies, P Ltd and Q Ltd **07**

Particulars	P Ltd	Q Ltd
Profit after tax	200000	60000
Number of Equity Share	8000	4000
Earnings per share	25	15
P/E Ratio	8	5
Market Price	150	75

If P Ltd acquire to Q Ltd then,

Calculate: 1. Value of the firm by Exchange ratio based on EPS.

2. Value of the firm by Exchange ratio based on Market Price.

OR

- Q-3 1** The ABC Ltd is growing at a pace of 25% in the first 5 years. EPS is Rs.3, Capital Expenditure is Rs.2.50, Depreciation per share is Rs.2 and Changes in Working capital is Rs.0.50 per share. It is assumed that capital expenditure, depreciation grow at the same rate as earnings. Beta during growth period is 1.5. Risk free rate is 7.5% and Market risk premium is 5.5%. **07**

Calculate of Cost of Equity and PV FCFE during high growth period.

- 2 Briefly explain about Hostile Takeover and Friendly takeover. **07**

SECTION – II

- Q-4 Attempt the Following questions (07)**
- a. What do you mean by Synergy? **01**
- b. Explain concept of EPS. **01**
- c. What do you mean by Reverse Merger? **01**
- d. Explain the concept of Escrow Account. **01**
- e. State the methods of payment in M & A. **01**
- f. What do you mean by Absorption? **01**
- g. Give example of Joint Venture **01**

- Q-5 Attempt all questions (14)**
- 1 What are the different methods for calculating consideration? **04**
- 2 What do you mean by buyback of share? Discuss the reason for buyback of share. **05**
- 3 Discuss the objectives and benefits ESOPs. **05**



OR

- Q-5** 1 Discuss the two method of accounting for amalgamation. **04**
2 Write Notes on Leveraged Buyout. **05**
3 Explain the Concept of Downsizing and Down scoping. **05**

- Q-6** **Attempt all questions** **(14)**
1 What do you mean by Corporate Restructuring? Explain different types of Corporate Restructuring. **07**
2 Write the different method of Share buyback. **07**

OR

- Q-6** **Attempt all Questions**
1 Discuss the motives behind Merger and Acquisition **07**
2 Discuss different approaches for Valuation. **07**

