

**PM's**  
**DR VN BRIMS, Thane**  
**Programme: PGDM (2017-19) (Finance)**  
**PGDM Trimester IV Examination September 2018**

<b>Subject</b>	<b>Mergers &amp; Acquisitions</b>		
<b>Roll No.</b>		<b>Marks</b>	<b>60 Marks</b>
<b>Total No. of Questions</b>	<b>7</b>	<b>Duration</b>	<b>3 Hours</b>
<b>Total No. of printed pages</b>	<b>1</b>	<b>Date</b>	<b>27.09.2018</b>

**Note: Q1 is compulsory and solve any TREE from the remaining FOUR questions.**

**Part - A**

**30 Marks (Compulsory)**

Please answer the following question(s) from the information given in CASE:

- What were the objectives of I-A & VA to create an alliance?
- What was the role of Indian Government in this alliance? What else could have been done by government to sweeten the deal?
- If you were head of V-A, how would you manage the working culture of an alliance which have bureaucracy (of I-A) and private organization (VA)?

**Attempt Any THREE from the Remaining FOUR Questions**

**PART- B**

**Any three from ————— (10x3) = 30 Marks**

1. According to you is it an opportunity or a big threat to go for Merger & Acquisition in economic recession?
2. The XYZ Ltd wants to acquire ABC Ltd by exchanging its share of 1.6 for each shares of ABC Ltd. It anticipates maintaining the existing P/E ratio after merger also. The relevant financial data is shown below

	<b>XYZ Ltd</b>	<b>ABC Ltd</b>
<b>Earning (EAT)- Rs.</b>	1500000	450000
<b>No of shares outstanding</b>	300000	75000
<b>Share Price ar Market (Rs / Share)</b>	35	40

- a. What is share exchange ratio based on market price?
  - b. What is pre-merger EPS and P/E ratio for each company?
  - c. What is market capitalization of both the firms before merger?
  - d. Determine the EPS for combined firm.
  - e. Who is gaining from this share merger? Also, show, how company's gain or loss is being changed with the change of share exchange ratio.
3. Suppose, you are head of a public limited company (X Ltd) with a promoter share of just 32% and 18% held by FII and balance held by public. Now you notice one company Y Ltd is buying your share from open market and in last 2 years, their stake in your company increased from 3% to 5 % and now approaching for 9 %. Should you worry? What is potential implication? What **are the strategies will you** take as preventive measure.
  4. Your company is in Steel industry and growing at 2 % CAGR in last 5 years and PAT is growing at 5%. In Annual General Meeting, shareholders are asking about growth strategy. Lay out growth strategy for your organization with respect to Organic growth (thru internal fund) and Inorganic growth (thru M&A, take over etc). Also, justify, the reasons why you are going for Inorganic growth with motives.