Subject	Corporate Valuation and Mergers and Acquisitions		
Roll No.		Marks	60 Marks
Total No. of Questions		Duration	3 Hours
Total No. of printed pages	2	Date	30.10.2018

Q1) 20 Marks (Compulsory)
Following is the Balance sheet of X Ltd as at 31st march Current Year. RUPEES IN LACS
Assets
Fixed assets 150
Less Dep.   30
Net fixed assets 120
Current Assets:
Stock   100
Debtors   50
Cash/Bank 10
Total current assets 160
Preliminary expenses 2
Total   282
Liabilities
Share Capital
40000 11% preference shares of Rs 100 each fully paid up 40
120000 Equity shares of Rs 100 each fully paid up   120
Profit and Loss account   23
10% debentures   20
Trade creditors   71
Provision for income tax   8
Total   282

Additional information
1. A firm of valuers has provided the following market estimates of its various assets-Fixed assets 130, stocks 102, debtors 45. All the other assets are to be taken at their balance sheet values
2. The company is yet to declare and pay dividend on preference shares
3. The valuers also estimate the current sales proceeds of the firm's assets in the event of its liquidation-Fixed assets 105,stock 90, debtors 40.Besides the firm is to incur 15 lakhs as liquidation costs.

You are required to compute the net asset value per share as per book value, market value and liquidation value basis

Attempt Any FOUR from the Remaining SIX Questions
Q2) *Any two from (a) or (b) or (c)* ——————— *(5x2) = 10 Marks*
   a) *A company's profit margin is 5%, Asset turnover ratio is 1.5 times and the debt ratio is 0.7.What is the ROE for the firm?*
   b) *Explain the significance of valuation for transaction support purposes with example*
   c) *Explain the role of valuation in financial reporting with reference to the periodic evaluation / expansion/diversification.*

Q3) *Any two from (a) or (b) or (c)* ——————— *(5x2) = 10 Marks*
   a) *Discuss Systematic and Unsystematic risk with examples*
   b) *Distinguish between Intrinsic and relative valuation*
   c) *Explain horizontal, vertical and conglomerate mergers with examples from recent corporate restructuring in Indian context.*
   d)

Q4)   **10 Marks**

A Ltd wants to acquire T Ltd by exchanging 0.5 of its shares for each share of T Ltd. The relevant financial data are as follows

Particulars	A Ltd	T Ltd
EAT-Rupees	1800000	360000
No of shares	600000	180000
EPS-Rupees	3	2
P/E ratio-times	10	7
Market Price per share	30	14

Required:

a. what is the number of equity shares required to be issued by A Ltd for acquisition of T Ltd

b. What is the EPS of A Ltd after the acquisition?

c. Determine the equivalent earnings per share2 of T Ltd

d. Expected market price per share of A Ltd after the acquisition assuming its P/E multiple remains unchanged

e. Determine the market value of the merged firm and comment

Q5) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks
 a) Basis for determining the exchange ratio
 b) Joint ventures
 c) Strategic Alliances

Q6) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks.
 a) Valuation of start ups with examples
 b) Brand Valuation with live cases from industry
 c) Enterprise Value multiples

Q7) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks
 a) Explain how will you manage an acquisition programme live cases from industry
 b) Explain the reasons for merger failures
 c) Discuss post merger Audit