

Roll No.

Total no of printed pages:three

Total No of Questions: 11

Max Marks:60

Duration (Hrs):3 *Mergers, Acquisitions & Corporate Restructuring.*

Note: 1.Each question carry 5 marks, only Q.no.8 has 10 marks. 2.All questions are compulsory.3.Answers for Theory questions to be strictly written for a maximum of 1 to 2 pages only.(Highest preference to be given for the quality, not for quantity).

Q 1. What is the meaning of M&A ?What are the types of transactions in corporate restructuring activities?

Q.2. Explain the takeover along with its pros and cons.

Q.3. Write short notes on any two: (1)Reasons for mergers (2) 5 sins of Acquisition (3)Legal and procedural aspects of mergers.

Q.4. Bring out the various types of mergers.

Q.5.What are the benefits and price of mergers?

Q.6. A limited wants to take over B and the financial details are given below

Details	A.ltd	B.ltd
Equity share capital (Rs.10 each)	8,00,000	4,00,000
Preference share capital	1,60,000	-----
Share premium	----	16,000
P & L account	3,04,000	32,000
10% debentures	1,20,000	40,000
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Total Liabilities	13,84,000	4,88,000
Fixed assets	9,76,000	2,80,000
Current assets	4,08,000	2,08,000
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Total assets	13,84,000	4,88,000

32/3.

Profit after tax and pref. dividend	1,92,000	1,20,000
Market price per share	96	108

You are required to determine the share exchange ratio to be offered to the share holders of B Ltd, based on (a)NAV (b)EPS (c)Market price.(calculate any two only)

Q.7.Company X is considering the purchase of company Y. Following information is given to You.

Details	company X	company Y
NO.OF SHARES	8,00,000	2,00,000
E.P.S.	Rs.12/-	Rs.9/-
Market value per share	Rs.60/-	Rs.40/-

Assuming that the management of the companies have agreed to exchange shares in proportion to

(a)The relative earning per share of the two firms

(b)8 shares of company X for every 10 shares held in company Y.

You comment on impact of merger on EPS.

Q.8.Sunny lamps Ltd is taking over moons Ltd. Share holders of moons Ltd would receive 0.7 shares of Sunny lamps ltd for each share held by them. Other information is provided to you.

Details	Sunny lamps	moon lamps
Net sales (rs. In lakhs)	160	60
P.A.T.(rs. In lakhs)	32	8
No.of shares (lakhs)	6.4	2
E.P.S (rs)	10	8
Market value per share	60	40
P.E.Ratio	12	10

Calculate (1) Premium paid by the sunny lamps to the shareholders of moon lamps ltd (2)Number of shares after merger (3)combined EPS (4)Combined P.E. Ratio (5)Market value per share (6)Total market capitalization after merger.

Q.9. Following data relating the two companies M and N.

Details	company M	company N
No. of equity shares	60,000	30,000
Profit after tax	1,80,000	60,000
P.E. RATIO	Rs.60	Rs.36
EPS	Rs.9	Rs.6

Company M is trying to take over company N, for one share of M for every 2 shares held in N. Find the impact of the merger assuming synergy of 25% increase in the present earnings after tax due to merger.

Q.10. Company B is being acquired by company A on share exchange basis. The relevant info is given to you.

Details	company A	company B
No. of shares (lakhs)	30	20
Earnings after tax(rs in lakhs)	150	60
EPS (rs)	25	15
P.E. Ratio	80	40

You are required to calculate (1) pre merger market value per share (2) Max. share exchange ratio that Company should offer without the dilution of (a) EPS (b) market value per share.

Q11. East company Ltd is studying the possibility of merger of Fost company. Details given below:

Details	east company	fost company
Earnings after tax (rs)	4,00,000	1,20,000
No. of equity shares	80,000	20,000
Market value per share (Rs)	30	24

- If the merger goes through by exchange of equity share and the exchange ratio is based on the current market price what is the new eps of East co ltd
- Fost co wants to be sure that the earnings available to the shareholders will not be diminished by the merger, what should be the exchange ratio in that case?