

**GUJARAT TECHNOLOGICAL UNIVERSITY****MBA – SEMESTER – 4 • EXAMINATION – WINTER 2015****Subject Code: 2840201****Date: 02/12/2015****Subject Name: Mergers & Acquisitions****Time: 02.30 PM TO 05.30 PM****Total Marks: 70****Instructions:**

1. Attempt all questions.
2. Make suitable assumptions wherever necessary.
3. Figures to the right indicate full marks.

- Q.1** (a) Define Corporate Restructuring and Explain Merger, Divestiture & Demerger. **07**  
 (b) Highlight the differences between the Pooling of Interest Method & Purchase Method with respect to Accounting Standard 14. **07**

- Q.2** (a) What are the challenges of the Due Diligence process in India? **07**  
 (b) Explain in detail various payment methods used in Mergers & Acquisition. **07**

**OR**

- (b) Explain in detail the concept of Leveraged Buyout (LBO). Highlight the difference between LBO and an Acquisition. **07**

- Q.3** (a) What is Buyback of Shares? What are the possible reasons for Buyback? **07**  
 (b) What are the different types of takeover defenses? **07**

**OR**

- Q.3** (a) Write a note on Competition Act. **07**  
 (b) A company has 5, 00,000 equity shares of Rs. 10 each fully paid up. The company's expected earnings after tax is Rs. 34, 00,000 and its current P/E multiple is 5. Calculate the value of the firm. **07**

- Q.4** (a) Following are the particulars of two companies A Ltd. & B Ltd: **07**

Particulars	A Ltd	B Ltd
Earnings after tax (EAT in Rs.)	4,00,000	1,20,000
Number of Equity shares	16,000	8,000
Earnings Per Share in Rs.	25	15
P/E Ratio	10	8
Market Price	250	120

Calculate Exchange Ratio based on Earnings Per share (EPS) & Market Price both and determine the value of the firm for both cases.

- (b) Explain the concept of ESOP in detail **07**

**OR**

- Q.4** (a) How Strategic Alliances help an organization. Explain in detail by an example. **07**  
 (b) Explain the role of major factors that influence Cross Border Mergers and Acquisitions. **07**

- Q.5** (a) Explain the basic taxation issues in Amalgamation & Demerger. **07**  
 (b) Explain the sections 390 to 394A and 396 and 396 A of Companies Act, 1956 **07**

**OR**

- Q.5** (a) Explain in detail various methods used to do the valuation of Business in an M&A activities. **07**

- (b) Explain the term Synergy. Explain how the firms can achieve synergetic benefits through M & A activity. **07**