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**MBAS 555**

**IV Semester M.B.A. Degree Examination, May/June 2019**

**BUSINESS ADMINISTRATION**

**Corporate Financial Restructuring**

Time : 3 Hours]

[Max. Marks : 70

**SECTION – A**

Answer **any two** questions. Each question carries **10** marks. Answer to each question should not exceed **5** pages. **(2 × 10 = 20)**

1. Describe the scope and modes of corporate restructuring.
2. Elucidate the reasons for mergers and acquisition.
3. Discuss the problems of sick industries in India.

**SECTION – B**

Answer **any three** questions. Each question carries **12** marks. Answer to each question should not exceed **6** pages. **(3 × 12 = 36)**

4. Describe the procedure and practice for Buyback of Shares.
5. Explain the SWOT analysis of reverse merger.
6. Describe the factors to be consider in post-merger reorganization.
7. Elucidate different takeover defences used by corporate organizations.
8. A Co plans to acquire B Co. Before merger financial data are as follows :

A Co : MPS Rs. 100, No of shares 500000

B Co : MPS Rs. 50, No of shares 300000

The merger is expected to bring gains which have present value of Rs. 5 million. A Co offers 1.25 share in exchange of every two shares in B Co.

- (a) What is the cost of merger to B Co?
- (b) What is NPV to A Co?
- (c) What is NPV to B Co?

**SECTION - C**

(Compulsory)

Answer to this question should not exceed **6** pages. **(1 × 14 = 14)**

9. Small company is being acquired by large company on a share exchange basis. Their selected data are as follows :

Details	Large Co.	Small Co.
PAT (Rs. in lakhs)	56	20
Number of shares (lakh)	10	8
EPS (Rs.)	5.6	2.5
Price-earnings Ratio	12.5	7.5

Determine :

- (a) Pre-merger market value per share and the maximum exchange ratio large Co should offer without the dilution of EPS.
- (b) Post-merger price earnings ratio.