Reg. No.

MBAS 555

IV Semester M.B.A. Degree Examination, July/August 2023
(Regular and Repeater)
BUSINESS ADMINISTRATION
Corporate Restructuring

Time : 3 Hours

Max. Marks : 70

SECTION – A

Answer **any two** questions. **Each** question carries **10** marks. Answer to the question should **not** exceed 5 pages.

(2×10=20)

1. Discuss the synergy theory of mergers.

2. Bring out and explain the funding through various financial instruments.

3. Explain the different anti takeover techniques.

SECTION – B

Answer **any three** questions. **Each** question carries **12** marks. Answer to the question should **not** exceed 6 pages.

(3×12=36)

4. Explain the different modes of corporate restructuring.

5. Describe the SWOT analysis for reverse merger.

6. Describe the procedure of rehabilitation of sick units in India.

7. XYZ Company is acquiring PQR Company. XYZ will pay 0.6 of its shares to the shareholders of PQR for each share held by them. The data for the two companies are as follows :

	XYZ	PQR
PAT (Rs. in Lakh)	150	30
No. of Shares	25	8
EPS (Rs.)	6	3.75
Market Price per share (Rs.)	78	33.75
P/E ratio	13	9

Calculate the EPS of the surviving firm after merger assuming 20 percent synergetic benefit on combine PAT. What is the maximum exchange ratio XYZ should offer without dilution of EPS with the same synergetic benefit ?

P.T.O.

8. An acquirer has gathered the following information on the target company :

Target Company		Average Multiples of Comparable Transactions	
Total earnings	20 million	P/E Comparable	15 times
Cash flow	30 million	P/CF Comparable	20 times
Book value of Equity	75 million	P/BV Comparable	2 times
Sales	125 million	P/Sales Comparable	2.5 times
Fixed Assets	80 million	P/FA Comparable	3 times

Estimate the value of the target company using the comparable transaction analysis, giving the earnings and cash flow multiple 50% weightage and the other methods 15% weightage each. Do you think value computed in this method is acceptable ? Why or why not ?

SECTION – C
(Compulsory)

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

9. Compute the value created/destroyed in the following M and A transaction. How do you convince the target company to accept the offer ? What parties, if any, share in these gains/loss ?

Details	1 Year	2 Year	3 Year	4 Year	5 Year
Revenue Synergy (Rs. in million)	25	25	30	30	40
Selling General and Administrative Synergy (Rs. in million)	15	20	20	25	25
Total Synergy (Rs. in million)	40	45	50	55	65
Corporate tax rate	30 percent				
Cost of capital	10 percent				
Quoted Acquisition price (Rs.)	200				
Current market price of target Co. (Rs.)	150				
Outstanding shares of target Co. (million)	3				