

(Please write your Exam Roll No.)

Exam Roll No. 00815903916

## END TERM EXAMINATION

FOURTH SEMESTER [MBA/B.TECH-MBA(DD)] MAY JUNE- 2018

Paper Code: MS 222  
MS (FM) 214  
BMS 522

Subject: Mergers, Acquisitions and  
Corporate Restructuring

Time : 3 Hours

Maximum Marks :75

**Note: Attempt any five questions. All question carry equal marks.**

- Q1 The stock price of the acquirer jumps if the market considers the rate offered by it for the target to be on the lower side, and vice-versa'. Discuss this statement in the light of Hubris hypothesis.
- Q2 Discuss the benefits of mergers in the light of three recent mergers having taken place in recent times.
- Q3 Explain the provisions of company law with respect to mergers and acquisitions.
- Q4 Distinguish between the following-  
(a) Joint venture v/s strategic alliance  
(b) Poison pill v/s bear hug
- Q5 ABC Inc plans to take over XYZ Inc. The following details are available with respect to the two companies-

Particulars	Acquirer Inc (Rs in Crores)	Target Inc (Rs in Crores)
Fixed Assets	2500	440
Investments	890	135
Current Assets	725	165
Other Assets	385	260
Total (Assets)	4500	1000
Share Capital (Shares of Rs5/- each)	2000	200
Reserves and Surplus	1000	100
Secured Loans	500	400
Current and other liabilities	1000	300
Total (Liabilities and Capital)	4500	1000
CMP (Rs)	45/-	23.75/-

Using different methods of valuation of companies, discuss various prices that may be quoted by ABC Inc. Give justification for all the quotes given by you.

- Q6 (a) How do the target and acquirer companies negotiate the exchange ratio?  
(a) What do you understand by hubris hypothesis of mergers?
- Q7 What are the cultural and HR related issues being faced by companies willing to merge in global business environment?
- Q8 What are the SEBI guideline with regard to mergers and Acquisitions in India? Discuss.