

PGDM & (IB), 2019-21
Mergers, Acquisitions & Corporate Restructuring
DM-513/IB-513
Trimester – V, End-Term Examination: December 2020

Time allowed: 2 Hrs 30 Min
Max Marks: 50

Roll No: _____

Instruction: XX

Sec A: Total 30 Marks: There is an internal choice in each of the questions. All questions are of 10 Marks each.

Q1. (CILO 1)

1.1 Identify atleast five dimensions to the recent merger of Lakshmi Vilas Bank with the DBS Bank India, describing each one in detail. (10 Marks)

OR

1.2 The Government (and RBI) has been initiating mergers in the Indian Banking industry to save banks from failing. This trend has been more evident in the public sector thus far. What made the Government (and RBI) to merge the two private banks - Lakshmi Vilas Bank with the DBS Bank India? Present your perspective on the above taking examples from the mergers in the Indian Banking industry (10 Marks)

Q2. (CILO 3)

2.1 What is the form of 'divestiture' that Flipkart has chosen for PhonePe? Explain the same with the rationale using facts and details of the deal in details. (10 Marks)

OR

2.2 Describe five different forms of divestiture in context of different examples from India. Use as much real facts and figures as possible in your description. (10 Marks)

Q3. (CILO 3)

3.1 Buyout as a form of corporate structuring is a classic intersection between the principles of corporate governance and valuation. Explain the above statement taking examples of Buyouts, successful or otherwise, from India during the year 2020. (10 Marks)

OR

3.2 When a buyout attempt fails, what is the most possible reaction on the stock of the company? Justify your answer using details from the recent failure of buyout of Vedanta Limited. (10 Marks)

Sec B: Total 20 Marks: Compulsory**(CILO 1, 2)**

Mentioned below are details of two companies, A and B, that are planning to merge. Following are key points from the board meeting where the merger was decided

- B will cease to exist post merger
- Shareholders of B shall be rendered shares of A as purchase consideration worth double the original market cap of A
- The earnings are expected to increase by 10% post merger
- The executive management team of B can continue to run the unit which is now a separate strategic business unit for A
- The contact with the labour union can also continue

The table below summarise the pre-merger financial information

	Acquirer	Target
EPS (Rs. / Share)	10	20
MPS (Rs. / Share)	200	360
No. of Shares ('000)	10	10

You are required to calculate the following, showing your workings as part of the answer.

- A. The maximum and minimum value of the deal. (5Marks)
- B. The total synergy from the merger along with a statement showing company-wise contribution to and distribution of the total synergy between A and B. (10 Marks)
- C. A reconciliation statement between different methods to calculate the excess synergy that the target was able to get from the acquirer's share. (5 Marks)