

PGDM 2014-15
Mergers, Acquisitions and Corporate Restructuring
PGDM 512
Trimester – V End-Term Examination: December 2015

Time allowed: 2 hrs 30 min

Max Marks: 50

Roll No: _____

Instruction: Students are required to write Roll No on every page of the question paper, writing anything except the Roll No will be treated as **Unfair Means**. In case of rough work please use answer sheet.

Make assumptions wherever necessary and write them down at the end of solution.

Section A: Attempt 3 out of 5 questions; each question is of 5 marks

A1: What do you understand by Organic Growth Choices and contrast them with Inorganic Growth Choices of firms. What is the key tradeoff between these two.

A2: Illustrate the key highlights of any Deal in the last 2 years in the Mergers domain.

A3: What do you understand by Buy Side and Sell Side, Due Diligence?

A4: What are the key highlights of The New Companies Act in context of Mergers?

A5: : How is a Merger different from a Takeover?

Section B: Attempt 2 out of 3 questions; each question is of 10 marks

B1: How is the Post Merger Integration carried out? Who all are the key stakeholder in such a process?

B2: Explain the differences between managerial synergy, operating synergy, and financial synergy, and their relationships to different types of mergers.

B3: What is the difference between a Merger and an Acquisition? Illustrate with examples of prominent Mergers and Acquisition deals in the recent past.

Section C: Compulsory Case Study 15 Marks

Read the Case study and answer the questions at the end of the case.

The following data are taken from the records of MAAS Corporation.

Comparative Balance Sheet

	2006	2005
Assets		
Cash	2,000	3,000
Accounts Receivable	8,000	7,000
Inventory	20,000	10,000
Property, plant and equipment	50,000	50,000

Other assets	8,000	10,000
Total Assets	88,000	80,000
Liabilities		
Current Liabilities	22,000	25,000
Long-term Liabilities	12,000	5,000
Paid-up capital	30,000	30,000
Retained earnings	24,000	20,000
Total liabilities & stockholders' equity	88,000	80,000

Comparative Profit & Loss Account

	2006	2005
Sales (credit)	2,65,000	2,24,000
Cost of goods sold	1,86,000	1,69,000
Gross margin on sales	79,000	55,000
Operating expenses	51,000	34,000
Operating income	28,000	21,000
Interest expense	2,000	1,000
Income before taxes	26,000	20,000
Income Taxes	6,500	6,000
Net income	19,500	14,000

	2006	2005
a. Current ratio	1.36	.80
b. Debt-to-equity ratio	0.63	0.60
c. Debt ratio (T.Debt/TA)	38.6%	37.5%
d. Asset turnover	3.01	2.80
e. Average collection period (365/D.T.)	11.0 days	11.4 days
f. inventory turnover	9.3	16.9
g. Fixed asset turnover	5.3	4.5
h. Times interest earned	14.0	21.0
i. Return on sales	7.4%	6.3%
j. Return on assets	22.2%	17.5%
k. Return on equity	36.1%	28.0%

Questions:

- How has the firm performed financially during the stated time period? What will be the ballpark valuation of the firm according to you and give reasons for your answer.
- Do you think this is an attractive target for a Merger or a stake purchase by a long term corporate investor? Give reasons for your answer.