Trim: Oct – Dec 24		
Maximum Marks: 50 Examination: ETE Exam Date: 17/01/2025 Duration: 3 Hrs.		
Programme code: MBA Finance (Minor) Programme: MBA Finance (Batch 2023-25)	Class: SY	Trimester: V
College: K. J. Somaiya Institute of Management	Name of the department/Section/Center: Finance & Law	
Course Code: 217P01M538	Name of the Course: Mergers & Acquisitions	

Instructions:

1. Attempt **any 5 questions** out of 8. Ensure that **total attempt** is of **50 marks**.
2. Usage of pencil to be restricted to rough work and drawing tables and diagrams only. Answers written or cancelled using pencil shall invoke negative marking.
3. New question is to be answered on a new page.
4. Answer only using blue or black ball point pen. No other colour or usage of markers is permitted.

Question No.		Max. Marks
Q.1	Explain the legal steps as well as various legalities associated with carrying out a merger in India.	10
Q.2	With a suitable example of your choice, explain any merger or acquisition deal that you have studied in detail covering its various aspects such as rationale for the deal, synergy, deal structure, valuation, deal financing, issues during and after deal, etc.	10
Q.3	Explain the concept of synergy with suitable examples.	10
Q.4	Explain with examples the following **terms** (**any three**): (i) Strategic Alliances (ii) Brand Acquisitions (iii) Joint Ventures (iv) Buyback of shares	10
Q.5	Explain the template of DCF valuation approach used in any merger or acquisition. Why DCF is not preferred to valuing financial service firms?	10
Q.6	Supreme India Ltd. is trying to buy Prime India Ltd. Prime India Ltd. is a small firm that develops products that are licensed to other major firms in the industry. The development costs are expected to generate negative cash flows of Rs. 15 lakhs during the first year of the forecast period. Licensing fee is expected to generate positive cash flows of Rs. 10 lakhs, Rs. 12 lakhs, Rs. 16 lakhs and Rs. 24 lakhs during 2 to 5 years respectively. Due to the emergence of competitive products, cash flows are expected to grow annually at a modest 6% after the fifth year. The discount rate for the first five years is estimated to be 12% and then drop to 7% beyond the fifth year. Calculate the **value of the firm.**	10
Q.7	Consider the following acquisition where company X is acquiring company Y and company X is the survivor. The following information is available prior to the deal:	10

Particulars	Co. X	Co. Y
Present Earnings	7.00 Cr.	1.00 Cr.
Number of Outstanding Shares	1 Cr.	20 lakhs
Current Market Price per share	49	25

	Examine the pre and post deal EPS and comment on the likely reactions on the stock market if the offer made to company B is under the following two scenarios: **Scenario I: 28 per share** **Scenario II: 42 per share**	
Q.8	As an investment banker, what are the typical questions you will ask your client while carrying out **due diligence** during a deal?	10