



# PRESIDENCY UNIVERSITY

BENGALURU

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## End - Term Examinations - December 2025

Date: 15-12-2025

Time: 1.00pm to 04.00pm

<b>School:</b> SOC / SOM (UG)	<b>Program:</b> BBA		
<b>Course Code:</b> COM3056	<b>Course Name:</b> Mergers and Acquisitions		
<b>Semester:</b> V	<b>Max Marks:</b> 100	<b>Weightage:</b> 50%	

CO - Levels	C01	C02	C03	C04
<b>Marks</b>	<b>35</b>	<b>43</b>	<b>26</b>	<b>26</b>

### Instructions:

- (i) Read all questions carefully and answer accordingly.
- (ii) Do not write anything on the question paper other than roll number.

### Part A

Answer ALL the Questions. Each question carries 2marks.

10Q x 2M=20M

1.	Describe 'Synergy' in the context of M&A.	2 Marks	L2	C01
2.	What is "spin-off"? Give an example.	2 Marks	L2	C01
3.	List two key elements of due diligence.	2 Marks	L2	C02
4.	What is meant by post-merger integration?	2 Marks	L2	C02
5.	What do you mean by conglomerate mergers?	2 Marks	L2	C01
6.	What is market-based valuation?	2 Marks	L2	C02
7.	Write a note on Debt Restructuring.	2 Marks	L2	C04
8.	State any two objectives of the Competition Act, 2002 in relation to mergers and acquisitions.	2 Marks	L2	C04
9.	State any two Anti-Takeover Strategies used by companies to prevent hostile bids.	2 Marks	L2	C03
10.	Name two common motives for mergers.	2 Marks	L2	C03

## Part B

Answer ALL the Questions. Each question carries 7 marks.

5Q x 7M = 35M

11.	DigitalEdge Ltd., an Indian technology company, is planning to acquire UniTech Solutions, a promising startup in the same sector. Before moving to the negotiation and final agreement stage, DigitalEdge's board wants an in-depth financial due diligence conducted to evaluate all possible risks, liabilities, and value drivers associated with UniTech Solutions. Outline the step-by-step process that DigitalEdge Ltd. should follow to conduct robust financial due diligence on UniTech Solutions.	07 Marks	L2	CO2
<b>Or</b>				
12.	Omega Ltd. and UltraChem Ltd., two significant players in the Indian chemical industry, recently completed a high-profile merger. The merger aimed to create operational synergies, enhance market share, and obtain cost advantages. In the months following the merger, various stakeholder groups experienced notable changes. Describe how the merger could impact different stakeholder groups, including employees, management, shareholders, customers, suppliers, and the wider community.	07 Marks	L2	CO2
<b>Or</b>				
13.	Company A, a mid-sized manufacturing firm, is being considered for acquisition by Growth Ventures Pvt. Ltd. As part of the valuation process, you are provided estimates that Company A will generate free cash flows of ₹2 crore per annum for the next five years. The required rate of return for the deal is 12%. As the financial analyst, calculate the present value of Company A using the discounted cash flow (DCF) method. Show all relevant workings and the final value.	07 Marks	L3	CO3
<b>Or</b>				
14.	Om Ltd., a consumer goods company, has consistently reported average annual profits of ₹3.5 crore over the last five years. The industry-standard required rate of return is 8%. The board is evaluating a potential acquisition offer and seeks an objective basis for negotiating with prospective buyers. As Om Ltd.'s financial advisor, calculate the value of the firm using the Capitalization of Earnings method. Show your calculations clearly.	07 Marks	L3	CO3
<b>Or</b>				
15.	Bright Manufacturing Ltd., a producer of home appliances, is evaluating a merger proposal with FastMove Distributors Ltd., a leading logistics and distribution company. The main objective is to lower total operating costs, expand market reach, and improve supply chain efficiency. Management requests a clear method for assessing expected merger synergies and quantifying cost savings. Describe the	07 Marks	L3	CO1

	analytical framework and step-by-step method you would use to evaluate and quantify expected synergies in this merger.			
<b>Or</b>				
<b>16.</b>	StarTech Group, a diversified business conglomerate, faces serious strategic and financial challenges in fast-changing markets. The board asks the management team to identify and evaluate different forms of corporate restructuring—merger, acquisition, divestiture, spin-off, and leveraged buyout—to realign resources and boost long-term growth. Define and differentiate each restructuring form (merger, acquisition, divestiture, spin-off, leveraged buyout), stating the main purpose and process involved.	<b>07 Marks</b>	<b>L3</b>	<b>CO1</b>
<b>17.</b>	In recent years, several major Indian companies—including Reliance Industries Ltd., Tata Group, and Adani Group—have been involved in significant mergers and acquisitions to diversify, compete globally, and respond to changing market forces. The management team of Bharat Enterprises Ltd. is considering an acquisition to strengthen its position in the technology sector and requests a comprehensive analysis of key drivers of M&A in India. Critically analyse the internal forces that drives Indian companies to pursue mergers and acquisitions.	<b>07 Marks</b>	<b>L3</b>	<b>CO1</b>
<b>Or</b>				
<b>18.</b>	Vision Enterprises Ltd., a diversified conglomerate in India, is considering expanding its business through merger strategies. The board needs an analysis of merger types—horizontal, vertical, conglomerate, and congeneric—along with guidance on strategic aims and evidence from recent high-profile deals. Define and distinguish the main types of mergers: horizontal, vertical, conglomerate, and congeneric.	<b>07 Marks</b>	<b>L3</b>	<b>CO1</b>
<b>19.</b>	Acme Pharmaceuticals Ltd. and HealthFirst Ltd., two listed companies in India, have proposed a merger to consolidate market share and strengthen their competitive position. The management is committed to ensuring full compliance with all relevant legal and regulatory requirements stipulated under Indian law. Outline the essential legal and regulatory steps Acme Pharmaceuticals Ltd. and HealthFirst Ltd. must take during the merger process in India, referencing the Companies Act, SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, and Competition Act, 2002.	<b>07 Marks</b>	<b>L3</b>	<b>CO4</b>
<b>Or</b>				

20.	EverGrow Ltd., an Indian conglomerate, is planning to restructure its business divisions through a combination of merger, demerger, and acquisition strategies. The finance team aims to achieve maximum tax efficiency while maintaining stable cash flows and optimal leverage. They seek comprehensive advice regarding tax impacts and financial planning. Evaluate the key tax implications of corporate restructuring transactions such as mergers, demergers, and asset transfers in India (e.g., Section 72A, Section 47(vi) of the Income Tax Act, and capital gains provisions).	07 Marks	L3	CO4
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### Part C

**Answer any three Questions. Each question carries 15marks**

**3Q x 15M=45M**

21.	<p>GlobalTech Ltd., an Indian IT major, has recently acquired EuroSoft Plc, a European software company. While both companies anticipate significant synergies, the leadership team faces considerable hurdles in integrating the two organizations due to cross-border complexities, cultural differences, and HR challenges. Identify and illustrate the key post-merger integration challenges in cross-border mergers, focusing on:</p> <ul style="list-style-type: none"> <li>• Cultural and organizational differences</li> <li>• Human resource assimilation (leadership, talent retention, compensation, communication)</li> <li>• Legal and policy complications.</li> </ul> <p>b) Cite real-world examples (e.g., Tata Steel acquisition of Corus, Daimler-Benz merger with Chrysler) that demonstrate these integration issues.</p> <p>c) Suggest effective strategies GlobalTech Ltd. could adopt to overcome the above challenges and ensure integration success, covering change management, cross-cultural training, unified HR policies, and stakeholder engagement.</p>	15 Marks	L3	CO2
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22.	<p>Your company, Alpha Tech Ltd., is considering four targets with the following features:</p> <ul style="list-style-type: none"> <li>• A – High revenue, low profit, excellent market reach</li> <li>• B – Moderate revenue, high profit, innovative technology</li> <li>• C – Low revenue, steady cash flows, strong domestic clients</li> <li>• D – Diversified product portfolio, moderate growth</li> </ul> <p>As a strategy team member, Evaluate and choose one target for acquisition, justifying with financial and strategic synergy analysis.</p>	15 Marks	L3	CO2
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<p><b>23.</b></p>	<p>Nova Solutions Pvt. Ltd. is a private unlisted company, seeking a market-based valuation for a potential acquisition. The following data is available:</p> <p>Comparable Listed Companies:</p> <ul style="list-style-type: none"> <li>• Sigma Ltd.: P/E Ratio = 14, EPS = ₹15</li> <li>• Theta Ltd.: P/E Ratio = 12, EPS = ₹20</li> <li>• Lambda Ltd.: P/E Ratio = 10, EPS = ₹18</li> </ul> <p>Industry Data:</p> <ul style="list-style-type: none"> <li>• Average industry P/E ratio = 12</li> </ul> <p>Nova Solutions Pvt. Ltd. Data:</p> <ul style="list-style-type: none"> <li>• Earnings per Share (EPS) = ₹9</li> <li>• Shares Outstanding = 12 lakh</li> </ul> <p>Tasks:</p> <p>a) Using the average industry P/E ratio, calculate the market-based value per share of Nova Solutions Pvt. Ltd.</p> <p>b) Compute the total market-based value of Nova Solutions Pvt. Ltd.</p> <p>c) Discuss what adjustments (if any) should be made if Nova Solutions has higher growth prospects than the industry average.</p>	<p><b>15 Marks</b></p>	<p><b>L3</b></p>	<p><b>C03</b></p>
<p><b>24.</b></p>	<p>Evergreen Group Ltd., an integrated conglomerate in India, has completed a series of mergers and acquisitions pursuing synergy, diversification, increased competition, and innovation. The board wishes to understand the multi-dimensional impacts on all stakeholders and whether these strategic goals have truly delivered value.</p> <p>Tasks:</p> <p>a) Critically evaluate the impact of M&amp;As on employees (job security, morale, training, layoffs), shareholders (value creation or dilution, risk), management (decision-making power, incentives, reputation), and external parties (customers, suppliers, regulators, communities).</p> <p>b) For each stakeholder group, specify how strategic motivations—synergy, diversification, competition, innovation—shape the likely outcomes.</p> <p>c) Support your analysis with recent Indian or global case studies, e.g., Tata Steel and Corus, Disney and Fox, HDFC Bank merger with HDFC Ltd., Reliance acquisition of Network18.</p> <p>d) Critically assess whether the strategic objectives were realized for all groups and discuss the risks or unexpected challenges that emerged post-merger.</p>	<p><b>15 Marks</b></p>	<p><b>L3</b></p>	<p><b>C01</b></p>
<p><b>25.</b></p>	<p>Write a critical essay on the legal and regulatory challenges in Indian mergers and restructuring, covering the role of the Companies Act, SEBI Takeover Code, and Competition Act. Include a hypothetical or real-life case (e.g., telecom or banking sector merger), explaining steps for regulatory approval, issues of compliance, and the implications for business strategy and stakeholders.</p>	<p><b>15 Marks</b></p>	<p><b>L3</b></p>	<p><b>C04</b></p>

