

**GANDHI INSTITUTE OF ENGINEERING AND TECHNOLOGY UNIVERSITY, ODISHA, GUNUPUR  
(GIET UNIVERSITY)**

M.B.A. (Fourth Semester) Regular Examinations, May – 2025

**23MBAFM24031 – Mergers and Acquisitions  
(MBA)**



Time: 3 hrs

Maximum: 60 Marks

**(The figures in the right hand margin indicate marks.)**

**PART – A****(2 x 5 = 10 Marks)**Q.1. Answer **ALL** questions

- |  | CO # | Blooms Level |
|--|------|--------------|
| a. List out the motives that drive companies to pursue mergers and acquisitions.                                     | CO1  | K1           |
| b. Write a short note on corporate restructuring.  | CO2  | K2           |
| c. Mention the objectives a company may aim to achieve through a takeover.   | CO3  | K1           |
| d. Define strategic alliance and provide one example of how it can benefit participating firms.                      | CO4  | K2           |
| e. Differentiate between a leveraged buyout (LBO) and a management buyout (MBO) in terms of ownership and financing. | CO6  | K2           |

**PART – B****(10 x 5 = 50 Marks)**Answer **all the** questions

- |   | Marks | CO # | Blooms Level |
|---|-------|------|--------------|
| 2. a. Discuss the various types of mergers and explain how each type aligns with different strategic goals of companies.  | 10    | CO1  | K2           |
| <b>OR</b>   |       |      |              |
| b. Analyse the common reasons why mergers and acquisitions fail, and suggest ways to mitigate such risks during the integration process.  | 5     | CO1  | K4           |
| c. Explain the typical step-by-step process involved in executing a merger or acquisition.  | 5     | CO1  | K2           |
| 3. a. Describe the main strategic and financial motives that drive organizations to undergo corporate restructuring, providing relevant examples to support your discussion.  | 5     | CO2  | K2           |
| b. Evaluate the internal and external barriers companies may face during corporate restructuring, and discuss their impact on the restructuring outcome.  | 5     | CO2  | K5           |
| <b>OR</b>   |       |      |              |
| c. Illustrate the critical key elements that make up a successful corporate restructuring process.  | 5     | CO2  | K2           |
| d. Examine the different types of corporate restructuring strategies, and assess their applications in various business scenarios.  | 5     | CO2  | K4           |
| 4. a. Company A is acquiring Company B using 50% cash and 50% debt.<br>Company A's EPS before acquisition: ₹5.00<br>Company A's O/S Shares: 100 Crore<br>Company B's Net Income: ₹80 crore<br>Company B's Shares to be issued: 30 crore<br>Debt financing at 6% interest rate<br>Company A's Tax Rate: 30%<br>Find out if the acquisition is accretive or dilutive. | 5     | CO3  | K4           |
| b. Company A is acquiring Company B. The projected free cash flows (FCF) of Company B for the next five years (in crores) are:  | 5     | CO3  | K4           |

Year 1	₹10
Year 2	₹12
Year 3	₹14
Year 4	₹16
Year 5	₹18

Calculate the terminal value, DCF and EV. Where:  $g=3\%$ ;  $r=10\%$ .

OR

- |       |  |    |     |    |
|-------|--|----|-----|----|
| c.    | Discuss the key defense strategies companies use to protect themselves from hostile takeovers and evaluate their effectiveness in maintaining corporate independence.              | 10 | CO3 | K5 |
| 5. a. | Explain strategic options available for companies entering new markets, and analyse how factors like market conditions and resource capabilities influence the choice of strategy. | 10 | CO4 | K2 |

OR

- |       |   |    |     |    |
|-------|---|----|-----|----|
| b.    | Describe commonly used tools for strategic analysis and explain how they assist in formulating and evaluating business strategies.                                  | 10 | CO4 | K2 |
| 6. a. | Analyse the main criteria used to evaluate and select a suitable Candidate for a leveraged buyout, focusing on financial health, cash flows, and management quality | 5  | CO5 | K4 |
| b.    | Identify and explain the different types of leveraged buyouts, and discuss how each mode serves distinct investment or operational objectives.                      | 5  | CO5 | K2 |

OR

- |    |   |    |     |    |
|----|---|----|-----|----|
| c. | Nova Textiles Pvt. Ltd., a 35-year-old family-owned textile manufacturing company in India, is known for its high-quality fabric exports to Europe and North America. While the company has a strong market reputation and owns valuable land and manufacturing assets, it lacks modern production systems and digital capabilities. The founding family seeks to exit the business due to succession issues. Zenith Equity Partners, a private equity firm, is considering a leveraged buyout (LBO) of Nova Textiles, seeing potential in operational improvements, supply chain modernization, and entry into e-commerce. The PE firm plans to retain part of the senior leadership to ensure continuity during the transition. The textile industry is experiencing consolidation, with global players showing interest in acquiring well-managed suppliers in South Asia. Despite the opportunity, the company faces qualitative risks, including labour-intensive operations, limited technological advancement, and potential exposure to policy shifts and wage inflation. | 10 | CO5 | K4 |
|----|---|----|-----|----|

#### Discussion Questions

- i). Describe the typical characteristics that make a company like NovaTextiles a strong candidate for an LBO.
- ii). Explain how asset ownership (such as land and factories) influences the attractiveness of a company in an LBO deal.
- iii). Critically assess the non-financial (qualitative) factors Zenith must consider before proceeding with the buyout
- iv). Propose a strategic plan for the first two years post-acquisition that could enhance NovaTextiles' value, making it attractive to potential strategic buyers

End of Paper