Name: **Enrolment No:**	

UPES

End Semester Examination, December 2025

Course: Merger Acquisition & Corporate Restructuring **Semester: V**
Program: B. Com (H) **Time: 03 hrs.**
Course Code: FINC 3008 **Max. Marks: 100**

Instructions:

SECTION A
10Qx2M=20Marks

S. No.		Marks	CO
Q.1	Which of these is not a reason for restructuring? A. Technological change B. Market changes C. Regulatory pressure D. Increasing leisure time of employees	**2**	**CO1**
Q.2	Corporate restructuring that improves capital structure is called: A. Managerial restructuring B. Financial restructuring C. Operational restructuring D. Social restructuring	**2**	**CO1**
Q.3	Diversification occurs when a firm: A. Expands within the same product B. Enters new, unrelated businesses C. Reduces product lines D. Acquires raw material suppliers	**2**	**CO1**
Q.4	Spin-off means: A. Selling asset to government B. Creating a separate legal entity for a division C. Issuing new shares to investors D. Reducing workforce	**2**	**CO1**
Q.5	Product Life Cycle restructuring often includes: A. Cost optimization B. New product innovation C. Market exit D. All of the above	**2**	**CO1**
Q.6	Major challenge in cross-border M&A is: A. Cultural integration B. Tax-free transaction C. No regulatory approvals D. Zero risk	**2**	**CO1**

Q.7	A takeover attempt through stock purchase is called: A. Proxy battle B. Tender offer C. Joint venture D. ESOP	**2**	**CO1**
Q.8	Enterprise Value = A. Equity + Dividends B. Market Cap + Debt – Cash C. Assets – Liabilities D. Revenue + Profits	**2**	**CO1**
Q.9	Share swap ratio is used to determine: A. HR policies B. Number of shares acquirer gives to target shareholders C. Tax rate D. Depreciation method	**2**	**CO1**
Q.10	Valuing a target often uses: A. DCF B. Market multiples C. Comparable transactions D. All of the above	**2**	**CO1**
SECTION B **4Qx5M= 20 Marks**			
Q.11	What are the typical reasons that lead a company into corporate distress? Describe any two.	**5**	**CO2**
Q.**12**	What is meant by liabilities-side restructuring, and in what situations is it most useful?	**5**	**CO2**
Q.**13**	According to Empire Building Theory, why might managers pursue mergers even if they do not benefit shareholders?	**5**	**CO2**
Q.**14**	How does debt restructuring help a company avoid bankruptcy?	**5**	**CO2**
SECTION-C **3Qx10M=30 Marks**			
Q.15	Companies can use different payment methods—such as cash, share exchange, or a combination—to execute a takeover deal. Apply your understanding of takeover financing to explain how the chosen payment method affects the acquirer and the target firm. Also discuss the key features and advantages of any one payment method with a suitable example.	**10**	**CO3**
Q.16	Apply your understanding of corporate restructuring to explain why the "point of restructuring" in the business cycle is critical. How can a company use strategic restructuring at this stage to shift from decline to rejuvenated growth?	**10**	**CO3**
Q.17	A private equity firm is considering an LBO of a retail chain with stable cash flows. The target company currently has low debt and strong EBITDA margins. Apply your understanding of LBO mechanics to explain why such a	**10**	**CO3**

	company is suitable for a leveraged buyout and identify two financial indicators that the PE firm should evaluate to determine the viability of the transaction. **OR** Explain any three key motives behind mergers and acquisitions—such as synergy, diversification, or market expansion—by applying these concepts to how companies use M&A to improve performance or strategic position		
SECTION-D **2Qx15M= 30 Marks**			
Q.18	A company plans to enter a new market but wants to avoid taking responsibility for the target firm's liabilities—such as outstanding debts, employee obligations, and pending legal cases. Instead, the acquiring company chooses to purchase only selected assets, including machinery, patents, and brand rights, while excluding unwanted liabilities. **Question** Identify and analyse the type of takeover strategy being adopted in this scenario. Justify why an *Asset Acquisition* approach is strategically appropriate here, considering risk minimisation, operational flexibility, and post-acquisition restructuring advantages. **OR** Apex Motors Ltd., a mid-sized automobile manufacturer, has been experiencing declining profits and growing shareholder dissatisfaction. Titan Automotive Corp., a large industry competitor, has repeatedly attempted to acquire Apex Motors through friendly negotiations, but all offers were rejected by Apex's board. Following these failures, Titan initiates a hostile takeover attempt by bypassing management and directly approaching shareholders through a tender offer. **Question** As a financial analyst, critically analyse the mechanisms Titan Automotive Corp. can use to successfully execute this hostile takeover. Further, evaluate and recommend at least three defensive strategies that Apex Motors Ltd. could implement to counter Titan's acquisition attempt. In your analysis, consider implications for corporate governance, shareholder control, and long-term strategic stability.	**15**	**CO4**
Q.19	**Background** AlphaTech Ltd. is a mid-sized Indian technology company that develops cloud-based solutions for small and medium enterprises (SMEs). Over the last five years, the company has achieved strong revenue growth, expanding its client base in India and Southeast Asia. Recently, AlphaTech attracted the	**15**	**CO4**

attention of private equity (PE) investors who are considering acquiring a majority stake in the firm.

The management team wants to understand the **intrinsic value of the company** before entering negotiations.

Financial Highlights (₹ Crores)

Particulars	2021	2022	2023	2024	2025 (Projected)
Revenue	350	420	510	600	710
EBITDA	70	90	110	135	150
Net Profit	35	45	55	70	80
Free Cash Flow	25	30	38	48	60

Additional Information

I. Industry average **P/E ratio**: 18x
II. Industry average **EV/EBITDA**: 12x
III. Expected long-term growth rate for free cash flows: 5%
IV. Weighted Average Cost of Capital (WACC): 10%
V. Current outstanding debt: ₹200 crores
VI. Cash & cash equivalents: ₹50 crores
VII. Number of outstanding shares: 10 crores
VIII. Assume Growth for the perpetuity 5%

a) Estimate the value of AlphaTech Ltd. using the Discounted Cash Flow method with the provided free cash flow projections and assumptions. Calculate the **Enterprise Value (EV)** and **Equity Value per share.**
b) Compute the valuation using the **P/E multiple** and **EV/EBITDA multiple** based on industry benchmarks. And compare these results with the DCF valuation.
c) Discuss which valuation method is most reliable for AlphaTech and why.
What factors could influence the company's valuation during negotiations with PE investors (e.g., growth prospects, risk, market conditions)?