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SARDAR PATEL UNIVERSITY

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**M. COM. (CBCS) EXAMINATION
SEMESTER - III****COURSE TITLE: FINANCIAL MANAGEMENT****CODE NO. : PB03CCOM03****Total Marks : 70****DATE : 20.11.2017****Time : 2.00pm to 5.00pm****Note : (1) Figures to the right indicate full marks of each question****(2) All working notes are part of the answer.****SECTION - I****Q1 Elaborate Economic Value added with example.****[18]****OR****Q1 Discuss in detail following:****[18]****a) Vision focus****b) Corporate Governance Report****c) Highest performance achievement area.****Q2[a] A Ltd. wants to acquire T Ltd by exchanging 0.5 of its shares for each share of T Ltd. The relevant financial data are as follows:****[10]**

Particulars	A Ltd.	T Ltd.
EAT (Rs.)	18,00,000	3,60,000
Equity Share Outstanding	6,00,000	1,80,000
EPS (Rs.)	3	2
P/E ratio (times)	10	7
Market price per share (Rs.)	30	14

Required:**a) What is the no. of Equity shares required to be issued by A Ltd. for the acquisition of T Ltd?****b) What is the EPS of A Ltd. after the acquisition?****c) Determine the equivalent earnings per share of T Ltd.****d) What is the expected market price per share of A Ltd. after the acquisition, assuming its P/E multiple remains unchanged?****e) Determine the market value of the merged firm.****Q2[b] What are the types of mergers?****[07]****OR****Q2[a] Enumerate in detail reasons for mergers and acquisitions.****[12]****Q2[b] Suppose S co. is considering the acquisition of R co. The following are the financial data of the two companies:****[05]**