

**KARNATAKA VETERINARY ANIMAL & FISHERIES SCIENCE UNIVERSITY, BIDAR**  
**DAIRY SCIENCE COLLEGE, BENGALURU**  
**MBA (FOOD BUSINESS)**

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Class: 1<sup>st</sup> MBA (Food Business)  
Seminar: I  
Semester: II

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Mr. Satish Chandra  
Date: 26/07/2024  
Time: 9.00 AM

**Seminar on**  
**Mergers & Acquisitions Financial Modeling: An Accretion/Dilution Analysis Approach**  
*Synopsis*

Financial modeling is a key technique that integrates accounting, finance, and business metrics to forecast a company's performance and evaluate the impact of future decisions. It supports various activities such as raising capital, budgeting, and business valuation. Key models include the Three Statement Financial model, M&A model, Discounted Cash Flow model, and Comparable Company Analysis model. Mergers and Acquisitions (M&A) seek to enhance shareholders value through market expansion or technology acquisition, offering benefits like market share growth and cost reduction, but also presenting risks such as overpayment and integration challenges. The M&A process involves strategy development, target search, valuation, negotiation, due diligence, and integration. Some of the significant M&A deals in India include Vodafone-Idea merger, Reliance industries acquiring Future group, Adani group acquiring Ambuja and ACC cement and PVR-INOX merger.

A critical tool in M&A analysis is the Accretion/Dilution Analysis, which assesses whether the acquiring company's earnings per share (EPS) will increase or decrease post-transaction. This model is crucial for evaluating the financial impact of a merger or acquisition, helping stakeholders understand the transaction's value and feasibility. By applying this analysis to Google's potential acquisition of Motorola, a positive accretion of \$0.90 per share was identified, indicating a 3.6 percent increase in EPS. This positive result not only demonstrates the financial viability of the deal but also signals that the transaction is likely to enhance shareholders value. Therefore, the model provides valuable insights for making informed decisions and assessing the success of M&A activities.

**References:**

Pignataro, P., (2013). Financial Modelling and Valuation. John Wiley and Sons, New Jersey.

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