

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA - SEMESTER-IV • REMEDIAL EXAMINATION-WINTER 2013

Subject Code: 840201

Date: 12-09-2013

Subject Name: Corporate Restructuring (CR)

Time: 15:00pm To 18:00pm

Total Marks: 70

Instructions:

1. Attempt all questions.
2. Make suitable assumptions wherever necessary.
3. Figures to the right indicate full marks.

- Q.1** (a) Explain “Corporate Restructuring” and five activities which are considered corporate restructuring in detail. **07**
- (b) Explain “Due Diligence”, its significance and obstacles faced in Indian context. **07**

- Q.2** (a) Explain in detail modes of payment in Merger and acquisition **07**
- (b) Explain in detail SEBI’s guidelines for Delisting of Securities **07**

OR

- (b) Explain in detail reasons for cross border merger and acquisition with examples **07**

- Q.3** (a) Explain advantages and disadvantages of LBO. **07**
- (b) On 31st March 2011, T Ltd merged with A Ltd. A Ltd agreed to take over all assets and liabilities of T Ltd at book value. The consideration was fixed at Rs. 4,00,00 to be discharged by the transferee company in the form of fully paid up equity shares of Rs. 10 each for every two shares held in T Ltd. Balance Sheet of both the companies are as follows **07**

Liabilities	A LTD	T LTD	Assets	A LTD	T LTD
Share Cap(eq. sh. Of Rs. 10 each)	9,00,000	2,00,000	Goodwill	2,00,000	60,000
General Reserve	1,80,000	50,000	Plant & M/c	4,12,000	1,00,000
P & L a/c	20,502	12,900	Furniture	80,000	30,000
Workmen Comp fund	12,000	9,000	Stock in trade	2,65,000	60,000
S. creditors	58,567	30,456	S. Debtors	2,21,200	46,700
Provident Fund	10,200	4,000	I.T.refund	0	6,000
Prov. For tax	12,300	5,000	Cash in hand	869	356
	11,93,569	3,11,356	Cash at bank	14000	8,300
				11,93,569	3,11,356

Amalgamation expenses amounting to Rs. 1000 were paid by A Ltd. You are required to show the balance sheet after amalgamation.

OR

- Q.3** (a) What are the tactics a company can use as defense against the threat of takeover **07**
- (b) Following are the particulars of two companies X Ltd and Y Ltd. **07**

PARTICULARS	X Ltd	Y Ltd
PAT	200000	60000
No. of Shares	8000	4000
EPS	25	15
P/E RATIO	8	5
Market Price	150	75

Calculate exchange ratio based on EPS and market price, value of the firm

- Q.4** (a) Explain in detail Joint Venture and Strategic Alliance with two examples each. **07**
(b) The Company has 4, 00,000 equity shares of Rs. 100 each fully paid up. The company's expected earning after tax is Rs. 34,00,000 and its current P/E ratio is 10 multiple. Calculate the Value of the firm. **07**

OR

- Q.4** (a) Explain the theories of merger **07**
Q.4 (b) Explain the economic and finance perspective of merger. **07**

- Q.5** (a) How are divestitures different from demerger? Explain **07**
(b) Briefly explain SEBI's guidelines for buy back of shares **07**

OR

- Q.5** (a) What are ESOPs and its types **07**
(b) Explain Competition Act 2002 and its importance. **07**
