

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA – SEMESTER –IV-EXAMINATION – SUMMER-2022

Subject Code: 1549503**Date: 13-07-2022****Subject Name: Corporate Restructuring and Valuation****Time: 10:30 AM TO 01:30 PM****Total Marks: 70****Instructions:**

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

Q. No.		Marks
Q.1	Define the following:	14
	a) Spin-off.	
	b) Corporate control	
	c) Merger	
	d) Split-ups	
	e) Joint venture	
	f) Equity carve out	
	g) Reverse merger	
Q.2	(a) Define Corporate Restructuring. Explain the main forms of Corporate Restructuring.	07
	(b) Discuss the benefit and difficulties in Cross boarder acquisitions.	07
	OR	
	(b) what does due diligence mean? What are the common aspects examined in due diligence?	07
Q.3	(a) What are Divestitures? Why do companies go for divestitures?	07
	(b) Discuss the provisions of Mergers & Acquisitions under Indian Companies Act.	07
	OR	
Q.3	(a) Discuss Powers of the Court in India with regards to sanctioning the scheme of amalgamation	07
	(b) What is Competition law in India? Discuss salient aspects of Competition Act 2002	07
Q.4	(a) What are the tactics a company can use as a defense against threat of an acquisition?	07
	(b) Explain the major difference between polling of interest method and Purchase method.	07
	OR	
Q.4	(a) Write a short note on AS 14	07
	(b) Write a short note on Equity Carve out	07

Q.5

Case Study:

Rajasthan Royals Ltd and Mumbai Indians Ltd agreed to amalgamate their business by transferring their undertaking to a new company called “Gujarati Lions” ltd, formed for that purpose. On the date of amalgamation, balance sheets of the two companies were as under:-

Liabilities	Rajasthan Royals ltd (Rs.)	Mumbai Indians ltd (Rs.)	Assets	Rajasthan Royals ltd (Rs)	Mumbai Indians ltd (Rs)
Equity Share Capital (Rs. 10 each)	5,00,000	3,00,000	Fixed Assets	4,80,000	2,50,000
Reserve fund		50,000	Freehold property	2,00,000	1,00,000
Profit & Loss a/c	30,000	20,000	Investments	50,000	20,000
5% Debentures	2,00,000	1,00,000	Debtors	2,50,000	1,50,000
Mortgage Loan	50,000		Preliminary Expenses	20,000	80,000
Sundry Creditors	2,20,000	1,30,000			
	10,00,000	6,00,000		10,00,000	6,00,000

Purchase Consideration consisted of:

- (a) Discharge of Debentures of both companies by issue of equivalent amount of 6% debentures in Gujarati Lions ltd.
- (b) Assumptions of Liabilities of both companies
- (c) The issue of equity shares of Rs. 10 each in new company called Gujarati Lions ltd. at a premium of Rs. 2 per share.

For the purpose of amalgamation, the assets were revalued as under:

	Rajasthan Royals ltd	Mumbai Indians ltd.
Goodwill	1,00,000	75,000
Freehold Property	2,60,000	1,40,000
Investments	51,000	20,000
Fixed Assets	4,10,000	2,80,000
Debtors	2,25,000	1,35,000

- (a) Prepare the balance sheet after the amalgamation
- (b) find out purchase consideration.

07
07
14

Q.5

OR

Find the Value of Appu Ltd. on the base of comparable companies approach, which is a prospective target, from the following information:

Particulars	X ltd.	Y Ltd	Z ltd.
Market / Net Income (P/E ration)	30	35	40
Market / Book ratio	2.56	2.40	3.00
Market / Sales ratio	2.46	2.32	2.92

The current sales of Appu ltd are Rs. 300 lacs, book value of equity Rs. 250 lacs, and Net income is 50 lacs. Find out the value.
