

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA SEMESTER- IV - EXAMINATION-SUMMER-2024

Subject Code: 1549503**Date: 26/04/2024****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.
4. Use of simple calculators and non-programmable scientific calculators are permitted.

- | | Marks |
|--|--------------|
| Q.1 Define the following: | 14 |
| (a) Goodwill | |
| (b) Absorption | |
| (c) Merger | |
| (d) Golden Parachute | |
| (e) Due Diligence | |
| (f) Spin off | |
| (g) Divestiture | |
| Q.2 (a) What is amalgamation? What are purposes behind amalgamation? Discuss. | 07 |
| (b) What is reconstruction of company? What are the purposes behind financial reconstruction of companies? Discuss. | 07 |
| OR | |
| (b) Discuss the plausible reasons for merger | 07 |
| Q.3 (a) What is demerger? What forms it can take? What is the rationale for demergers? | 07 |
| (b) What is Joint Venture? Discuss types and benefits | 07 |
| OR | |
| Q.3 (a) What is leveraged buyout? Illustrate essence of LBO with an example. | 07 |
| (b) Discuss the benefits and disadvantages of takeovers | 07 |
| Q.4 (a) Write a short note on ESOPs | 07 |
| (b) Discuss key provisions of SEBI Takeover code | 07 |
| OR | |
| Q.4 (a) | 07 |

	<i>Jeet Company</i>	<i>Ajeet Company</i>
Total earnings, E	Rs.1600 million	Rs.600 million
Number of outstanding shares	40 million	30 million
Market price per share	Rs .900	Rs.360

What is the maximum exchange ratio acceptable to the shareholders of Jeet Company if the PE ratio of the combined company is 21 and there is no synergy gain?

- (b) Discuss Powers of the Court in India with regards to sanctioning the scheme of amalgamation** **07**

Q.5

Case Study:

Walmart was a global retail company founded by Sam Walton in 1962 in Bentonville, Arkansas, US. The company was incorporated on October 31, 1969. The company started as a chain of hypermarkets, discount department stores, and grocery stores around the globe. It worked under three reportable segments – Walmart U.S., Walmart International, and Sam’s Club.

Walmart used different strategies to enter different countries. In 1991, it penetrated the Mexican market through a joint venture with Mexico’s largest domestic player, CIFRA. CIFRA helped Walmart by supplying information on matters such as supplier connections, local market culture, and dealings with local officials. In 2005, Walmart was involved in a bribery scandal, and faced allegations of having bribed Mexican government officials to achieve market dominance. Flipkart.com (Flipkart), often referred to as the ‘Amazon of India’, was started by two ex-Amazon employees, Sachin Bansal (Sachin) and Binny Bansal (Binny), (not related) in October 2007 with an investment of Rs. 0.4 million. The company began as an online bookseller with 50,000 book titles and got its first order about four months after its launch. On May 9, 2018, Walmart acquired a 77% stake in Flipkart for US\$16 billion. To accelerate the pace of its growth, Walmart decided to make an additional investment of US\$2 billion as new equity. The deal valued Flipkart at US\$20.8 billion. Critics stated that the deal would create unfair competition and affect domestic players on a large scale. Walmart’s ultra-low prices strategy could disturb micro and small businesses. With this view, CAIT filed an objection petition against Walmart-Flipkart deal in CCI and stated that the deal would create unfair competition. CCI was yet to take a decision on Walmart’s acquisition of Flipkart. Experts opined that CCI might suggest that Walmart make certain structural changes to deal with possible competition issues. CCI later approved the acquisition.

- (a) What is Competition law in India? Discuss salient aspects of Competition Act 2002 and role of Competition Commission of India (CCI) **07**
- (b) Analyze the acquisition of Flipkart by Walmart and its potential synergies and challenges **07**

OR

- Q.5** (a) What is Acquisition? How do you view acquisition of Flipkart by Walmart in Indian retail industry? Discuss. **07**
- (b) Why Confederation of All India Traders (CAIT) filed petition against Walmart Flipkart deal? What was their apprehension? Discuss. **07**
