

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

Subject Code: 4549222**Date: 13/12/2024****Subject Name: Corporate Restructuring and Valuation****Time: 02:30 PM TO 05:30 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.

Q.1 Explain following terms in brief**14**

1. Crown Jewel Defense
2. Synergy Gain
3. ESOP
4. Fair Value
5. Target Company
6. FCFE
7. Due Diligence

Q.2 (a) What is Corporate Restructuring? Discuss in brief major forms of corporate restructuring. **07**

Q.2 (b) What is due diligence? Why there is a need for due diligence in M&A? **07**

OR

(b) What do you mean by cross border acquisition? Explain various benefits and difficulties of it. **07**

Q.3 (a) A wants to acquire B Ltd. And has offered the swap ratio of 1:2 (0.5 shares for every one share of B Ltd. The relevant information about the firms are given as follows: **07**

Particular	A Ltd	B Ltd
Profit After Tax (Rs.)	18,00,000	3,60,000
Number of outstanding shares (S)	6,00,000	1,80,000
Earnings per share (EPS) (Rs.)	3	2
Price earnings ratio (P/E)	10	7
Market Price per share (P) (Rs.)	30	14

Find out the following details from the above information

1. The no. of Equity shares to be issued by A ltd. to B. Ltd.
2. EPS of A ltd. after acquisition
3. Expected Market price of A ltd. after acquisition (Assuming P/E will remain unchanged)

(b) What is takeover? What are the different takeover defense tactics? **07**

OR

Q.3 (a) Why do companies go for Share Buyback? Discuss advantages and disadvantages of Share Buyback. **07**

(b) Har Ltd. has declared the dividend during the last five years as follows.

07

Year	Year 1	Year 2	Year 3	Year 4	Year 5
Rate of Dividend	12	14	18	21	24

The average rate of dividend of the same kind of industry is 15%. Nominal value of the share is Rs.10. Compute the value of Har Ltd on the basis of Dividend Yield Method

Q.4 (a) What is divestiture? What are the reasons for divestitures? 07
(b) Discuss the various approaches of Valuation in detail. 07

OR

Q.4 (a) Discuss the motives behind to conduct intangible valuation. 07
(b) Explain AS 14 and also discuss various methods of Accounting. 07

Q.5

MERGER OF HDFC LTD. & HDFC BANK

HDFC Bank, India's leading private sector bank, done successful completion of merger of HDFC Ltd., India's premier housing finance company with and into HDFC Bank, following the receipt of all requisite shareholder and regulatory approvals. HDFC Bank and HDFC Ltd. had announced a decision to merge on April 4, 2022, subject to obtaining the requisite consent and approvals and had indicated a time frame of 15 to 18 months for the process to be concluded. The effective date of merger was July 1, 2023.

The merged entity inter-alia brings together significant complementarities that exist between both the entities and is poised to create meaningful value for various stakeholders, including respective customers, employees, and shareholders of both the entities from increased scale, comprehensive product offering, balance sheet resiliency and ability to drive synergies across revenue opportunities, operating efficiencies and underwriting efficiencies. Pursuant to the share exchange ratio as per the merger scheme, HDFC Bank will issue and allot to eligible shareholders 42 new equity shares of the face value of Re. 1/- each, credited as fully paid-up, for every 25 equity shares of the face value of Rs. 2/- each fully paid-up held by such shareholder in HDFC Ltd. as on the Record Date i.e., July 13, 2023.

Post the merger, HDFC Bank has no identified promoter. It also marks the transformation of HDFC Bank into a financial services conglomerate that offers a full suite of financial services, from banking to insurance, and mutual funds through its subsidiaries. So far, the Bank was a distributor for these products.

(a) Discuss the core motives behind the merger of HDFC Ltd. & HDFC Bank 07
(b) Analyze the challenges and the growth strategies of both the companies. 07

OR

(a) Evaluate the impact of merger on Indian Banking Industry. 07
(b) Analyze potential synergy gain from the view point of HDFC Bank 07