22MBAFM404

Fourth Semester MBA Degree Examination, June/July 2024 Mergers, Acquisitions and Corporate Restructuring

Time: 3 hrs.

Max. Marks: 100

Note: 1. Answer any FOUR full questions from Q.No.1 to 7.

2. Q.No. 8 is compulsory.

3. M: Marks, L: Bloom's level, C: Course outcomes.

			M	L	C	
Q.1	a.	Give the meaning of LBO.	3	L1	CO	
	b.	Mention some reasons for the failure of merger and acquisition.	7	L2	CO2	
	c.	Explain industry life cycle in the context of merger.	10	L6	CO	
Q.2	a.	What is purchase consideration? List its types.	3	L1	CO	
	b.	What is Due Diligence? Explain the types of due diligence.	7	L5	CO	
	D.	what is Due Diffgence: Explain the types of due diffgence.	′	LS	CO.	
	c. *	On the basis of following information of XYZ Ltd., you are required to	10	L5	CO	
r		calculate net asset value per share as per book value, market value and liquidation value bases.				
		Balance sheet of XYZ Ltd				
		Rs.				
		I) Equity and Liabilities:				
		i) Shareholder's Funds				
		a) Share Capital (20,000 11% preference shares of 20,00,000				
		Rs.100 each, fully paid-up) b) Shares capital (60,000 equity shared of Rs.100 each 60,00,000				
		fully paid-up)	- 55			
		ii) Non current liabilities 10% debentures 10,00,000		141		
		iii) Current liabilities				
		a) Trade creditors 35,50,000				
		b) Provision for Income tax 4,00,000				
	16	c) Profit and Loss account				
		Total 1,41,00,000				
		II) Assets:				
		i) Non-current assets:		- 1111	Mile	
		a) Fixed Assets 75,00,000				
		Less depreciation 15,00,000 60,00,000				
		b) Other non current assets:				
		Preliminary exp's 1,00,000				
		ii) Current Assets:				
		a) Stock 50,00,000				
		b) Debtors 25,00,000				
		c) Cash and Bank 5,00,000				
		Total 1,41,00,000				

c. What are the organizational and human aspect that should be considered during post merger integration? Q.4 a. What is Master Limited Partnership (MLP)? b. Define Corporate Restructuring. What are the objectives of Corporate Restructuring? c. What is Joint Venture? What are the reasons for forming joint ventures and what are the reasons for failure of joint ventures? Q.5 a. What are different types of merger? b. Explain the strategic motives behind mergers and acquisitions. 7 L6 CO3 c. Discuss the various efficiency theories of mergers. 10 L5 CO3 Q.6 a. Name three challenges of due diligence process. b. Narrate the process of merger integration. c. Dividend on a share during current year Rs.20, the value is Rs.100. Dividends are expected to grow at a constant rate 10.9% for 5 years and then 8% infinitely. An investor expects a return of 25% p.a. suggest him at what price he should buy it? Q.7 a. What is ESOP? b. Define M & A five stage model. Explain five stage model with diagram. 7 L3 CO3 CC3 CC4 CC5 CC6 CC7 CC7 CC7 CC7 CC7 CC7			22	2ME	AFI	VI404
b. Discuss the salient features of the competition Act 2002. c. What are the organizational and human aspect that should be considered during post merger integration? Q.4 a. What is Master Limited Partnership (MLP)? b. Define Corporate Restructuring. What are the objectives of Corporate Restructuring? c. What is Joint Venture? What are the reasons for forming joint ventures and what are the reasons for failure of joint ventures? Q.5 a. What are different types of merger? b. Explain the strategic motives behind mergers and acquisitions. 7 L6 CO. c. Discuss the various efficiency theories of mergers. 10 L5 CO. Q.6 a. Name three challenges of due diligence process. b. Narrate the process of merger integration. c. Dividend on a share during current year Rs.20, the value is Rs.100. Dividends are expected to grow at a constant rate 10.9% for 5 years and then 8% infinitely. An investor expects a return of 25% p.a. suggest him at what price he should buy it? Q.7 a. What is ESOP? b. Define M & A five stage model. Explain five stage model with diagram. 7 L3 CO. Write a note on five stage model.			 i) According to professional assessors the market value of fixed asset is Rs.65,00,000; stock is Rs.51,00,000; debtors is Rs.22,50,000 and all the remaining assets are to be taken at their balance sheet values. ii) The dividend on preference share is neither paid nor declared. iii) In case if the company goes into liquidation the assessors gave the estimate of current amount of sale of fixed assets as Rs.52,50,000 stock as Rs.45,00,000 and debtors as Rs.20,00,000. 			
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Write a note on five stage model.	Q.7	a.	what is ESOP!	3	Ll	CO2
c. Explain the different types of business valuation approaches. 10 L5 CO.		b.		7	L3	CO3
		c.	Explain the different types of business valuation approaches.	10	L5	CO3

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.8	CASE STUDY (Compulso			20	T.F	CO
.0	CASES LODA (Compulso		9	20	L5	CO ²
	The companies, X Ltd. and Y Ltd. have furnishe	d their balan	ce sheets for			
	the accounting treatment of amalgamation.	a their outain	ce sheets for			
	Particulars	X Ltd.	Y Ltd.			
	1 di tiodidi 5	(Rs.)	(Rs.)			
	I) Equity and Liabilities:	(103.)	(103.)			
	i) Shareholder's fund 9% preferences shares		(*4)			
	capital (Shares of Rs.100 each)	4,00,000	4			
	Equity shares capital (shares of Rs.10 each)	8,00,000	4,00,000			
	a) Reserves and surplus:	0,00,000	7,00,000			
	Reserves	1,60,000	1,00,000			
	Statement of P and L	2,00,000	40,000			
	b) Current Liabilities and Provisions:	2,00,000	40,000			
	Creditors	40,000	20,000			
	Total	16,00,000	5,60,000			
	II) Assets:	10,00,000	3,00,000			
	i) Non current assets					
	a) Property, Plant and Equipment and Intangible assets					
	1) Goodwill	2,80,000				
	2) Building (office)	4,00,000	2,00,000			947
	3) Plant and Machinery	3,00,000	1,20,000			
	4) Furniture and fixtures	1,40,000	80,000			
	4) I dimidic and fixtures	1,40,000	80,000			
	b) Investments	2,00,000	(3)			
	ii) Current Assets:		1			
	a) Stock	1,60,000	80,000			
	b) Debtors	80,000	60,000			
	c) Bank Balance	40,000	20,000			
	Total	16,00,000	5,60,000			
	Thus, for serving the purpose of amalgamation, a					
	as XY Ltd. for taking over the business of both	companies 1	pased on the			
	following conditions:	4			70	
	i) The valued worth of X Ltd. is agreed	at Rs.20,00,	000 and for			
= 0 1 1 10	purchase consideration, the equity shares of	of Rs.10 each	are issued at			
	a premium of Rs.6 per share.					
	ii) The valued worth of Y Ltd is agreed at Rs.					
43	consideration, the equity shares of Rs.10	each are iss	ued at Rs.16			
	per share.					
	iii) The newly formed company XY Ltd. is be					
	of Rs.8,000 and Rs.4,000 for X Ltd. and	Y Ltd. respe	ctively. You			
	are required to pass journal entries only	in the books	of transferee			
	companies (X Ltd.) and prepare required a					
	AZ				nllen	- A

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