

School of Business

MBA
ETE - May 2023

Time : 3 Hours

Marks : 50

Sem IV - MBFI6016 - MERGERS ACQUISITIONS CORPORATE RESTRUCTURING AND VALUATION

*Your answer should be specific to the question asked
Draw neat labeled diagrams wherever necessary*

1. Explain any 2 reasons for forceful delisting of a company from a stock exchange. K2 CO1 (2)
2. Discuss the very important 5 reasons for Listing of shares. K2 CO2 (2)
3. Assess the concept of Acquisition Finance and give names of any two types. K4 CO3 (2)
4. Analyse any 2 types of defence tactics adopted by companies to avoid hostile acquisition. K4 CO4 (2)
5. Analyse the concept of Debt Restructuring and 1 type of method to achieve it. K4 CO5 (2)
6. Analyse the concept of Merger in detail and give 4 real life examples of mergers of companies. K4 CO1 (5)
7. Analyse the very important Efficiency theory and 5 types of synergies under this theory by Friedrich Trautwein . K4 CO2 (5)
8. Assess the very important concept of Debt Restructuring its 3 methods. K5 CO5 (6)
9. K5 CO3 (8)

4. The following balances have been taken from the books of ABC Ltd. as of 31 March 2020, is given below:

| Credit Balances | Rs | Debit Balances | Rs |
|-----------------------------|-----------|------------------------|-----------|
| Equity Share Capital | 8,00,000 | Building | 2,40,000 |
| 8% Preference Share Capital | 2,00,000 | Plant & Machinery | 5,10,000 |
| 10% Debentures | 1,00,000 | Furniture | 1,15,000 |
| Reserve Fund | 45,000 | Investment (MV 90,000) | 1,20,000 |
| Securities Premium | 48,000 | Inventories | 90,000 |
| Profit & Loss A/c | 12,000 | Debtors | 3,12,000 |
| Workmen Compensation Fund | 56,000 | Bills Receivables | 45,000 |
| Bills Payable | 35,000 | Cash in Hand | 55,000 |
| Creditors | 2,25,000 | Cash at Bank | 1,11,000 |
| Provident Fund | 1,10,000 | Goodwill | 45,000 |
| Provision for Tax | 32,000 | Preliminary Expenses | 20,000 |
| | 16,63,000 | | 16,63,000 |

XYZ Ltd. Intends to takeover the business on the following terms and valuation:

1. Building at Rs 2,00,000; Plant & Machinery at Rs 4,65,000; Furniture at Rs 36,000; Inventories at Rs 1,20,000; Debtors are subject to a provision of 10% for doubtful debts; goodwill found to be nil.
2. There was a liability of Rs 26,000 against Workmen' Compensation Fund.
3. Actual tax liability is Rs 40,000.
4. Realization expenses estimated at Rs 15,000 to be borne by XYZ limited
5. The purchase consideration is to be paid as follows:
 - i) Preference shareholder are to be paid in cash.
 - ii) Balance to be paid in equity shares of XYZ Ltd. @ Rs 100.

Calculate the purchase consideration to be paid according to the Net Asset Method. Also, show the payment of purchase consideration to be paid to the preference and equity shareholders respectively.

10. Assess the following: K5 CO4 (8)
 1. The two types of hostile takeover strategies
 2. 4 method of takeover methods/tactics
 3. 2 differences between friendly & hostile takeover
11. Elaborate the **concept, 3 types /forms & advantages** of Strategic alliance. K6 CO5 (8)