

PARUL UNIVERSITY
FACULTY OF MANAGEMENT
MBA., Winter 2017 - 18 Examination

Semester: 4
Subject Code: 06201252
Subject Name: Corporate Restructuring

Date: 12/01/2018
Time: 10:30AM to 01:00PM
Total Marks: 60

Instructions

1. All questions are compulsory.
2. Figures to the right indicate full marks.
3. Make suitable assumptions wherever necessary.
4. Start new question on new page.

Q.1 Do as Directed.**A).Multiple choice type questions/Fill in the blanks. (Each of 1 mark) (05)**

1. A merger in which entirely new firm is created and both the acquired and acquiring firms cease to exist is called:
a) divestiture
b) consolidation
c) tender offer
d) Conglomeration
2. Going private transaction in which large percentage of money used to buy the outstanding stock borrowed is called a:
a) proxy contest
b) tender offer
c) leveraged buyout
d) merger
3. A financial device designed to make unfriendly takeover attempts financially unappealing is called:
a) a poison pill
b) a golden parachute
c) greenmail
d) a white night
4. The sale of stock in wholly owned subsidiary via an initial public offering is referred to as an:
a) split-up
b) equity carve-out
c) counter tender offer
d) lock up transaction
5. Synergy includes:
a) revenue enhancement
b) cost reductions
c) lower taxes
d) all of the above

B).Define the following. (Each of 1 mark) (05)

1. Divestitures
2. Creeping Acquisition
3. Equity Carve Out
4. Demerger
5. Dual – Class Stock Recapitalisation

C).Direct questions. (Each of 1 mark) (05)

1. What is Joint Venture?
2. What is Strategic Alliance?
3. What is Buy back of shares?
4. What is Franchising?
5. What is Relevant Market under Competition Act?

Q.2 Answer the following questions.

- A).Define the term 'Due Diligence'. Briefly explain common aspects examined in Due Diligence by the Acquirer's team in Corporate Restructuring. (07)**
- B).List and briefly discuss fundamental approaches of business valuation. (08)**

Q.3 Answer the following questions.

- A).** Find the Value of Samrat Ltd. on the base of comparable companies' approach, which is a prospective target, from the following information of comparable firms: **(07)**

Particulars	Ashok Limited	Ajay Limited	Amar Limited
Market / Net Income (P/E Ratio)	30	35	40
Market / Book	2.56	2.40	3.00
Market / Sales	2.46	2.32	2.92

The Current Sales of Samrat Ltd. are Rs. 300 lakhs, Book value of equity Rs. 250 lakhs and Net Income is Rs. 50 lakhs

- B).** Companies P & Q are valued as follows: **(08)**

Particulars	P	Q
Earnings Per Share (Rs)	12.00	4.00
Price Per Share (Rs)	110.00	28.00
No of Share	60000	21000

P acquires Q by offering one share of P for three shares of Q. If there is no economic gain from the merger, What are Price Earnings Ratio of P's stocks after merger?

Q.4 Attempt any two questions. (Each of 7.5 mark) **(15)**

1. Briefly discuss key provisions of SEBI Takeover Code
2. Briefly discuss key provisions of Merger under Income Tax Act
3. Briefly discuss key SEBI guidelines for Buyback of Shares
4. Briefly discuss any three recent takeover deals by/with Indian Companies in recent past.