

P P SAVANI UNIVERSITY

Third Semester of MBA Examination
December 2022

SLMB8400 Corporate Restructuring

26.12.2022, Monday

Time: 09:00 a.m. To 11:30 a.m.

Maximum Marks: 60

Instructions:

1. The question paper comprises of two sections.
2. Section I and II must be attempted in separate answer sheets.
3. Make suitable assumptions and draw neat figures wherever required.
4. Use of scientific calculator is allowed.

SECTION - I

			CO	BTL
Q - 1	Explain the following terms (Any Five)	[05]	1	1
(i)	Horizontal Merger			
(ii)	Vertical Merger			
(iii)	Diversification			
(iv)	Friendly Takeover			
(v)	Due Diligence			
(vi)	Synergy			
(vii)	Cultural Integration			
Q - 2	Differentiate Mergers & Acquisition. Discuss various motives for M&A citing recent examples of M&A in India.	[10]	2	2

OR

Q - 2	Explain the barriers to corporate restructuring.	[10]	1	2
Q - 3	Explain the process of M&A in details.	[10]	2	2

OR

Q - 3	L&T's Acquisition of Mindtree: One of the most talked about acquisition in the Indian M&A market last year, was the acquisition of information technology services company Mindtree by construction and engineering major Larson and Toubro (L&T). The deal was one of a kind because it has been called the first ever hostile takeover in the Indian market. It was a hostile takeover as L&T, who was interested in acquiring a controlling stake in Mindtree to enlarge its technology arm, offered to purchase Mindtree's shares from its promoters who unanimously rejected the same. Thereafter, L&T purchased a 20.32% stake in Mindtree from its non-promoter shareholder Mr. V.G.Siddhartha. Thereafter, it purchased 15% stake from, post which it acquired a stake of another 31% after making an open offer, to finally acquire approximately 60% shareholding in the company. The merger was followed by resignations by at least three co-founder promoters. Explain the different ways to defend from hostile takeover from L&T?	[10]	3	6
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Q - 4	Attempt any one.	[05]	1	2
(i)	Cross Border Acquisition			
(ii)	Takeover			

SECTION - II

Q - 1	Explain the following terms (Any Five)	[05]	1	1
(i)	MBO			
(ii)	Net Asset Value			
(iii)	LBO			

- (iv) Conglomerate Merger
- (v) Acquisition
- (vi) Exchange Ratio
- (vii) EPS

Q - 2 A Ltd. is planning to sell its business. Using the data given below (Rs. Crores) [10] 3 4 relating to X Ltd as well three other companies, which have been sold recently, estimate the market value of A Ltd.'s business.

Particular	A Ltd.	P Ltd.	Q Ltd.	R Ltd.
Market Value	?	1000	600	800
Book Value	700	500	290	300
EBDIT	1000	800	500	700
Sales	2200	2000	1300	1500

OR

Q - 2 The following information is provided related to the acquiring Firm Mark [10] 3 4 Limited and target firm Mask Ltd:

Particular	Mark	Mask
EAT (Rs.)	2000 Lakhs	400 Lakhs
No. of Shares	200 Lakhs	100 Lakhs
P/E Ratio (Times)	10	5

Required:

- a) What is the swap ratio based on current market prices?
 - b) What is the EPS of Mark Ltd after acquisition?
 - c) What is the expected market price per share of Mark Ltd after acquisition, assuming PE ratio of Mark Ltd. remains unchanged?
 - d) Determine the market price of the merged firm.
 - e) Calculate gain/loss for shareholders of the two independent companies after acquisition.
- Q - 3 Explain the concept of divestitures. Why do companies seek divestitures? What [10] 2 2 are the benefits of divestitures?

OR

- Q - 3 What is takeover? What are the different takeover defense tactics? [10] 1 2
- Q - 4 Attempt any one. [05] 3 2
- (i) ESOP
 - (ii) Discounted Cash Flow Method

CO : Course Outcome Number BTL : Blooms Taxonomy Level

Level of Bloom's Revised Taxonomy in Assessment

1: Remember	2: Understand	3: Apply
4: Analyze	5: Evaluate	6: Create