

**GUJARAT TECHNOLOGICAL UNIVERSITY**  
**MBA – SEMESTER –IV-EXAMINATION – WINTER-2022**

**Subject Code: 4549222****Date: 15/12/2022****Subject Name: Corporate Restructuring and Valuation****Time: 10:30 AM to 01:30 PM****Total Marks: 70****Instructions:**

1. Attempt all questions.
2. Make suitable assumptions wherever necessary.
3. Figures to the right indicate full marks.

- Q.1 Explain the Following Terms** **14**
1. Poison Pill
  2. Tender offer
  3. Demerger
  4. Joint venture
  5. Leverage buyouts
  6. Equity Carve out
  7. Spin Off
- Q.2 (a) What is corporate restructuring? Explain various forms of corporate restructuring.** **07**
- (b) What is Business Valuation? Explain any four approaches for valuation of Business.** **07**
- OR**
- (b) What is Takeover? Explain various forms of takeover.** **07**
- Q.3 (a) What is Buyback of Securities? Explain Regulations of SEBI for Buyback.** **07**
- (b) Explain the concept of cross border acquisitions and state the problems encountered in cross border acquisitions.** **07**
- OR**
- Q.3 (a) What are the different takeover defense tactics?** **07**
- (b) Highlight the differences between the Pooling of Interest Method & Purchase Method with respect to Accounting Standard 14.** **07**
- Q.4 (a) What is valuation? What are factors that should be borne in mind while valuing a business?** **07**
- (b) Manager of Urvashi ltd. is planning to buy Meet Ltd. following information is available about Shiva ltd. the company is having earing per share Rs. 4. Capital** **07**

expenditure Rs. 3. Depreciation per share Rs. 2.50. Change in working capital Rs. 0.5. Expected growth is 9%. Risk free rate of return is 8%. Market risk premium is 6%.

Calculate the market value per share of Meet Ltd.

OR

- Q.4 (a) Write a short note on : ESOP 07
- (b) Firm Jay plans to acquire firm Vijay. Following are the pre-merger vital statistics of the two firms: 07

Particulars	Jay Ltd	Vijay Ltd
Market Price Per Share (in Rs.)	50	20
Book Value Per Share (in Rs.)	34	16
Number of Outstanding Shares	4,50,000	2,25,000
Market Value of the Firm (in Rs.)	2,25,00,000	45,00,000

Firm Jay offers to the shareholders of Firm Vijay one share in exchange for every two shares held by them in Vijay Ltd. The merger is expected to bring gains, which have a PV of Rs. 50 lakh. Calculate the amount of benefits to both companies.

Q.5 **Case Study :-**

The following information is provided relating to the acquiring company E Ltd., and the target company H Ltd:

Particulars	E Ltd.	H Ltd.
Number of shares (Face value Rs.10 each)	20 Lakhs	15 Lakhs
Market Capitalization	1000 Lakhs	1500 Lakhs
P/E Ratio (times)	10	5
Reserves and surplus (Rs.)	600.00 Lakhs	600.00 Lakhs

The Board of Directors of both the companies have decided to give a fair deal to the shareholders. Accordingly, the weights are decided as 40%, 25% and 35% respectively for earnings, book value and market price of share of each company for swap ratio

- (a) Calculate Market price per share, earnings per share and Book Value per share for each Firm 07
- (b) Determine the Swap Ratio as per the mentioned weightage in the above case 07

OR

- (a) Calculation of EPS after merger 07
- (b) Calculate Market price of Shares and Market capitalization after merger 07

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