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## Fourth Semester MBA Degree Examination, Dec.2018/Jan.2019 Mergers, Acquisitions and Corporate Restructuring

Time: 3 hrs.

Max. Marks: 80

**Note: 1. Answer any FOUR full questions from Q.No.1 to Q.No.7.  
2. Question No. 8 is compulsory.**

- 1 a. What is meant by synergy of merger? (02 Marks)  
b. Discuss the different types of mergers. (06 Marks)  
c. Explain the theories of mergers. (08 Marks)
- 2 a. What are the motives behind merger and Acquisition? (02 Marks)  
b. Explain the BCG Matrix. (06 Marks)  
c. Briefly explain the provision of companies Act 1956 relating to mergers and Acquisition. (08 Marks)
- 3 a. What is LBO and MBO? (02 Marks)  
b. What is joint venture? What are the different reasons behind a joint venture and what are the common reasons for failure of joint venture? (06 Marks)  
c. Explain various forms of corporate restructuring. (08 Marks)
- 4 a. What is due diligence? (02 Marks)  
b. Discuss the human resonance management challenges during merger integration. (06 Marks)  
c. Briefly explain the five stage model of merger process. (08 Marks)
- 5 a. What is purchase consideration? (02 Marks)  
b. What is amalgamation? What are the methods of accounting for amalgamation? (06 Marks)  
c. Discuss the different methods of calculation of purchase consideration. (08 Marks)
- 6 a. What is a poison pill? (02 Marks)  
b. Explain SEBI takeover code. (06 Marks)  
c. Explain various takeover defenses available to target company. (08 Marks)
- 7 a. What is Divestiture? (02 Marks)  
b. Discuss the stages of LBO operation. (06 Marks)  
c. What is MLP? Discuss the different types of MLPs. (08 Marks)

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**Compulsory : Case Study**

On 31<sup>st</sup> March 2018 the Balance Sheet of X Ltd stood as follows :

Liabilities	Rs	Assets	Rs
Share capital 1,50,000, equity shares Rs 10/- per each	15,00,000	Plant and Machinery	16,10,000
		Furniture	1,94,400
Securities premium	1,50,000	Stock	7,05,500
General Reserve	6,25,500	Debtors	1,98,440
P and L account	1,85,300	Cash	1,13,200
Creditors	3,60,740		
	28,21,540		28,21,540

On this date X Ltd took over the business of Y Ltd for Rs 6,60,000 payable in the form of its fully paid equity shares of Rs 10/- each at par shareholder. If Y Ltd getting 110 shares of X Ltd for every 100 shares held in Y Ltd. One scheme of amalgamation also provided that 3000 11% debenture of Y Ltd would be converted into equal number of 12% debenture of X Ltd of Rs 100 each. The balance sheet of Y Ltd on the date of the amalgamation was as follows:

Liabilities	Rs	Assets	Rs
Share capital 60,000 equity shares Rs 10/- per each	6,00,000	Machinery	5,50,000
Capital Reserve	13,000	Furniture	1,35,200
Foreign project Reserve (Statutory Reserve)	9,700	Stock	3,15,800
General Reserve	75,350	Debtors	1,29,300
P and L account	24,130	Cash	68,260
3000, 11% debentures of Rs. 100/- each	3,00,000	Preliminary expenses	6100
Creditors	1,82,480		
	12,04,660		12,04,660

You are required to pass Journal entries in the books of X Ltd and draw X Ltd's balance sheet immediately after the takeover assuming the amalgamation is the nature of merger.

(16 Marks)

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