

Roll No

Total No. of Question: 8

Total No. of Printed Pages:3

Duration (hrs): 3

Maximum Marks:60

**NOTE :1. Attempt Any Six Questions Out Of Total Eight**  
**2. All questions Carry Equal Marks**

Q.1. X Ltd. wants to take over Y Ltd. and the financial details of both are as follows :

	X Ltd.	Y Ltd.
Fixed assets	Rs. 1,22,000	Rs. 35,000
Current assets	51,000	26,000
	<b>1,73,000</b>	<b>61,000</b>
Preference share capital	Rs. 20,000	Rs.0
Equity share capital of Rs. 10 each	1,00,000	Rs.50,000
Securities premium	-	2,000
Profit and Loss A/c	38,000	4,000
10% Debentures	15,000	5,000
	<b>1,73,000</b>	<b>61,000</b>
Profit after tax and Preference dividend	Rs. 24,000	Rs. 15,000
Market price	24	27

What should be share exchange ratio to be offered to the shareholders of Y Ltd., based on (i) net assets value, (ii) market price. Which should be preferred from the point of view of X Ltd.?

Q.2 The following is the balance sheet of A Ltd.:

Liabilities	Amount	Assets	Amount
13% Pref. share capital	Rs.1,00,000	Fixed Assets	Rs.19,00,000
Equity shares (Rs.10 each)	20,00,000	Investments	1,00,000
Retained earnings	4,00,000	Stock Debtors	5,00,000
12% Debentures	3,00,000	Bank	4,00,000
Current Liabilities	<u>2,00,000</u>		<u>1,00,000</u>
	<u>30,00,000</u>		<u>30,00,000</u>

X Ltd. agreed to take over A Ltd. for which the purchase consideration was agreed as follows :

1. Rs.3,30,000 in 13% Debentures of X Ltd. for redeeming 12% Debentures of A Ltd.
2. Rs.1,00,000 in 12% Convertible Preference shares for the Preference shares of A Ltd.
3. 1,50,000 Equity shares of X Ltd. at the market price of Rs.15 each.
4. X Ltd. to meet acquisition cost of Rs.30,000.
5. The break-up figure of eventual disposition by X Ltd. of the un-required current assets and current liabilities of A Ltd. is as follows :  
Investment Rs.1,25,000; Debtors Rs.3,50,000; Inventories Rs.4,25,000; and Current Liabilities Rs.1,90,000.

A Ltd. is expected to generate operating cash flows (after tax) of Rs.7,00,000 per annum for 6 years and that the fixed assets of A Ltd. are expected to fetch Rs.3,00,000 at the end of 6 years. Evaluate the proposal given that the cost of capital of X Ltd. is 15%. (PVAF 15% 6 YRS=3.784, PVF 15% 6YRS=0.432)

Q.3 Discuss with reference to Corporate Restructuring Valuation Concepts from the following Any Two

1. Financial Value
2. HR Issues
3. Brand Value

Q.4. Discuss the following Concepts

1. Mergers & Acquisitions
2. Spin Off
3. Sell Off
4. Carve Out

Q.5. Discuss the Followings

1. Leverage Buy Outs : Meaning
2. Structure Of Leverage Buy Out
3. Characteristics Of Ideal Leverage Buy Outs Candidate

Q.6 The Balance sheet of Sujata Ltd. as on 31<sup>st</sup> December, 1989 stands as under:

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
Authorised Capital- 10,000 Shares of Rs. 100 each	<u>10,00,000</u>	Fixed Capital Assets- (at cost)	14,30,000
Issued Capital- 8,000 Ordinary Shares of Rs.100 each	8,00,000	Stock-in-Trade	80,000
Debentures	13,80,000	Sundry Debtors	30,000
Liabilities		Investments	17,000
For Goods supplied	4,50,000	Cash at Bank	13,000
		Profit & Loss A/c	10,70,000

For Income Tax	<u>10,000</u>	<u>4,60,000</u>	
		<u>26,40,000</u>	

The company being in a bad way, an arrangement on the following lines has been mutually agreed upon

- (i) The Ordinary Shareholders are prepared to have their Capital reduced to 5 per cent of their present holding.
- (ii) The Debenture holders are agreeable to have their claims reduced to 50 per cent which is to be satisfied half by the issue of 7 per cent Mortgage Debentures, and half by the issue of 8 per cent Preference Shares of Rs.100 each.
- (iii) The unsecured Trade Creditors are prepared to forego 20% of their dues in exchange for Ordinary Shares of the like amount.
- (iv) The assets are to be reduced to the revalued figures:  
Fixed Capital Assets: Rs.11,00,000; Stock-in-Trade: Rs.50,000;  
Debtors: Rs.20,000; Investments: Rs.7000.  
Give the Journals Entries for the completion of the scheme and prepare the Final Balance Sheet.

Q.7 Discuss Any Two Concepts with reference to Corporate Restructuring

1. Carry Forward & Set Off of Losses Taxation Provisions
2. Company Law Procedures
3. Sebi Code For Take Over

Q.8 Discuss with reference to Due Diligence with reference to Corporate restructuring.

1. Meaning Of Due Diligence
2. Steps in Carrying Out Due Diligence Process
3. Financial Due Diligence Review