5. 'Prohibition of agreements under competition Act 2002 cover both horizontal and vertical agreements.' Discuss section 3 and section 19(3). How is it affecting the M&A in India. (18)

[This question paper contains 4 printed pages.]

Your Roll No..............

Sr. No. of Question Paper : 1738 **I**

Unique Paper Code : 2922073502

Name of the Paper : Corporate Restructuring

Name of the Course : **Bachelor of Business Administration (FIA) NEP Dec 2024**

Semester : V

Duration : 3 Hours Maximum Marks : 90

Instructions for Candidates

1. Write your Roll No. on the top immediately on receipt of this question paper.
2. Attempt **all** questions.
3. **All** questions carry equal marks.
4. Use of simple calculator is allowed.

1. Define demerger as per section 2(19AA) of the Income-tax Act. Discuss the provisions related to the demerger along with the different types of demergers with examples. (18)

2. Discuss any five theories of mergers and acquisitions with examples. (18)

OR

Discuss the legal and operational due diligence along with the due diligence process. (18)

3. North Corporation acquires South Corporation. Earnings of both the companies are 70 lakhs and 40 lakhs respectively. Outstanding number of shares of both the companies are 40 lakhs and 30 lakhs respectively with market price Rs. 50 and Rs. 20. You are required to calculate the followings :

   (a) The maximum exchange ratio acceptable to the shareholders of North Corporation if the PE ratio of the combined entity is 15 and there is no synergy gain?

   (b) The minimum exchange ratio acceptable to the shareholders of South Corporation if the PE ratio of the combined entity is 14 and there is a synergy benefit of 7%?

   (c) At what level of PE multiple will the lines ER_1 and ER_2 intersect? (no synergy gain) (18)

4. A company (Happy Ltd.) capital structure has equity, preference shares, debentures and term loans. 80,00,000 Equity shares of Rs. 10 each, 1,00,000, 12% Preference shares of Rs. 250 each, 1,00,000, 10% Debenture of Rs. 500 each, and Terms loan from bank @ 10%, Rs. 550 lakhs.

   Happy Ltd. reported Profit after tax of Rs. 200 lakhs, after appropriating equity dividend @ 15%. The company is subject to 30% tax. Treasury bonds carry 7% interest and beta factor for the company may be taken as 1.6. The long run market rate of return may be taken as 25%. You are required to calculate Economic Value Added for Happy Ltd. (18)