

M.B.A. (GM-FM) Sem.-4 Examination

LS-407

M. & A. M.

April-2025

Time : 2-30 Hours]

[Max. Marks : 70

Q-1	<p>A) Write a detailed note on the merger and acquisition provisions contained in the Companies Act,2013 and its relevant rules.</p> <p>B) Define corporate restructuring and its legal provisions in India with detailed explanation about different types of mergers with suitable practical case laws.</p>	14																																												
Q-2	<p>A) (i) Describe in detail the regulatory requirements in case of merger/ takeover of insurance companies.</p> <p>(ii) What is a cross border merger? Explain the legal regime in India around a cross border merger with suitable practical example.</p> <p style="text-align: center;">OR</p> <p>B) The balance sheet of X Ltd. as on 31-3-2024 is as under:</p> <table border="1" data-bbox="416 1032 1267 1496"> <thead> <tr> <th>Liabilities</th> <th>Amount</th> <th>Assets</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Paid-up capital</td> <td>3,50,000</td> <td>Software division:</td> <td></td> </tr> <tr> <td>Reserves and surplus</td> <td>1,50,000</td> <td>Building</td> <td>2,50,000</td> </tr> <tr> <td>Creditors</td> <td>0</td> <td>Debtors</td> <td>1,00,000</td> </tr> <tr> <td>Software division</td> <td>1,50,000</td> <td>Stocks</td> <td>50,000</td> </tr> <tr> <td>Cement division</td> <td>2,00,000</td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td>Cement division:</td> <td></td> </tr> <tr> <td></td> <td></td> <td>Building</td> <td>2,00,000</td> </tr> <tr> <td></td> <td></td> <td>Debtors</td> <td>1,50,000</td> </tr> <tr> <td></td> <td></td> <td>Stocks</td> <td>1,00,000</td> </tr> <tr> <td>Total</td> <td>8,50,000</td> <td>Total</td> <td>8,50,000</td> </tr> </tbody> </table> <p>On 1-4-2024, X Ltd. decides to sell the cement Division for Rs.6,00,000 which was set up on 15-06-14. The building transferred in the slump sale belongs to 10% block. The WDV as on 1-4-24 of 10% block is Rs.5,00,000. All the Buildings belonging to Cement Division were purchased on 18-12-2019 for Rs.3,00,000. Determine tax treatment.</p>	Liabilities	Amount	Assets	Amount	Paid-up capital	3,50,000	Software division:		Reserves and surplus	1,50,000	Building	2,50,000	Creditors	0	Debtors	1,00,000	Software division	1,50,000	Stocks	50,000	Cement division	2,00,000					Cement division:				Building	2,00,000			Debtors	1,50,000			Stocks	1,00,000	Total	8,50,000	Total	8,50,000	14
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Q-3	<p>A) Explain in detail leverage buyout in merger and how the financial decision take place with the help of takeover defense strategies.</p> <p style="text-align: center;">OR</p> <p>B) Briefly explain the provision with regard to disclosures of share under the SEBI (SAST) Regulation,2011.</p>	14																																												

(P.T.O)

E21372

Q-4

A) Abhi Ltd. is contemplating taking over Kabhi Ltd. The summarized balance sheet of Kabhi Limited as on 31st march was as follows:

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Liabilities	Rs. (In Lakhs)	Assets	Rs. (In Lakhs)
Equity & Reserve :		Fixed Assets:	
Equity	500	Land & Building	300
General reserved	250	Plant & Machinery	580
P & L A/c.	170	Current Assets:	
Long term Liabilities:		Inventories	100
13% debentures	100	Debtors	50
Current Liabilities	30	Bank	20
TOTAL	1050	TOTAL	1050

Additional information:

- Abhi Limited agrees to take over all the current assets at their book value but the fixed assets were revalued as under:
Land & building Rs. 500Lakh
Plant & machinery Rs. 500 Lakh
These sums are apart Abhi Limited is required to pay goodwill of Rs. 100 Lakhs.
- Purchase consideration of Rs. 150 Lakhs, is to be paid for 13% debentures and other liabilities, and the balance sheet is to be paid in terms of shares of Abhi Ltd.
- The PV of future cash flows of Kabhi Ltd. till perpetuity is value at Rs. 1500 Lakhs.

Suggest whether Abhi Ltd. is likely to benefit by taking over Kabhi Ltd.

OR

B) A Ltd, may acquire B Ltd. A Ltd. estimates that B Ltd. will provide net income after taxes of Rs. 20 crores in the first year Rs. 30 Crores in the second year Rs. 40 Crores in the third year, Rs. 50 Crores in each year from the fourth to the sixth year and the Rs. 60 Crores annually thereafter onwards.

B Ltd. requires fresh capital investment of Rs.50 Crores at the end of the first year and depreciation figure for first year will be Rs.30 Crores. Similarly, second year fresh investment will be Rs.50 Crores and depreciation will be Rs.40 Crores. Third year onwards the fresh investment and depreciation will stabilize at Rs.40 Crores each. The aggregate required rate of return is 15%. Judge the value of acquisition based on the above information.

E437-3

Q-5

A) The Balance Sheet of A Ltd. and B Ltd. as on 31-3-2024 are as under:

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	A Ltd. Rs.	B Ltd. Rs.
Liabilities:		
Equity Share Capital of Rs. 10 each fully paid up	16,00,000	6,00,000
12% Preference shares of Rs. 10	-	2,00,000
General Reserve	9,22,000	1,96,000
Investment Rebate Reserve	78,000	25,000
Profit-Loss A/c	1,12,600	71,000
12% Debentures	-	50,000
Creditors	2,00,000	1,40,000
Bills Payable	87,400	58,000
	30,00,000	13,40,000
Assets:		
Fixed Assets	22,00,000	9,46,000
Stock	5,00,000	1,94,000
Debtors	2,50,000	1,20,000
Cash Bank	50,000	80,000
	30,00,000	13,40,000

A Ltd. has decided to absorb the business of B Ltd. on 1-4-2024 with following conditions:

- (1) The equity shareholders of B Ltd. will be given fully paid up 70,000 equity shares of A Ltd. of Rs. 10 each.
- (2) The preference shareholders of B Ltd. will be given 12% 22,000 preference shares of A Ltd.
- (3) Debenture holders of B Ltd. will be given 15% new debentures of A Ltd. So that company can receive the same interest as per last year.
- (4) Investment Rebate Reserve is to be kept for another two years.

Prepare Balance Sheet after Amalgamation.

- (A) Amalgamation is in the nature of merger.
- (B) Amalgamation is in the nature of purchase.