

Enrollment No.....



Faculty of Management
End Sem (Even) Examination May-2018
MS5EF09 Mergers & Acquisitions
Programme: MBA Branch/Specialisation: Management

Duration: 3 Hrs.**Maximum Marks: 60**

Note: All questions are compulsory. Internal choices, if any, are indicated. Answers of Q.1 (MCQs) should be written in full instead of only a, b, c or d.

- Q.1 i. A merger in which an entirely new firm is created and both the acquired and acquiring firms cease to exist is called a: **1**
(a) Divestiture (b) Consolidation (c) Tender offer (d) Spinoff
- ii. Vertical mergers are those in which the participants are **1**
(a) In the same industry
(b) In different industries
(c) In different phases of the value chain.
(d) None of these
- iii. _____ involves buying a significant number of shares in a target company from open market threatening a hostile takeover. **1**
(a) Green mail (b) Pacman (c) Poisson pill (d) Bear Hug
- iv. It is an offer made by one company to buy the shares of another for a much higher per share price than what that company is worth. **1**
(a) Green mail (b) Pacman (c) Poisson pill (d) Bear Hug
- v. _____ when the value and performance of two firms combined is greater than the sum of the separate firms. **1**
(a) Operating synergy (b) Financial synergy
(c) Managerial synergy (d) None of these
- vi. Which among the following is Internal factor affecting merger and acquisition **1**
(a) Technology (b) Stringent government norms
(c) Innovation (d) Excess Resource

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[2]

- vii. This form of merger is resorted to increase economic power, profitability, diversification of activities. It is----- **1**
 (a) Horizontal merger (b) Vertical merger
 (c) Conglomerate merger (d) All of these
- viii. Earning potential basis is the **1**
 (a) Factor affecting merger
 (b) Types of accounting for merger and acquisition
 (c) Methods of valuation
 (d) Ways of merger
- ix. Which of the following is not the factor affecting choice of financing method for merger and acquisition **1**
 (a) Ownership and control structure of acquirer
 (b) Pre acquisition leverage
 (c) Acquirer's past stock price performance
 (d) Nature of business being acquired
- x. Exchange of equity and issuance of new shares are the methods of financing for merger and acquisition **1**
 (a) True (b) False
 (c) Can't say (d) Depends on the situation
- Q.2 i. What is the meaning of acquisition? **2**
 ii. What are the types of mergers? **3**
 iii. Write a note on legal aspects of merger/acquisition. **5**
 OR iv. Write any five motives of mergers and acquisitions. **5**
- Q.3 i. Explain the meaning of negotiation. **2**
 ii. Explain in detail the types of due diligence. **8**
 OR iii. Explain in detail the types of defensive strategies can be used against hostile takeover. **8**
- Q.4 i. Explain meaning and types of synergy. **3**
 ii. Explain in detail various internal and external change forces contributing to mergers and acquisitions. (Any seven) **7**
 OR iii. Write a note on post merger H.R. and cultural issues in any organization. **7**

[3]

- Q.5 i. What is financial valuation? **4**
 ii. Explain valuation process for merger and acquisition. **6**
 OR iii. Explain different methods of Valuation. **6**
- Q.6 Attempt any two:
 i. How merger is used as a capital budgeting decision? Explain. **5**
 ii. Explain the factors affecting choice of financing methods for merger and acquisition. **5**
 iii. How accounting of merger and acquisition is done by the company? **5**

Marking Scheme

MS5EF09 Mergers & Acquisitions

Q.1	i.	A merger in which an entirely new firm is created and both the acquired and acquiring firms cease to exist is called a:	1		
		(b) Consolidation			
	ii.	Vertical mergers are those in which the participants are	1		
		(c) In different phases of the value chain.			
	iii.	_____ involves buying a significant number of shares in a target company from open market threatening a hostile takeover.	1		
		(a) Green mail			
	iv.	It is an offer made by one company to buy the shares of another for a much higher per share price than what that company is worth.	1		
		(d) Bear Hug			
	v.	_____ when the value and performance of two firms combined is greater than the sum of the separate firms.	1		
		(a) Operating synergy			
	vi.	Which among the following is Internal factor affecting merger and acquisition	1		
		(d) Excess Resource			
	vii.	This form of merger is resorted to increase economic power, profitability, diversification of activities. It is-----	1		
		(c) Conglomerate merger			
	viii.	Earning potential basis is the	1		
		(c) Methods of valuation			
	ix.	Which of the following is not the factor affecting choice of financing method for merger and acquisition	1		
		(c) Acquirer's past stock price performance			
	x.	Exchange of equity and issuance of new shares are the methods of financing for merger and acquisition	1		
		(a) True			
Q.2	i.	Meaning of acquisition	2		
	ii.	Types of mergers 1 mark for each type (1 mark * 3)	3		
	iii.	Explanation of legal aspects of merger/acquisition.	5		
OR	iv.	Five motives of mergers and acquisitions	5		
		1 mark for each motive (1 mark * 5)			
Q.3	i.	Meaning of negotiation.	2		
	ii.	Types of due diligence	8		
OR	iii.	Types of defensive strategies can be used against hostile takeover	8		
		2 marks for each strategy (2 marks * 4)			
Q.4	i.	Types of synergy 1 mark for each type (1 mark * 3)	3		
	ii.	Internal and external change forces contributing to mergers and acquisitions. (Any seven)	7		
OR		1 mark for each change (1 mark * 7)			
	iii.	Post merger H.R. issues in any organization	3.5 marks	7	
		Post merger cultural issues in any organization.	3.5 marks		
Q.5	i.	Financial valuation	4		
	ii.	Valuation process for merger and acquisition.	6		
OR	iii.	Methods of Valuation.	6		
Q.6		Attempt any two:			
	i.	Merger useful in capital budgeting decision	5		
	ii.	Factors affecting choice for merger and acquisition.	5		
		1 mark for each factor (1 mark * 5)			
	iii.	Accounting of merger and acquisition is done by the company	5		
