

Time: 2.5 hours

Marks: 75

Note: All Questions are Compulsory

The abbreviation M&A stands for Mergers & Acquisitions.

Q1A. True or False (any eight)

(8)

1. The purchase of a business of an enterprise by another enterprise is known as acquisition.
2. A friendly takeover is a type of corporate acquisition which is carried out against the wishes of the board of the target company.
3. First wave of merger and acquisition consist of horizontal merger.
4. The external approach emphasizes on the internal resources and capabilities to develop strategy.
5. Vertical integration involves gaining ownership or increased control over distributors.
6. Foreign collaboration is an agreement between companies of domestic country and foreign country to achieve common objectives.
7. The inefficient management theory says that more efficient firms will acquire less efficient firms and realize gains by improving their efficiency.
8. Difficulties in cultural integration can lead to failure of merger and acquisition.
9. A business deal in which all publicly owned stock in a firm is replaced with complete equity ownership by a private group is called going private transaction.
10. Management buyout is a form of acquisition where a new management team replaces the existing management team.

Q1 B. Match the column (any seven)

(7)

GROUP A	GROUP B
a) Absorption	i) Permission of the board
b) Corporate restructuring	ii) Economies of Scale
c) Internal Growth Strategy	iii) Two firms unrelated to each other
d) Friendly take over	iv) Combination of two or more companies
e) Modernising	v) Acquired company
f) Operating synergy theory	vi) Anti takeover defence
g) Conglomerate merger	vii) Reverse merger
h) Target	viii) Giving up old ways and tradition
i) Golden parachute	ix) Debt finance
j) Leveraged buyout	x) Within the organization

Q2 (A) Why there is an increasing need for corporate restructuring in recent times. (8)

Q2 (B) What are the reasons for mergers and acquisitions between companies. (7)

(or)

Q2 (C) Discuss in brief the waves in the evolution of mergers and acquisitions. (8)

Q2 (D) What are the various advantages that the organizations enjoys because of mergers and acquisitions. (7)

Q3 (A) Enumerate different types of alternative strategies. (8)

Q3 (B) What are the various advantages and disadvantages of diversification strategy. (7)

(or)

Q3 (C) What are the various approaches to strategy formulation. (8)

Q3 (D) Distinguish between internal and external growth strategies. (7)

Q4 (A) Explain the meaning of Friendly approach in the takeover market. (8)

Q4 (B) What are the various steps involved in the post merger integration. (7)

(or)

Q4 (C) Explain briefly the efficiency theories of mergers. (8)

Q4 (D) Explain the concept of Management Buy In. What are the benefits for the firm in this process? (7)

Q5 (A) Explain the various types of mergers and acquisitions (8)

Q5 (B) Distinguish between the concepts of LBO and MBO. (7)

(or)

Q5) Write short notes. (Any3) (15)

i) Demerger

ii) Strategic planning

iii) Hostile takeover

iv) Gains in LBOs

v) Types of diversification
