Seat No:	Enrollment No:

PARUL UNIVERSITY **FACULTY OF COMMERCE**

B.Com.(Hons) Summer 2018 - 19 Examination

Semester: 6 Date: 10/04/2019

Subject Code: 16101352 Time: 10:30am to 1:00pm

Subject Name: Mergers and Acquisition Total Marks: 60

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- 1. All questions are compulsory.
- 2. Figures to the right indicate full marks.
- 3. Make suitable assumptions wherever necessary.
- 4. Start new question on new page.

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A) Multiple choice type questions. (Each of one mark) (06)1. As a result of merger new company comes into existence is called ___ a) Absorption b) Amalgamation d) Asset purchase c) Acquisition 2. One company survives and other lose their independent entity is called ______ a) Absorption b) Asset purchase c) Acquisition d) Amalgamation _____ involves two companies selling different but related product in the same market. a) Market- extension merger b) Conglomerate c) Product – extension merger d) Slump sale ____ is the merger of a parent company with its own subsidiary. a) Reverse M&A b) Downstream M&A c) Upstream M&A d) Defacto M&A is done by extending benefits to the top level management. a) Golden parachute b) Sandbag c) Raider d) Saturday night special __ takes place when a parent company acquires the total voting power in a 6. subsidiary. a) Cash M&A b) Short -Term M&A c) Defacto M&A d) Hostile M&A B) Definitions / One-liners / Terms. (Each of one mark) (06)1. What is Conglomerate M&A?

- 2. What is Friendly M&A?
- 3. Explain: Sandbag
- 4. Explain: Shark Repellent
- 5. Explain: Macaroni
- 6. Explain: People pill

Q.2 Numerical / Short Note Questions. (Each of 04 mark)

(12)

- 1. Explain disadvantages of merger & acquisition.
- 2. Explain takeover strategies.
- 3. W Company is contemplating purchasing P Company for \$95,000. W's current cost of capital is 12%. P's estimated overall cost of capital after the acquisition is 10%. Projected cash inflows from years one through eight are \$13,000. (Assume no residual value.)

Q.3 Answer the following. (Any Three)

(18)

- 1. Explain five steps of successful merger and acquisition.
- 2. What are reason and rationale of merger and acquisition?
- 3. Which issues should be included in Due diligence?
- 4. Explain M&A on basis of line of business activity.

Q.4 Answer the following. (Any two)

(18)

- 1. Explain M&A on basis of strategic transaction.
- 2. Explain the acquisition process.
- 3. Explain objectives of merger and acquisition.