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| **SESSION** | **MARCH 2023** |
| **PROGRAM** | **MASTER of business administration (MBA)** |
| **SEMESTER** | **III** |
| **course CODE & NAME** | **DFIN302 – MERGERS & ACQUISITIONS** |
| **CREDITS** | **4** |
| **nUMBER OF ASSIGNMENTS & Marks** | **02**  **30 Marks each** |

**Assignment Set – 1**

**1. What do you understand by the concept of mergers & acquisitions? How will you justify the reasons and motives behind merger?**

**Ans 1.**

**Mergers:** Merger is defined as a combination where two or more than two companies combine into one company. In this process one company survives and others lose their corporate existence. The survivor acquires assets as well as liabilities of the merged company or companies. In another form of merger, one company purchases another company for cash and integrates the purchased company Its Half solved only

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**2. “To examine the issues that may contribute to the failure of acquisition and value destruction, a five-stage model of mergers and acquisitions was developed by the author Sudi Sudarsanam.” Justify the statement by describing five stage model in detail.**

**Ans 2.**

**Five stage model of mergers and acquisitions**

**Stage 1: Corporate strategy evolution**

The goal of M & A is to achieve corporate and business strategic objectives. Corporate strategy aims to achieve ways to optimize the portfolio of businesses that a firm has and how that portfolio can be modified in the interest of the shareholders. Business strategy aims to enhance the firm’s competitive positioning on a sustainable basis in its chosen markets. Both

**3. Discuss in brief Management Buyout. Explain the motives and structure of Management Buyout.**

**Ans 3.**

**Management Buyout:** In this case, the management of the company buys the company, and they may be joined by employees in the venture. This practice is sometimes questioned because management can have unfair advantages in negotiations, and could potentially manipulate the value of the company in order to bring down the purchase price. On the other hand, for employees and management, a management buyout serves as a motivation to make

**Assignment Set – 2**

**1. Outline and describe the content which should be included in Public Announcement of Offer.**

**Ans 1.**

**The content of the Public Announcement of Offer should include:**

1. The number of fully paid-up and partly paid-up shares, paid-up share capital of the target company;

2. The percentage of shares proposed to be acquired from the public and total number subject to minimum as specified in sub-regulation (1) of Regulation 21;

3. The minimum offer price for each fully paid-up or partly paid-up share;

**2. Discuss basis of valuation in detail with suitable example.**

**Ans 2.**

The financial analysis required in the case of a merger is the valuation of assets or stocks of the target company in which the acquirer contemplates to invest.

There are several basis of valuation:

**1. Asset value:** In valuation based on asset value, the business is taken as a going concern. Market value of all the assets is assessed by valuers, including freehold and leasehold land,

**3. Write a short note on the following:**

**Ans 3a.**

**a. Post merger integration model.**

Key to successful mergers and acquisitions is ‘being able to take the differences inherent in the two companies and meld them to create an enhanced capability.’

The decisions taken by the stakeholders are often based by focusing on the short-term

**b. Political and cultural aspect of integration.**

**Ans 3b.**

‘Cultural compatibility is one of the most significant determinants of a successful M&A transaction.’ ‘Acknowledging whether cultural compatibility can exist should be a factor in determining whether to pursue a given deal. Integration can never be realized if two companies are worlds apart culturally.’ This alignment of cultures can be achieved through