

SEMESTER EXAMINATION-2021
CLASS – BBA V SEMSTER, SUBJECT- INTERNATIONAL JOINT
VENTURES, MERGERS AND ACQUISITIONS
PAPER CODE: BBA-E531

Time: 3 hour

Max. Marks: 70

Min. Pass: 40%

Note: Question Paper is divided into two sections: **A and B**. Attempt both the sections as per given instructions.

SECTION-A (SHORT ANSWER TYPE QUESTIONS)

Instructions: Answer any five questions in about 150 words each. (5 X 6 = 30 Marks)
Each question carries six marks.

- 1: What are the different types of joint ventures?
- 2: Explain the reasons of Hero –Honda joint venture failure.
- 3: Is a strategic alliance a joint venture?
- 4: What are the main types of M&A?
- 5: Which parameters may be used to assess the post merger performance?
- 6: How does Special Purpose Acquisition Company (SPAC) reverse merger work?
- 7: What is operational synergy and financial synergy?
- 8: Calculate the Economic Value Added (EVA) of XYZ company with the help of following information-
 - NOPAT = INR 3,380,000
 - Capital Investment = INR 1,300,000
 - WACC = .056 or 5.60%
- 9: What are the different methods of financing mergers?
- 10: What is open offer under Substantial Acquisition of Shares & Takeover (SAST) regulation?

SECTION-B (LONG ANSWER TYPE QUESTIONS)

Instructions: Answer any FOUR questions in detail. Each question carries 10 marks. (4 X 10 = 40 Marks)

- 11: What are the major advantages and disadvantages of mergers and acquisitions? How does an acquisition affect shareholders?
- 12: What are the business valuation approaches used by companies in financial evaluation of merger and acquisition? What factors determine the valuation of acquisitions and mergers?

13: How do you calculate merger swap ratio? How do you calculate EPS after merger?

14: Why is cost-benefit analysis important for businesses? What are the costs and benefits of doing a cost-benefit analysis?

15: What are the types of takeover strategies? Why Hostile takeovers are difficult in India?

16: What type of demerger happened in Wipro? Is demerger good for stock?

17: What are cross border mergers and acquisitions? Why do cross border mergers fail more than domestic mergers?

18: Alpha company reports the following information:

- Net income: INR 56,000,000
- Earnings before interest, taxes and depreciation and amortization (EBITDA): INR 145,000,000
- Earnings before interest and taxes (EBIT): INR 95,000,000
- Cash flow from operation (CFO): INR 81,000,000
- Depreciation and amortization (D&A): INR 50,000,000
- Interest expenses: INR 15,000,000
- Corporate tax rate: 30%;
- Fixed capital investment: INR 1,00,000,000
- Working capital investment: INR 25,000,000

Calculate the Free Cash Flow to Firm (FCFF) of Alpha company.