

2025

**BUSINESS ADMINISTRATION — HONOURS**

**Paper : BBAA-506-M6**

**(Joint Ventures, Mergers and Acquisitions)**

**Full Marks : 75**

*The figures in the margin indicate full marks.*

*Candidates are required to give their answers in their own words  
as far as practicable.*

**Section - A**

**(Marks : 20)**

1. Answer *any ten* questions :

2×10

- (a) What is a merger?
- (b) State two features of Joint Ventures.
- (c) Highlight any two types of takeover bids.
- (d) Give an example of reverse merger in India.
- (e) What is synergy valuation?
- (f) Provide two cases of successful Joint Ventures in India.
- (g) Name any two financing options for M&A.
- (h) List the modes of Share Buy-backs.
- (i) State the impact of macroeconomic environment on deal valuation.
- (j) What is Strategic Alliance?
- (k) Mention two risk factors that affect deal valuation.
- (l) What is meant by 'slump sale' in valuation?
- (m) Define Economic Value Added (EVA).
- (n) What is the intrinsic value of business?
- (o) Define 'shareholders' wealth' in context of M&A.

**Section - B**

**(Marks : 25)**

2. Answer *any five* questions :

- (a) Establish the need for Joint Ventures in a competitive global business environment.

5

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- (b) What is cross-border M&A? State two of its advantages and disadvantages. 1+(2+2)
- (c) Briefly explain the methods of valuation under takeover regulations. 5
- (d) PQR Ltd. is considering an acquisition and has projected the following free cash flows :

Year	Amount (in ₹ Lakhs)
1	50
2	60
3	70

The discount rate is estimated between 10% and 15%.

Perform a sensitivity analysis and comment. 3+2

- (e) Define a business takeover. Which factors influence a successful takeover strategy? 1+4
- (f) Using examples, explain the different types of Joint Ventures. 5
- (g) MNQ Ltd. has reported the following financials for the year :

Particulars	Amount (in ₹ Lakhs)
Net Operating Profit After Tax (NOPAT)	5
Total Invested Capital	40
WACC	10%

Calculate EVA and explain what it indicates about the company's value creation. 3+2

- (h) Briefly outline the provisions of Competition Law 2002 relevant to M&A. 5

### Section - C

(Marks : 30)

Answer *any three* questions.

3. Company A acquires Company B and expects to achieve synergies worth ₹ 50 lakhs from cost reductions and new revenue generation. The integration process will take 2 years and the costs of integration are expected to be ₹ 10 lakhs.
- (i) How would you assess the financial success of this merger after integration?
- (ii) Which factors should be considered for post-merger evaluation? 5+5

4. ABC Ltd. is considering acquiring XYZ Ltd. using Discounted Cash Flow (DCF) method. The following financial data for XYZ Ltd. has been provided for the next 5 years :

Year	Amount (in ₹ Lakhs)
1	15
2	20
3	25
4	30
5	35

The Co. expects a terminal growth rate of 3% after Year 5. The Co.'s Cost of Capital (WACC) is 10%.

- (i) Use DCF to calculate Present Value (PV) of the projected cash flows for the next 5 years.
  - (ii) Calculate Terminal Value (TV).
  - (iii) Calculate Total Value of the Company (Enterprise Value).
  - (iv) Interpret the results. 3+3+2+2
5. What is a Leveraged Buy-Out (LBO)? Illustrate the steps in a LBO. 4+6
6. Define a friendly takeover. Describe the criteria for negotiating a friendly takeover. 3+7
7. (i) Draw similarities between Joint Ventures and Strategic Alliances.
- (ii) Explain the factors that determine the choice between Joint Ventures and Strategic Alliances. 4+6