43 Lecture - MGT201

Important Subjective

1. What are the main benefits of M&A?

Answer: The main benefits of M&A include increased market share, economies of scale, access to new markets and technologies, and cost savings.

2. What are the main risks of M&A?

Answer: The main risks of M&A include cultural clashes, integration issues, financial risks, and regulatory issues.

3. What is the difference between a merger and an acquisition?

Answer: A merger is the combination of two or more companies to form a new entity, while an acquisition is the purchase of one company by another.

4. What is the role of due diligence in M&A?

Answer: Due diligence is the process of evaluating the financial and legal aspects of a company before acquisition. It is essential to identify any potential issues that could affect the value or success of the acquisition.

5. What is the difference between a horizontal and a vertical merger?

Answer: A horizontal merger involves two companies in the same industry, while a vertical merger involves two companies in different stages of the supply chain.

6. What is a friendly takeover?

Answer: A friendly takeover is a takeover in which the acquiring company and the target company mutually agree to the acquisition terms.

7. What is a poison pill defense?

Answer: A poison pill defense is a strategy used by a target company to discourage a hostile takeover by making the acquisition less attractive to the acquirer.

8. What is a reverse merger?

Answer: A reverse merger is a process in which a private company acquires a public company, allowing the private company to become publicly traded without going through the traditional IPO process.

9. What is a roll-up acquisition?

Answer: A roll-up acquisition is a strategy in which a company acquires several smaller companies in the same industry, consolidating them to achieve economies of scale and increase market share.

10. What is a cross-border merger?

Answer: A cross-border merger is a merger between companies from different countries. It can be challenging due to differences in culture, regulations, and legal systems.