SEBI- GRADE A

MERGER & TAKEOVERS
PART-4
PRACTICE QUESTIONS

Q.1) ----------- refers to the strategy in which the acquirer first approaches the promoters/ management of the target company for negotiating and acquiring the shares. It is for the mutual advantage of acquirer and acquired companies.

[a] Friendly takeover

[b] Merger

[c] Hostile takeover

[d] Slump sale

Q.2) ----------------is a purchase of the target's shares in an open market. They allow the acquirer to become a shareholder of the target and provide an opportunity to sue the target later on if the takeover attempt turns out unsuccessful.

[a] Book building

[b] Green Shoe option

[c] Open Market operations

[d] Toe hold Acquisition

Q.3)--------------is a purchase by the target of its own-issued shares from its shareholders in order to prevent hostile takeovers.

[a] Buy-back of shares

[b] Stock Purchase

[c] Leverage buyout

[d] Reverse Purchase

Q.4) ---------------is a distribution to the target's shareholders of the rights to purchase shares of the target or the merging acquirer at a substantially reduced price. What triggers an execution of these rights is an acquisition by an acquirer of certain percentage of the target's shareholding.

[a] Greenmail

[b] Poison Pill

[c] Super Majority Clause

[d] Reverse merger

Q.5) ---------------is a buyout by the target of its own shares from the hostile acquirer with a premium over the market price, which results in the acquirer's agreement not to pursue obtaining control of the target in the near future.

[a] Standstill agreements

[b] Reverse Takeover

[c] Green mail

[d] Crown jewels