All takeovers are not hostile- some are friendly

(Some case studies of white knight takeover.)

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ABSTRACT

A white knight is a friendly saviour in the business world which helps a company by purchasing it when it is either in the midst of an attempted hostile takeover, or when the business is either near bankruptcy or bankrupt due to unpaid debts. The intention of this paper is to explain the concept through live cases where one business is saving the other business from bankruptcy, helping it after bankruptcy, or preventing a hostile takeover. The cases in focus will be JP Morgan Chase's acquisition of Bear Stearns allowing Bear Stearns to avoid insolvency after Bear Stearns stock price suffered a Precipitous decline, with its market capitalization dropping by 92%; Satyam's acquisition by Tech Mahindra after the big Satyam scandal; Takeover of Paras by Reckitt Benckiser where it is Reckitt Benckiser's growth strategy and Paras' Girish Patel is also happy that his company will reach a new level and the likes. But white knight are not always the saviour where the target company is an ultimate fraud for example, Dynegy's takeover bid for Enron failed because Enron had been committing fraud and as a result the takeover was nullified.

KEYWORDS: White Knight, friendly takeover, hostile takeover, Bankruptcy.