

## **SEMESTER VI**

### **FC 601: CORPORATE RESTRUCTURING**

#### **Course Objective:**

This course is designed to provide an understanding of the essential elements of Joint Ventures, Mergers and Acquisitions with the basic methods of valuation, post-merger valuation, methods of payment and financing options at global level.

#### **Learning Outcomes:**

After completion of this paper:

- Understand the role and strength of corporate restructuring for growth.
- Facilitate the understanding of process and economic rationales of various corporate restructuring tools such as takeovers, acquisitions, joint ventures, disinvestments, amalgamations, buyback of shares, mergers, demergers, reverse mergers, etc.
- Able to understand the anti-takeover strategies to avoid hostile acquisition.
- Enable the student to acquire analytical skills in analyzing real-world cases in the need for corporate restructuring in a respective venture.

#### **Course Contents:**

##### **Unit I** **(2 weeks)**

Corporate Restructuring: meaning, need, different approaches and types of restructuring; Joint Ventures: Concept and Meaning of Joint Ventures, Need and Types of Joint Ventures, Structures and Problems faced in Joint Ventures, Joint Ventures and Strategic Alliance. Some relevant case study of successful and failed joined ventures.

#### **References:**

Weston, Fred; Chung, Kwang S. and Siu, Jon A.: Takeovers, Restructuring and Corporate Governance, Pearson Education. (Chapter – 1, 14)

Das Bhagaban: Corporate Restructuring, Merger, Acquisition and Other Forms, Himalaya Publishing House. (Chapter 1, 13, 14)

Godbole Prasad G: Merger, Acquisitions and Corporate Restructuring, Vikas. (Chapter 1, 2)

Khan Sheeba and Kapil Kanwal N.: Merger and Acquisitions, Wiley. (Chapter 1, 2)

##### **Unit II** **(3 weeks)**

Mergers and Acquisitions (M&A): Introduction to mergers, types of mergers, theories of mergers and acquisitions; Cross-border mergers and acquisitions, issues and challenges in cross border

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M&A. Handling cross-culture and taxations issues in cross-border M&A. Analysis of Post-Merger Performance. Fast track merger. Merger strategy - growth, synergy, operating synergy, financial synergy, diversification. Demerger, types of demerger, reverse merger, buyback of shares, leverage buy-out strategy. Takeover and its types, takeover strategy, takeover bids, legal framework for mergers and acquisitions, leverages and buyouts; Hostile tender offers and various anti-takeover strategies, criteria for negotiating friendly takeover.

### **References:**

Weston, Fred; Chung, Kwang S. and Siu, Jon A.: Takeovers, Restructuring and Corporate Governance, Pearson Education. (Chapter – 6, 7, 19)

Das Bhagaban: Corporate Restructuring, Merger, Acquisition and Other Forms, Himalaya Publishing House. (Chapter 3, 4, 11, 12, 15, 17)

Godbole Prasad G: Merger, Acquisitions and Corporate Restructuring. (Chapter 3, 4, 5)

Khan Sheeba and Kapil Kanwal N.: Merger and Acquisitions, Wiley. (Chapter 3, 4, 5, 14, 16)

### **Unit III**

**(2 weeks)**

Deal Valuation and Evaluation: Factors affecting valuation basics, methods of valuation, cash flow approaches, economic value added (EVA), sensitivity analysis, Valuation for slump sale, valuation of synergy, cost-benefit analysis and swap ratio determination.

### **References:**

Das Bhagaban: Corporate Restructuring, Merger, Acquisition and Other Forms, Himalaya Publishing House. (Chapter 6, 7, 15)

Godbole Prasad G: Merger, Acquisitions and Corporate Restructuring. (Chapter 8, 13, 16)

Khan Sheeba and Kapil Kanwal N.: Merger and Acquisitions, Wiley. (Chapter 10, 11, 14, 15, 16)

### **Unit IV**

**(2 weeks)**

Post-Merger Evaluation: Financial Evaluation of Mergers and Acquisitions, Impact on shareholders' Wealth, Methods of payment and financing options in mergers and acquisitions, Competition law 2002, SEBI (Securities and Exchange Board of India) Takeover Code 2011.

### **References:**

Das Bhagaban: Corporate Restructuring, Merger, Acquisition and Other Forms, Himalaya Publishing House. (Chapter 8)

Godbole Prasad G: Merger, Acquisitions and Corporate Restructuring. (Chapter 9 )

Khan Sheeba and Kapil Kanwal N.: Merger and Acquisitions, Wiley. (Chapter 15)

## **CORPORATE RESTRUCTURING**

### **Text Books:**

1. Weston, Fred; Chung, Kwang S. and Siu, Jon A.: Takeovers, Restructuring and Corporate Governance, Pearson Education
2. Gupta, Manju (2010): Contemporary Issues in Mergers and Acquisitions. Himalaya Publishing

### **Additional Readings:**

1. Sundarsanam (2006); Creating Value from Mergers and Acquisitions, (1st edition) Pearson Education
2. Ramanujan. S. (1999); Mergers: The New Dimensions for Corporate Restructuring, McGraw Hill
3. Narayankar, Ravi, (2013): Merger and Acquisitions Corporate Restructuring, Strategy and Practices, (2nd edition). International Book House Pvt. Ltd.

### **Teaching Learning Process:**

Class room lecture, Case study discussion, Numerical Problem solving, Class presentation on the assigned topic by students individually or in group, Workshop, Tutorials, Role play

### **Assessment Method:**

1. Internal evaluation of 25% marks
  - a. Attendance 5% marks
  - b. Two internal evaluations by the teacher with 10% marks each out of which one must be a class test and other may be another test or home assignment or presentation. Faculty may take more than two assignments and (or) tests but total will be only 20% marks.
2. End term University Exam of 75% marks

### **Key words:**

Joint Ventures, Mergers and Acquisitions (M&A), Synergy, Deal Valuation, Economic value added (EVA), Takeover Code 2011