
MBAS 555: CORPORATE RESTRUCTURING

Workload: 4 hours per week , Total credits: 4

Examination: 3 hours; 30 marks continuous evaluation and 70 marks final examination

Objectives:

1. To provides need for and scope of corporate restructuring
2. To provide different forms of corporate restructures
3. To provide different strategies of corporate restructuring

Course After completing the course, students will be able to:

Outcome:

1. Acquire and demonstrate expert knowledge in the specific subject area of corporate restructuring.
2. Critically evaluate different types of Merger and Acquisition, take over and different strategies.
3. Understand the principles and techniques of corporate restructuring.
4. Evaluate synergies of mergers & acquisition deals.

PEDAGOGY: Lectures, assignments, practical exercises, discussions, seminars.

Module 1: Introduction: meaning, need, scope, and model of restructuring, global and national scenario. Mergers and Acquisition Merger – types and characteristic, major types of mergers: Motives behind M&A, role of industry life cycle, Theories of Mergers: Efficiency theories and non-efficiency theories

Module 2: Funding of Merger -Financial Alternatives; Merits and Demerits - Funding through various Types of Financial Instruments including Equity and Preference Shares, Debentures, Securities with Differential Rights, Swaps, Stock Options; ECBs, Funding through Financial Institutions and Banks - Rehabilitation Finance - Management Buyouts/Leveraged Buyouts

Module 3: Corporate Demerger and Reverse Merger -Concept of Demerger; Modes of Demerger - by Agreement, under Scheme of Arrangement -Demerger and Voluntary Winding Up -Legal and Procedural Aspects; Tax Aspects and Reliefs -Reverse Mergers – Procedural Aspects and Tax Implications

Module 4: Valuation Aspects Of Corporate Restructuring - Methods of payment for M & A and Calculations of exchange ratio, Fundamental and methods of business valuation, Calculations of financial synergy and return, Valuation Techniques: Historical Earnings Valuation , Asset Based Valuation, Market Based Valuation, Different approaches of valuation – Comparable company & transaction analysis method, DCF, Real Option method.

Module 5: Methods of Financing Mergers– cash offer, share exchange ratio – mergers as a capital budgeting decision Synergies from M&A: Operating and Financial synergy **6 HOURS**

Module 6: Takeover: Meaning and Concept; Types of Takeovers; Legal Aspects – SEBI Takeover Regulations Disclosure and Open Offer Requirements; Bail Out Takeovers and Takeover of Sick Units; Takeover Defenses, Cross Border Takeovers

Module 7: Accounting for amalgamation – amalgamation in the nature of merger and amalgamation in the nature of purchase- pooling of interest method, purchase method– procedure laid down under Indian companies act

Module 8: Legal Aspects of Mergers/Amalgamations And Acquisitions/Takeovers- Combination and Competition Act- Competition Commission of India (CCI)- CCI Procedure in Regard to the transactions of Business Relating to combination of Regulations 2011- Scheme of Merger/Amalgamation-essential features of the scheme of amalgamation-Approvals for the scheme- Step wise procedure- Acquisitions/Takeovers- Listing agreement-The SEBI Substantial Acquisition of Shares and Takeover code.

Module 9: Revival, Rehabilitation and Restructuring of Sick Companies& Winding Up: Concept of Insolvency, Historical Developments- History of Bankruptcy Laws in India, Tribunal, Procedure; Compromises and Arrangements with Banks and Creditors; Concept; Modes of Winding Up; Administrative Machinery for Winding Up- Winding up Process and Procedure; Managing Stakeholders and Parties in Liquidation; Conducting Meetings of Shareholders/Creditors; Dealing with Contracts;

REFERENCE BOOKS

- A N Shreedhar, Strategic Financial Management, Shroff Publications
- J B Gupta, Strategic Financial Management, Taxmann Publications
- Ravi M Kishore, Strategic Financial Management, Taxmann Publications
- Chandrashekar Krishna Murthy & Vishwanath- Merger Acquisitions & Corporate Restructuring– S.R– Sage Publication
- Godbole Prasad G- Mergers, Acquisitions & Corporate Restructuring in India Vikas Publication
- Nishikant Jha-Mergers, acquisitions and Corporate Restructuring -Himalaya Publishing House
- Aurora, Rajinder S, and Kale, Sharad., , “Mergers and Acquisitions” Oxford Higher Education
- Sudarsanam, S. 2016, “Creating Value from Mergers and Acquisitions”, Pearson Education.
- M.C. Kuchhal and Vivek Kuchhal by Business Legislation for Management, 4/e, Vikas Publishing House
- A N Sridhar Financial management – problems and solutions- shroff publishers pvt limited
- Prasad Godbole- Mergers, Acquisitions and Corporate Restructuring, Vikas, Edition
- Sudi Sudarsanam- Value Creation from Mergers and Acquisitions, Pearson, Edition