

# **SEMESTER IV (FINANCE SPECIALISATION) MERGERS, ACQUISITIONS & CORPORATE RESTRUCTURING**

Semester	IV	CIE Marks	140
Course Code	18MBAFM1401	SEE Marks	160
Teaching Hours / week (L:T:P)	3-0-0	Exam Hours	:03
Credits : 03			

## **Course Objectives:**

1. To understand various concepts and terminologies used in mergers and acquisition.
2. To explain and critically evaluate M&A with its different classifications, strategies, theories, synergy etc.
3. To apply and analyse financial evaluation and accounting aspects of M&A.

## **Unit1:**

**Introduction of M & A:** Meaning-types of mergers-Merger Motives-Theories of Mergers-Mergers and industry life cycle, Reasons for failures of M & A-synergy-types of synergy-value creation in M&A-SWOT analysis-BCG matrix. (Theory).

## **Unit2:**

**Merger Process:** Procedure for effecting M & A-Five-stage model-Due diligence-Types, process and challenges of due diligence-HR aspects of M & A-Tips for successful mergers-Process of merger integration. (Theory).

## **Unit3:**

**Financial Evaluation of M & A:** Merger as a capital budgeting-Business valuation approaches-asset based, market based and income based approaches-Exchange Ratio (Swap Ratio)-Methods of determining exchange rate. (Theory and Problems).

## **Unit4:**

**Accounting aspects of Amalgamation:** Types of amalgamations (Amalgamation in the nature of merger and amalgamation in the nature of purchase)-Methods of Accounting-Pooling of interest method and Purchase method)-Calculation of purchase consideration-Journal entries in the books of transferor & transferee company-Ledger accounts in the books of transferor and transferee companies. (Theory and Problems).

## **Unit 5:**

**Acquisitions/Takeovers:** Meaning and types of acquisition/takeovers

(Friendly and Hostile takeovers)-Anti-takeover strategies-Anti-takeover amendments-Legal aspects of M & A-Combination and Competition Act-2002-Competition Commission of India (CCI)-The SEBI Substantial Acquisition of Shares and Takeover (Takeover code-2011). (Theory).

## **Unit 6:**

**Corporate Restructuring:** Meaning, significance and forms of restructuring-sell-off, spin-off, divestitures, demerger, Equity Carve Out (ECO), Leveraged Buy Outs (LBO), Management Buy Out (MBO), Master Limited Partnership (MLP), Limited Liability Partnership (LLP) and joint ventures. (Theory).

Question paper : 60% theory and 40% problems

## **COURSE OUTCOMES:**

- At the end of the course, the students will be able to:
1. Understand M&A with its different classifications, strategies, theories, synergy etc.
  2. Conduct financial evaluation of M&A
  3. Analyse the results after evaluation.
  4. Critically evaluate different types of M&A, takeover and anti takeover strategies.

## **RECOMMENDED BOOKS:**

1. Mergers Acquisitions & Corporate Restructuring - Strategies & Practices, Rabi Narayan Kar and Minakshi, Taxmanns.
2. Mergers and Acquisitions, Sheeba Kapil and Kanwal N. Kapil, Wiley.
3. Mergers, Acquisitions and Takeovers, Machiraju H.R., New Age International (P) Ltd., New Delhi 2003.

## **REFERENCE BOOKS:**

1. Mergers et al.-Issues, Implications, and Case Law in Corporate Restructuring, Ramanujam S., Tata McGraw Hill Publishing House, 2000.
2. Takeovers, Restructuring and Corporate Governance, Weston, Mitchell and Mulherin, 4th Edition, Pearson Education, 2003.

## **CO-PO MAPPING**

CO	PO				
	PO1	PO2	PO3	PO4	PO5
CO1	x	DEAN			
CO2	Doct. of Business Administration			x	
CO3	MBA Institute of Management & Technology	4.975		x	
CO4				x	