

XAVIER INSTITUTE OF MANAGEMENT, BHUBANESWAR

XIM University

Course Name	Corporate Restructuring
Programme	MBA-BM
Batch	2024-25 (II year)
Term	IV
Credits	3
Course Instructor	Prof. Prince Bhatia

Course Introduction and Objectives

The dynamism of today's global economy requires corporations to restructure their businesses to remain competitive. This restructuring entails activities ranging from mergers and acquisitions to divestitures and spin-offs to reorganization. Against this backdrop, this course attempts to bring clarity to what can be an exciting and complex subject. This course will help the reader think of the activities involved in mergers, acquisitions, business alliances, and other types of corporate restructuring in an integrated way. The set of cases planned for discussion will enrich the students with the real time commercial issues involved in such activities. The activities involved in the M&A activities will be discussed from the various stake holders' perspective. The objective of this course is to familiarize the students with various aspects of mergers and acquisitions.

Course Content

- a) Motives behind M&A
- b) Value creation strategies in M&A
- c) Valuation of synergies.
- d) Types of mergers
- e) Financial restructuring
- f) Portfolio restructuring
- g) Understanding selling and buying side of M&A and Takeovers transactions.
- h) Valuation as a Cause of M&A Failure
- i) Takeover Defenses
- j) Accounting for M&A

Course Learning Outcomes (CLO)

The following are expected learning outcomes of the course. After going through the course the students are expected to

CLO 1: Understand the importance of M&A and corporate restructuring in the current scenario.

CLO 2: Understand the legal process and issues associated with M&A and Corporate restructuring.

CLO 3: Understand the significance of synergy value in the context of M&A.

Reading and References:

Main textbook

- Textbook: Mergers and Acquisitions: Strategy, Valuation, Leveraged buyouts and Financing by Sheeba Kapil & Kanwal Kapil, Wiley, 2nd Edition (K.K).

Supplementary reference Material

- Mergers, Acquisitions, And Other Restructuring Activities by Donald M. Depamphilis; Elsevier, 10th edition
- Case Studies

Pedagogy and Students Workload

Pedagogy includes class-room discussions, problem solving exercises, M&A cases, assignments etc. Course inputs will be given over a period of 30 hours. However, students are expected to spend at least another 60 hours (outside the class hours) and actively participate in the class. They are advised to keep track of latest M&A cases from business newspapers and other sources in order to develop a good understanding of the course.

Session Plan

Session	Topic	Session Learnings	Reading Materials
1	Understanding M&A <ul style="list-style-type: none">• Introduction• Motives behind M&A• Value creation strategies in M&A (Through case let)	Understanding why M&As happen and its implications for shareholders	K.K-Ch. 2, page 25-26,33-36; selected end of chapter exercises, caselet discussed
2	Understanding M&A <ul style="list-style-type: none">• Types of mergers<ul style="list-style-type: none">- Horizontal- Vertical- Conglomerates Indian and Global M&A scene <ul style="list-style-type: none">• No. of deals• Average size of deals	Acquaintance with different type of mergers	K.K -Ch. 2, page 27-32; selected end of chapter exercises, case studies
3	Understanding Strategic gain <ul style="list-style-type: none">• Strategic gain and added value.<ul style="list-style-type: none">- Operating synergy.- Revenue synergy.- Financial synergy.	Acquaintance with different values released during M&A process	K.K -Ch. 3, page 61-66; caselet provided

	- Cost reducing operating synergy.		
4.	Corporate Restructuring (CR) and M&A <ul style="list-style-type: none"> Organizational restructuring Financial restructuring Portfolio restructuring 	Understanding various forms of CR	K.K -Ch. 4, page 75-93
5	Financial restructuring <ul style="list-style-type: none"> Leverage buyout Management buyout 	Understanding various forms of CR	Caselets provided in the class
6	M&A as an inorganic growth tool.	Help in comprehending the role of M&A in growth	K.K -Ch. 4, page 94-96. case studies
7	Legal Framework Governing M&A <ul style="list-style-type: none"> Companies Act SEBI Takeover Code Competition Act 	Understanding the legal provisions of various Acts in respect of M&A	K.K -Ch. 7, page 161-170.
8	Cross- Border M&As <ul style="list-style-type: none"> Factors affecting cross-border M&A activities. 	Understanding the process of legal due diligence	K.K -Ch. 6, page 136-144.
9	Valuation <ul style="list-style-type: none"> Purpose and Objective of Valuation Valuation as a Cause of M&A Failure 	Understanding the role and importance of valuation and the valuation methods	Reading Materials to be provided
10	Valuation (discussing different models for synergy valuation) <ul style="list-style-type: none"> Dividend Valuation Model Price Earnings Ratio Model Free cashflows DCF 	Understanding various valuation models and their approaches	K.K -Ch.11, page 257-277.
11	Identifying opportunities in M&A <ul style="list-style-type: none"> Buy-side M&A <ul style="list-style-type: none"> Buyers' motivation Swap ratio EPS Accretion (Dilution Analysis) Financing option for buyers 	Understanding the complete buy side process in M&A involving deal analysis	K.K -Ch. 5, page 99-121.

12.	Factor affecting sell side M&A <ul style="list-style-type: none"> Company specific variables for sell side. Synergy opportunities 	Understanding the complete sell side process in M&A involving rationale of strategic buyer and the marketing plan of targeting firm.	K.K -Ch. 5, page 99-121.
13	Synergy opportunities and Accretive deal: discuss through cases	Help in deal evaluation.	Handouts -Daiichi's acquisition of Ranbaxy. - Deal of Kraft Foods and Heinz.
14	Methods of Payment <ul style="list-style-type: none"> Factors Affecting Choice of Financing Methods Stock vs Cash Deal 	Understanding methods of payment and key components of deal structuring process	Reading material will be provided.
15	Accounting for M&A <ul style="list-style-type: none"> Purchase Method Pooling of Interests Method Discussion on Ind As 103& IFRS 3 	Understanding the impact of M&A accounting on business combinations	K.K -Ch. 9, page 211-216.
16.	M&A: Takeover Defences <ul style="list-style-type: none"> Introduction. Probability of takeover Friendly vs Hostile takeovers 	Understanding of the takeover mechanism.	K.K -Ch. 8, page 189-195. Case- Krafts food hostile takeover of Cadbury
17.	Takeover Defences <ul style="list-style-type: none"> Defence Mechanism Impact of Takeover Defences on Shareholder Value 	Understanding of various takeover defence tactics used by target firms to avoid hostile takeover.	K.K -Ch. 8, page 195-204.
18.	Consideration paid in M&A <ul style="list-style-type: none"> Value of the target firm 	Understanding of two important components of consideration-Fundamental	K.K -Ch. 13, page 328.

		Value and Acquisition premium.	
19.	PE buyout deals and Valuation.	Understanding the valuation of target firm.	K.K -Ch. 12, page 300-302.
20.	LBO economics and Valuation. <ul style="list-style-type: none"> LBO model 	Understanding the valuation of target firm when acquired through debt.	K.K -Ch. 12, page 373-387.

Assessment Scheme

Component	Weightage (%)	Assessment of Course Learning Outcome(s) (CLO)
Quizzes	20%	CLO1, CLO 2, CLO 3
Mid-term	25%	CLO 1, CLO 2, CLO 3
End-Term	40%	CLO 2, CLO 3,
Class-participation	15%	CLO 1-3

Academic Discipline and Integrity

- Students are expected to come to class on time. **Late Comers** will not get attendance and sometimes will be barred from the class.
- Any plagiarism beyond 20% found in the assignment (including reproduction from books, online sources, journals or from peers) will be awarded zero.

Mapping Course Learning Outcomes (CLO) with the Program Learning Goals (PLG)

PLG#	Program Learning Goal	Trait	Addressed by Course	
			Yes	No
PLG1	Functional and Business Skills	The students will demonstrate understanding of elements of all functional areas	Yes	
PLG2	Analytical Skills	The students will use analytical techniques to identify a business problem, and suggest a solution	Yes	
PLG3	Collaboration and teamwork attributes	The students will exhibit voluntary cooperation and effective teamwork in a group setting	Yes	
PLG4	Ethical responsibility	The students will understand the ethical complexities of conducting business. The students will adopt techniques in scenarios involving ethical dilemma and offer resolution		No
PLG5	Communication	The students will produce reasonably good quality business documents. The students will become effective and confident communicators		No