

GUJARAT TECHNOLOGICAL UNIVERSITY

MASTER OF BUSINESS ADMINISTRATION (Part-Time)

Year III (Semester: –VI) (W.E.F. Academic Year 2017-18)

Specialization: En Financial Management

Subject Name: Mergers & Acquisition (M & A)

Subject Code: 3569921

Subject Credits: 3

Total Marks: 150

1. Learning Outcomes:

- Developed understanding of the economic activity of M & A taking place in the Indian economy.
- Ability to examine the merger and acquisition process in the capital market.
- Ability to illustrate the leading methods used in the valuation of a firm for merger analysis.
- Familiarity with the techniques of corporate restructuring.

2. **Course Duration:** The course duration is of **36 sessions of 75 minutes each.**

3. Course Contents:

Module No:	Module Content	No. of Sessions	70 Marks (External Evaluation)
I	Corporate Restructuring: <ul style="list-style-type: none">• Concept, Reasons for Restructuring• Barriers to Restructuring• Types of Corporate Restructuring Mergers and Acquisitions: <ul style="list-style-type: none">• Concept, Classification of Mergers• Motives behind M & A• Process of M & A• Reasons for failure• Reverse Merger• Recent Examples of M & A in India• Concept of Acquisition and types of Acquisitions Due Diligence: Concept, Types of Due Diligence Cross Border Acquisition: Concept, Benefits of Cross Border Acquisitions, Difficulties in Cross Border Acquisition	9	17
II	Legal issues in M & A <ul style="list-style-type: none">• Provision for M & A under Companies Act, 2013• SEBI Buyback of Securities Regulations• SEBI (Substantial Acquisition of shares and Takeover Regulations)• SEBI (Delisting of Securities) Guidelines	9	17

	<ul style="list-style-type: none"> • Provisions of Income Tax Act • Competition Act for M & A 		
III	<p>Takeover:</p> <ul style="list-style-type: none"> • Concept • Takeover Defense tactics • Benefits and disadvantages of Takeover <p>Divesture:</p> <ul style="list-style-type: none"> • Concept, benefits • Types of Divesture • Reasons for Divesture <p>Going Private and Leverage Buyout:</p> <ul style="list-style-type: none"> • Concept, Types of Leverage Buyouts <p>Concept of Employee Stock Ownership (Only Theory)</p> <p>Funding options for M & A.</p>	9	18
IV	<p>Accounting for Mergers:</p> <ul style="list-style-type: none"> • AS14 • Methods of Accounting • Balance Sheet Treatments after M & A <p>Exchange Ratio and Synergy:</p> <ul style="list-style-type: none"> • Concept • ER based on EPS, MPS, PE • Combined EPS, Combined MPS, Combined PE • Minimum and Maximum Exchange Ratio based on MPS and EPS • Market value of merged firm • Cost and Benefits of a merger <p>Different Approaches of Valuation of M & A (Theory and Sums):</p> <p>Asset Based Valuation :</p> <ul style="list-style-type: none"> • Net Asset Method <ul style="list-style-type: none"> ○ Book Value basis ○ Market Value basis ○ Liquidation Value basis <p>Income Based Valuation:</p> <ul style="list-style-type: none"> • Discounted Cash flow Method <ul style="list-style-type: none"> ○ Equity Valuation and Firm Valuation covering Stable growth and two stage growth model ○ Dividend Yield Method ○ Capitalization Method <p>Market Based Valuation:</p>	9	18

	<ul style="list-style-type: none"> • Comparable company and Transaction Analysis Method • Fair Value Method 		
V	Practical: <ul style="list-style-type: none"> • Various Case Studies in Mergers & Acquisitions. • A case report correlating the theories and valuation model must be prepared by using the data and example of M&A deals occurred in the past. (For preparing this case report, any sector and any deal pertaining to that sector can be taken as per choice and discretion) 	---	(30 marks CEC)

4. Teaching Methods:

The course will use the following pedagogical tools:

- Lectures
- Case Discussions and Role Playing
- Audio-visual Material (Using CDs/Clippings/ online videos)
- Assignments and Presentations

5. Evaluation:

The evaluation of participants will be on continuous basis comprising of the following elements:

A	Continuous Evaluation Component comprising of Projects / Assignments / Quiz / Class Participation / Class test / Presentation on specific topic etc.	(Internal Assessment- 50 Marks)
B	Mid-Semester examination	(Internal Assessment-30 Marks)
C	End –Semester Examination	(External Assessment-70 Marks)

6. Reference Books:

No.	Author	Name of the Book	Publisher	Year of Publication
1	Aurora, Shetty, Kala	Mergers and Acquisitions	Oxford	Latest
2	M.Y. Khan, P.K. Jain	Financial Management	TMH	Latest
3	Sudi Sudarsanam	Creating Value from Mergers and Acquisitions	PHI	Latest
4	P. Rajesh Kumar	Mergers & Acquisitions	TMH	Latest
5	Prasant Godbole	Mergers, Acquisitions and Corporate Restructuring	Vikas Publication	2009
6	Prasanna Chandra	Financial Management: Theory and Practice	TMH	Latest
7	Bhagaban Das, Debdas Rakshit, Sathya Swaroop Debashish	Corporate restructuring: Merger, acquisition and other forms	Himalaya	Latest
8	Pradip Kumar Sinha	Mergers, Acquisitions and Corporate Restructuring	Himalaya	2016

Note: Wherever the standard books are not available for the topic appropriate print and online resources, journals and books published by different authors may be prescribed.

7. List of Journals / Periodicals / Magazines / Newspapers / Web resources, etc.

1. Business Standard
2. The Economic Times
3. Financial Express
4. Chartered Financial Analyst
5. Journal of Applied Finance
6. CFA Reader
7. Business Today
8. Business India
9. Business World
10. Finance India