



GUJARAT TECHNOLOGICAL UNIVERSITY

Syllabus for Master of Business Administration, 4th Semester

Subject Name: Corporate Restructuring and Valuation

Subject Code: 1549503

With effective
from academic
year 2020-21

1. Learning Outcomes:

Learning Outcome Component	Learning Outcome (Learner will be able to)
Business Environment and Domain Knowledge (BEDK)	<ul style="list-style-type: none"> • <i>Discuss</i> the concepts and principles of Mergers, Acquisitions, Joint ventures, Spinoff, Split-ups, Equity carve out, Divestiture, Corporate Control etc.
Critical thinking, Business Analysis, Problem Solving and Innovative Solutions (CBPI)	<ul style="list-style-type: none"> • <i>Calculate</i> a given company's valuation by applying asset based, income based and market based models. • <i>Assess</i> the impact of mergers and acquisitions on the short term and long term operating performance of the enterprise and shareholders' value.
Global Exposure and Cross-Cultural Understanding (GECCU)	<ul style="list-style-type: none"> • <i>Analyse</i> the reasons and benefits of Cross Border Expansion.
Social Responsiveness and Ethics (SRE)	<ul style="list-style-type: none"> • <i>Appraise</i> the rights of the affected employees and the responsibilities of the shareholders in M &A transactions.
Effective Communication (EC)	<ul style="list-style-type: none"> • <i>Prepare</i> and present a report on cases of corporate restructuring in Indian or International context including its valuation.
Leadership and Teamwork (LT)	<ul style="list-style-type: none"> • <i>Collaborate</i> in teams to use case information, industry reports, financial statements and market-based data for evaluating M&A deals.

Correlation Levels:

1 = Slight (Low); 2 = Moderate (Medium); 3 = Substantial (High), “-“= no correlation

Sub. Code: 4549222	PO1	PO2	PO3	PO4	PO5	PO6	PO7	PO8	PO9
LO1: <i>Discuss</i> the concepts and principles of Mergers, Acquisitions, Joint ventures, Spinoff, Split-ups, Equity carve out, Divestiture, Corporate Control etc.	3	1	-	2	3	-	2	-	2
LO2: <i>Calculate</i> a given company's valuation by applying asset based, income based and market based models.	3	3	2	-	1	-	-	-	2
LO3: <i>Assess</i> the impact of mergers and acquisitions on the short term and long term operating performance of the enterprise and shareholders' value.	3	3	3	-	1	1	3	-	1
LO4: <i>Analyse</i> the reasons and benefits of Cross Border Expansion.	2	2	2	-	3	-	1	-	1
LO5: <i>Appraise</i> the rights of the affected employees and the responsibilities of the shareholders in M &A transactions.	1	1	1	-	-	1	3	-	-



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LO6: Prepare and present a report on cases of corporate restructuring in Indian or International context including its valuation.	1	3	1	3	-	2	1	-	1
LO7: Collaborate in teams to use case information, industry reports, financial statements and market-based data for evaluating M&A deals.	1	3	2	3	-	3	1	1	1

2. Course Duration: The course duration is of **40 sessions of 60 minutes each.**

3. Course Contents:

Module No:	Contents	No. of Sessions	70 Marks (External Evaluation)
I	<p>Corporate Restructuring:</p> <ul style="list-style-type: none"> • Concept, Reasons for Restructuring, Barriers to Restructuring <p>Types of Corporate Restructuring:</p> <ul style="list-style-type: none"> • Expansion: <ul style="list-style-type: none"> ○ Amalgamation, Absorption, Asset acquisition / Mergers & Acquisitions <ul style="list-style-type: none"> • Concept, Classification of Mergers • Motives behind M & A • Reasons for failure • Reverse Merger • Recent Examples of M & A in India • Concept of Acquisition and types of Acquisitions ○ Joint venture <ul style="list-style-type: none"> • Types, benefits ○ Cross border expansion <ul style="list-style-type: none"> • Reasons, benefits • Contraction: <ul style="list-style-type: none"> ○ Spinoff, Split-ups, Equity carve out ○ Divestiture / Asset sale <ul style="list-style-type: none"> • Concept, benefits • Types of Divestiture • Reasons for Divestiture • Corporate controls: <ul style="list-style-type: none"> ○ Going private 	10	17



	<ul style="list-style-type: none"> ○ Buyback ○ Leveraged Buyouts <ul style="list-style-type: none"> ● Concept, types of LBOs ○ Takeover and Anti-takeover defence <ul style="list-style-type: none"> ● Concept ● Takeover Defence tactics ● Benefits and disadvantages of Takeover ○ ESOPs <ul style="list-style-type: none"> ● Concept (only theory) <p>Due diligence: Concept, types of Due Diligence</p>		
II	<p>Basics of Business Valuation: Introduction, Purpose of valuation, Role of Valuation, key, Concepts of value: Market Value, Book Value, Liquidation value Intrinsic Value, Replacement Value, Fair value, Valuation process</p> <p>Overview of various approaches to valuation (Theory & Numerical)</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 (FCFE and FCFE models) ○ Dividend Yield Method ○ Capitalization Method 	10	18
III	<p>Market Based Valuation:(Theory & Numerical)</p> <ul style="list-style-type: none"> ● Comparable company and Transaction Analysis Method ● Fair Value Method <p>Valuation Using Multiples:(Theory & Numerical)</p> <ul style="list-style-type: none"> ● Earnings Based Approach (Earnings - Capitalization Method, EPS, MPS, P/E Ratio), <p>Exchange Ratio and Synergy:(Theory & Numerical)</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 	10	18



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	<ul style="list-style-type: none"> Market value of merged firm Cost and Benefits of a merger 		
IV	<p>Overview of Valuation of Intangible Assets (Only Theory) Definition of Intangibles, Reasons to Conduct Intangible Valuation, Recognition, Valuation of Goodwill, Brands and Human Resource</p> <p>Accounting for Mergers:</p> <ul style="list-style-type: none"> AS14 Methods of Accounting Balance Sheet Treatments after M & A <p>Discussion on the Practical Ecosystem for Corporate Restructuring through real Indian cases such as Split of Reliance Industries Limited, RIL-RPL merger, ICICI-ICICI Bank Merger, LIC-IDBI Bank, IDBI-IDBI Bank etc.</p>	10	17
V	<p>Practical:</p> <ul style="list-style-type: none"> Various Case Studies on Enterprise Valuation 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. Pedagogy:

- ICT enabled Classroom teaching
- Case study
- Practical / live assignment
- Interactive class room discussions

5. Evaluation:

Students shall be evaluated on the following components:

A	Internal Evaluation	(Internal Assessment- 50 Marks)
	• Continuous Evaluation Component	30 marks
	• Class Presence & Participation	10 marks
	• Quiz	10 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 / Edition
1	Aswath Damodaran	Damodaran on Valuation	Wiley-India	Latest
2	Rajinder S. Aurora, Kavita Shetty, Sharad Kale	Mergers and Acquisitions	Oxford	2011



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3	Prasad G. Godbole	Mergers, Acquisitions and Corporate Restructuring	Vikas Publication	2009
4	Prasanna Chandra	Corporate Valuation: A Guide for Analysts - Managers and Investors	McGraw Hill	2014
5	Patrick A. Gaughan	Mergers, Acquisitions and Corporate Restructurings	Wiley	2019 / 7 th
6	Prasanna Chandra	Corporate Valuation and Value Creation	McGraw Hill	2011
7	Bhagaban Das, Debdas Raskhit, Sathya Swaroop Debasish	Corporate Restructuring	Himalaya Publishing House	2009
8	M. Y. Khan and P. K. Jain	Financial Management	McGraw Hill	2018 / 8 th
9	Pradip Kumar Sinha	Mergers, Acquisitions and Corporate Restructuring	Himalaya	2016
10	Prasanna Chandra	Financial Management: Theory and Practice	McGraw Hill	Latest

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
11. http://www.aceanalyser.com/Analyst%20Meet/100325_20090302.pdf (RIL-RPL Merger)
12. https://www.ripublication.com/gjfm-spl/gjfmv6n9_02.pdf (Corporate Restructuring of RIL)
13. <https://www.icicibank.com/managed-assets/docs/investor/investor-presentations/2001/mergerpresentation.pdf> (ICICI-ICICI Bank)
14. <https://thewire.in/banking/explained-why-its-a-bad-idea-for-lic-to-buy-idbi-bank> (LIC-IDBI)
15. <http://www.icmrindia.org/Short%20Case%20Studies/Business%20Strategy/CLBS065.htm> (IDBI-IDBI Bank, Paid Resource)
16. https://www.iupindia.in/904/TM_IDBI_IDBI_Bank_60.html (IDBI-IDBI Bank, Paid Resource)