CONTENTS

	PAGE
About the authors	I-5
Preface to third edition	1-7
Acknowledgements	1-9
Chapter-heads	I-11
1	
MERGERS, ACQUISITIONS AND CORPORATE RESTRUCTURING : AN OVERVIEW	
◆ Choice of Corporate Restructuring Decisions	2
◆ Expansion and Growth	2
◆ Need for Corporate Restructuring and M&As	4
◆ Reasons and Motives	5
◆ Evolution of M&As	7
◆ Recent Developments in M&As	7
◆ Research Findings	8
<u>2</u>	
A STRATEGIC APPROACH	
◆ M&As as Strategic Choice	11
◆ Strategic Choice Framework	12
◆ Focusing on Strategic Alternatives	14
◆ Evaluation of Strategic Alternatives	14
◆ Value Creation in M&As	30
◆ Considering Decision Factors	30
◆ Choice of Strategy	31
◆ M&A Theories	33
I 12	

I-14 CONTENTS

	PAGE
<u>3</u>	
INDIAN EXPERIENCES	
◆ Pre-independence Period	36
◆ Post-Independence Period	37
◆ Post-1990	38
◆ Recent Trends and Developments	39
◆ Research Findings	47
◆ Impact of M&As	52
4	
INTERNATIONAL EXPERIENCES	
◆ Meaning of M&As	56
◆ Types of M&As	57
◆ Motives of M&As	59
◆ M&As in Developed Economies	60
♦ M&As and Corporate Performance	71
◆ Integration Aspects of M&As	75
<u>5</u>	
LEGAL DIMENSIONS	
◆ M&As and the Companies Act, 2013	82
◆ M&As and Competition Law	99
6	
TAKEOVER STRATEGIES AND PRACTICES	
◆ Meaning and Concept	106
◆ Takeover of Listed Companies	109
◆ Financial and Accounting Aspects of Takeover	116
◆ Stamp Duty on Takeover Documents	116
◆ Payment of Consideration	117
CASE STUDY 6.1 : Sterlite Industries Limited's Offer for Indian Aluminum Company	121
CASE STUDY 6.2: Understanding Strategic Stake Transfer	123

TAXMANING

CONTENTS	I-15
	PAGE
CASE STUDY 6.3 : Kingfisher's Acquisition of the Low Cost Carrier Air Deccan	125
CASE STUDY 6.4: Takeover Offer for Scenario Media Limited	127
<u>7</u>	
TAKEOVER DEFENSE STRATEGIES	
♦ Warning Signals	130
◆ Defense Strategies against Takeover	131
◆ Discussion	137
MINI CASE STUDY 7.1: India Cements Limited's Hostile Bid for Raasi Cements	139
MINI CASE STUDY 7.2: Mittal Steel's Acquisition of Arcelor	140
8	
CORPORATE RESTRUCTURING ALTERNATIVES	
◆ Demerger	141
◆ Reverse Merger	146
◆ Merger of Foreign Companies with Indian Companies	154
♦ Buy Back of Shares	154
CASE STUDY 8.1: L&T Goes for Restructuring	159
CASE STUDY 8.2: Demerger of L&T's Cement Business	162
CASE STUDY 8.3: Value Creation through Spin-off	165
CASE STUDY 8.4 : Reverse Merger of Asian Cables with Wiltech India Ltd.	166
<u>9</u>	
STRATEGIC ALLIANCES	
◆ Meaning and Motivations	170
◆ Types of Strategic Alliances	171
◆ Structure of Strategic Alliances	174
♦ Problems in Indian Strategic Alliances/Joint Ventures	177
CASE STUDY 9.1 : Mini Case Studies	178
<u>10</u>	
LEVERAGED BUY-OUT (LBO) STRATEGY	
◆ Meaning and Characteristics	179
◆ Categories of Leveraged Buy-Outs	180
TAXMANN®	

I-16 CONTENTS

		PAGE
•	Financial Structure	181
•	Financing LBO Operation	183
•	The LBO Sponsor	184
•	Types of LBO Sponsor	184
•	Management Criteria for Sponsorship Selection	185
•	LBO Variants	185
•	LBO and Junk Bonds	186
CAS	SE STUDY 10.1: Tata Tea's Acquisition of Tetley	189
CAS	SE STUDY 10.2: Hindalco's Acquisition of Novelis	191
	<u>11</u>	
	RESTRUCTURING OF SICK COMPANIES	
•	Revival and rehabilitation of sick companies	198
•	Determination of sickness (section 253)	198
•	Application for revival and rehabilitation (section 254)	199
•	Exclusion of certain time in computing period of limitation (section 255)	199
•	Appointment of interim administrator (section 256)	200
•	Committee of creditors (section 257)	200
•	Order of tribunal (section 258)	200
•	Appointment of administrator (section 259)	201
•	Powers and duties of company administrator (section 260)	201
•	Scheme of revival and rehabilitation (section 261)	201
•	Sanction of scheme (section 262)	202
•	Binding nature of the scheme (section 263)	203
•	Implementation of scheme (section 264)	203
•	Winding up of company on report of company administrator (section 265)	204
•	Power of tribunal to assess damages against delinquent directors, etc. (section 266)	204
•	Punishment of certain offences (section 267)	205
•	Bar of jurisdiction (section 268)	205
•	Rehabilitation and insolvency fund (section 269)	205
	<u>12</u>	
	DEAL VALUATION AND EVALUATION	
•	Factors Affecting Valuation	208
•	Valuation Basics	208
	TAXMANN® —	

CONTENTS	I-17
----------	------

		PAGE
•	Asset Based Approach	209
•	Dividend Based Approach	211
•	Earnings Approach	212
*	Cash Flow Approach	214
*	Estimating the Value of the Target	216
*	Economic Value Added	221
♦	Sensitivity Analysis	222
♦	Valuation under Takeover Regulation	222
*	Valuation under SEBI New Takeover Code, 2011	223
♦	Procedural aspect of Securities under Companies Act, 2013	225
*	Valuation and issue of Sweat Equity Shares	226
♦	Valuation of Stock Options under the SEBI (ESOP) Guidelines	227
♦	Valuation of Shares under the SEBI (Delisting of Securities) Guidelines	227
♦	Valuation of Shares under the Unlisted Public Companies (Preferential Allot ment) Rules and Public Companies (Preferential Allot ment) Allot Companies	227
•	Valuation of Shares under the Sweat Equity of Unlisted Companies (Issue of Shares) Rules	227
•	Valuation for Slump Sale under Income-tax Act	228
•	Expert Group Report on Valuers and Valuations, 2002	229
♦	Supreme Court's Opinion on Valuation	230
•	Financial Evaluation	231
•	Cost benefit Analysis	231
CA	SE STUDY 12.1: The Ranbaxy-Daiichy Sankyo Deal	236
AN	INEXURE - 1 : Dividend Valuation Models	243
	<u>13</u>	
	VALUATION OF INTANGIBLES	
•	Need and Importance	247
	Valuation of Brands	248
•	Valuation of Goodwill	251
•	Valuation of Talent Pool/Human Resources	251
CA	SE STUDY 13.1 : Going for the Big: The Tata Motors-JLR Deal	253
	<u>14</u>	
	METHODS OF PAYMENT AND FINANCING OPTIONS	
•	Methods of Payment	256

I-18 CONTENTS

		PAGE
•	Impact on Earnings Per Share (EPS)	258
•	Financing Decisions	260
•	Determinants of M&A Financing Decisions	261
•	Financing Options	261
	<u>15</u>	
	ACCOUNTING ASPECTS	
•	Amalgamation and AS-14	267
•	Accounting Practices for Amalgamation	268
•	Consideration for Amalgamation	273
•	Goodwill on Amalgamation	273
•	Reserves	274
•	Disclosure Requirements	274
•	Common Procedures	275
•	Amalgamation after the Balance Sheet Date	275
•	Recent Developments in M&A Accounting	275
•	Goodwill Impairment	275
•	IFRS - 3 for Business Combinations	276
	<u>16</u>	
	TAX IMPLICATIONS	
•	Amalgamation/merger of Companies	279
•	Implications for Conversion of Proprietary Concern/Firm into Company	290
•	Implications for Demerger of Companies	294
•	Implications for Slump Sale	301
	<u>17</u>	
	THE PROCESS OF INTEGRATION	
•	Research Findings	306
•	Understanding Integration	307
•	Merger Failures: Human Aspects	309
•	Effective HR Management: Key to Successful Merger	312
CA	SE STUDY 17.1: Merger of Ranbaxy Labs Ltd. and Crosland Research Lab Ltd.	314

TAXMANN® -

	CONTENTS	I-19
		PAGE
	18	
CROSS I	BORDER M&A DEALS	
◆ Recent Trends and Patterns		325
◆ Motivations for CBMAs		328
◆ Strategies for CBMA		330
◆ Execution of CBMA		331
◆ CBMA - Integration Aspects		332
CASE STUDY 18.1 : Mini Case Stud	ies	334
	<u>19</u>	
THE PROC	CESS OF DEAL MAKING	
◆ Negotiating the Deal		336
◆ Due Diligence		337
◆ Types of Due Diligence		337
◆ Practical Guide to Due Diligence	Process	340
◆ Managing the Due Diligence Pro	cess	340
◆ Contents of the Due Diligence Re	eport	341
◆ Due Diligence Check List		342
◆ Challenges of Deal-making in Inc	lia	343
◆ Closure of Deal		345
	<u>20</u>	
M&A IMPACT AS	SSESSMENT: CASE STUDIES	
♦ Introduction		346
 Research Findings 		346
◆ Impact on Performance: Case St	udies	347
◆ Ranbaxy Laboratories Limited		347
Sun Pharmaceuticals Indust	tries	349
Nirma Limited		352

TAXMANN®

354 358

359

362

364

■ Reliance Industries Limited

Tata PowerIndia Cements

■ Arvind Mills

■ Tata Tea Limited

I-20 CONTENTS

	PAGE
■ HDFC Bank	366
Crompton Greaves Limited	367
Hindalco Industries	369
Sterlite Industries	371
United Breweries	373
■ EID Parry	374
Zuari Industries	377
SUMMARY	378
<u>21</u>	
CASE STUDIES ON SHARE PRICE BEHAVIOUR	
◆ Research Findings	380
◆ Case Analysis	381
REFERENCES	395
GLOSSARY	411
LIST OF ABBREVIATIONS	423
NAME AND ORGANISATION INDEX	427

TAXMANN® —