



# MERGERS, ACQUISITIONS AND CORPORATE RESTRUCTURING

Edited by  
Chandrashekar Krishnamurti



# Mergers, Acquisitions and Corporate Restructuring



*Edited by*  
Chandrashekar Krishnamurti  
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# Preface

In recent years, worldwide, Mergers and Acquisitions (M&A) volume has been averaging US\$ 2 trillion. Deals running into several billion dollars are not uncommon. In 2006, Mittal Steel of UK, for example, made a US\$ 23 billion bid for Arcelor of France, creating the biggest steel company in the world accounting for 10 per cent of the world's steel production. The rise in volume and size of deals has increased the need for sound practical frameworks for the analysis and structuring of transactions. This book focuses on the purchase and sale of equity, and the design of consideration in mergers and acquisitions. The book comprises modules on searching for acquisitions, value drivers and target valuation, design of consideration, a real options perspective of mergers and acquisitions, accounting and tax factors, cross-border acquisitions, and the restructuring of equity and debt contracts.

This book is intended for students with an interest in the financial, strategic and business issues surrounding corporate restructuring. Far from being a rare event, corporate restructuring has become a permanent affair on the corporate landscape. Corporate restructuring is the process by which a firm renegotiates contracts and claims that it has entered into with its various constituencies such as stockholders, creditors, employees, suppliers, customers and governments. The book will show students how to deal with and profit from the acquisition or restructuring opportunities that they will encounter in their careers.

The specific kinds of restructuring presented in the book include corporate spin-offs, equity carve-outs, targeted stock offerings, bankruptcy, reorganizations and workouts, and downsizing programmes.

## Educational Objective

The aim of this book is to provide a rigorous understanding of valuation in a variety of settings. Though the book considers the perspectives of all participants in an acquisition/restructuring, the focus is on the managers of the company being restructured. After going through this book, a

reader should be able to value and structure an acquisition/restructuring opportunity.

In particular, the book tries to answer the following questions:

- When does it make sense to restructure a firm's operations?
- What kind of restructuring is most appropriate for addressing particular problems or challenges facing the firm?
- How much value will the acquisition or restructuring create?

### **Target Audience**

This book is meant to be used in a standard Mergers, Acquisitions and Corporate Restructuring course in an MBA programme, although students of other professional programmes like CFA, CA and ICWA would find it useful. This book is suitable for those who are seeking a career in investment banking, general management, strategy consulting, securities analysis, turnaround management, commercial banking and investment management. The book can also be used in executive education programmes such as Acquisitions and Alliances as well as Corporate Restructuring.

### **Acknowledgements**

No book is the result of individual effort. Over the years, we have taught in many universities all over the world. Our thinking has been shaped by discussions with colleagues. This book belongs as much to them as to us. We thank our colleagues and students who have helped us in bringing out this volume. Special thanks are due to the contributors who have made this book possible.

# About the Editors and Contributors

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