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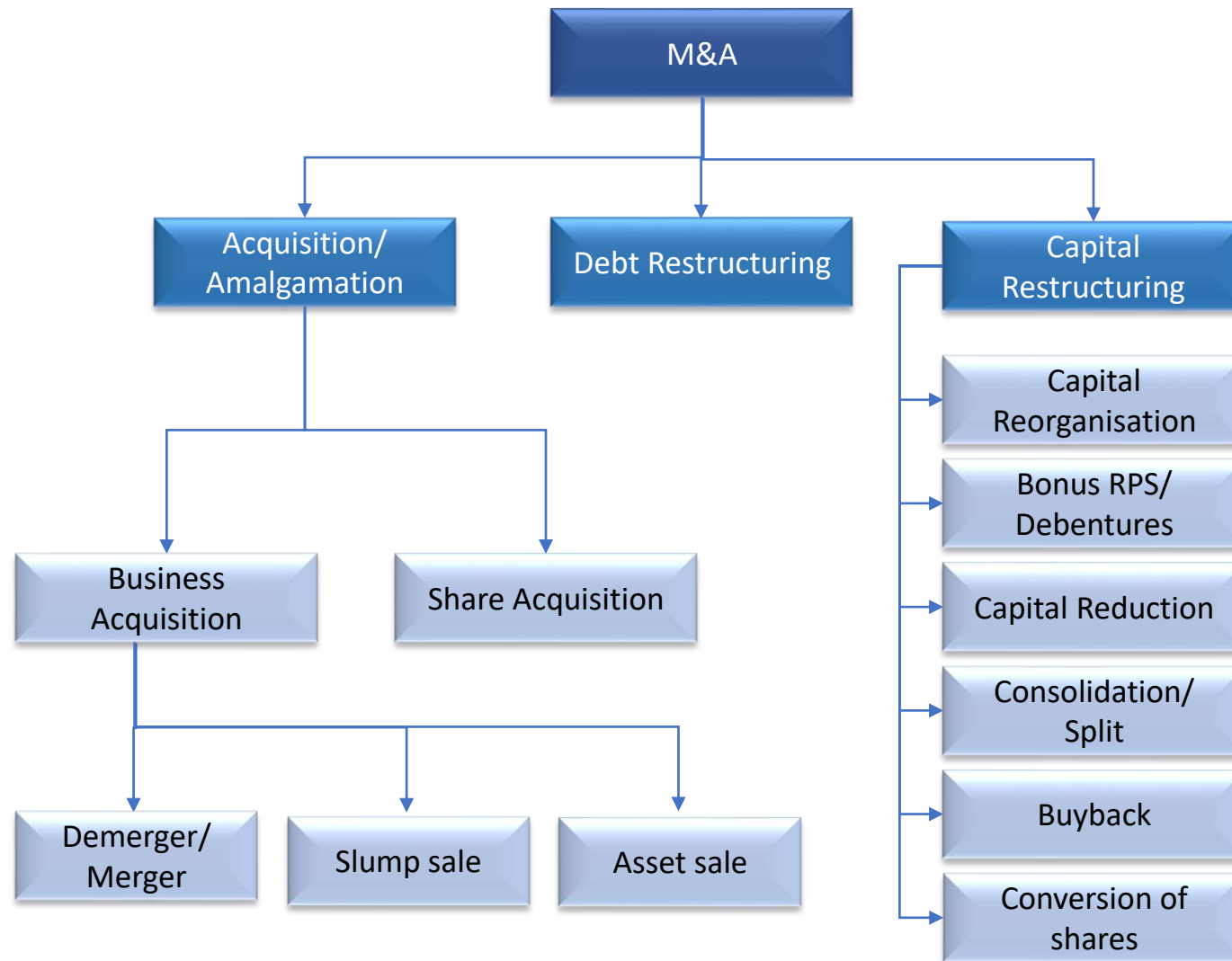
The background of the slide features a dark blue, high-tech aesthetic. In the center, there are silhouettes of five business professionals (three men and two women) seated around a long, dark conference table. They appear to be in a meeting, with some looking at laptops. The room has large windows in the background that display a glowing, dotted world map. A bright light source in the center of the room creates a lens flare effect. The overall color palette is dominated by various shades of blue and black.

**“Mergers, Acquisitions, Demergers & Business Structuring – Legal Framework & Procedures”**

# Overview

#	Topic
1.	Types of M&A Transactions
2.	Lifecycle of a M&A Transaction
3.	Schemes: Conventional perspective vs Modern perspective
4.	M&A Objectives through Schemes
5.	Advantages of Scheme
6.	Regulatory framework
7.	Scheme   Process – Unlisted Companies
8.	Scheme   Process – Listed Companies
9.	Case Studies
10.	Q&A
11.	Disclaimer
12.	Thank You

# Types of M&A Transactions



# Lifecycle of a M&A Transaction



# Schemes: Conventional perspective vs Modern perspective

M&A is an inorganic corporate action undertaken by corporates to acquire/ sell/ dispose of, rights, interests, control, ownership, over businesses

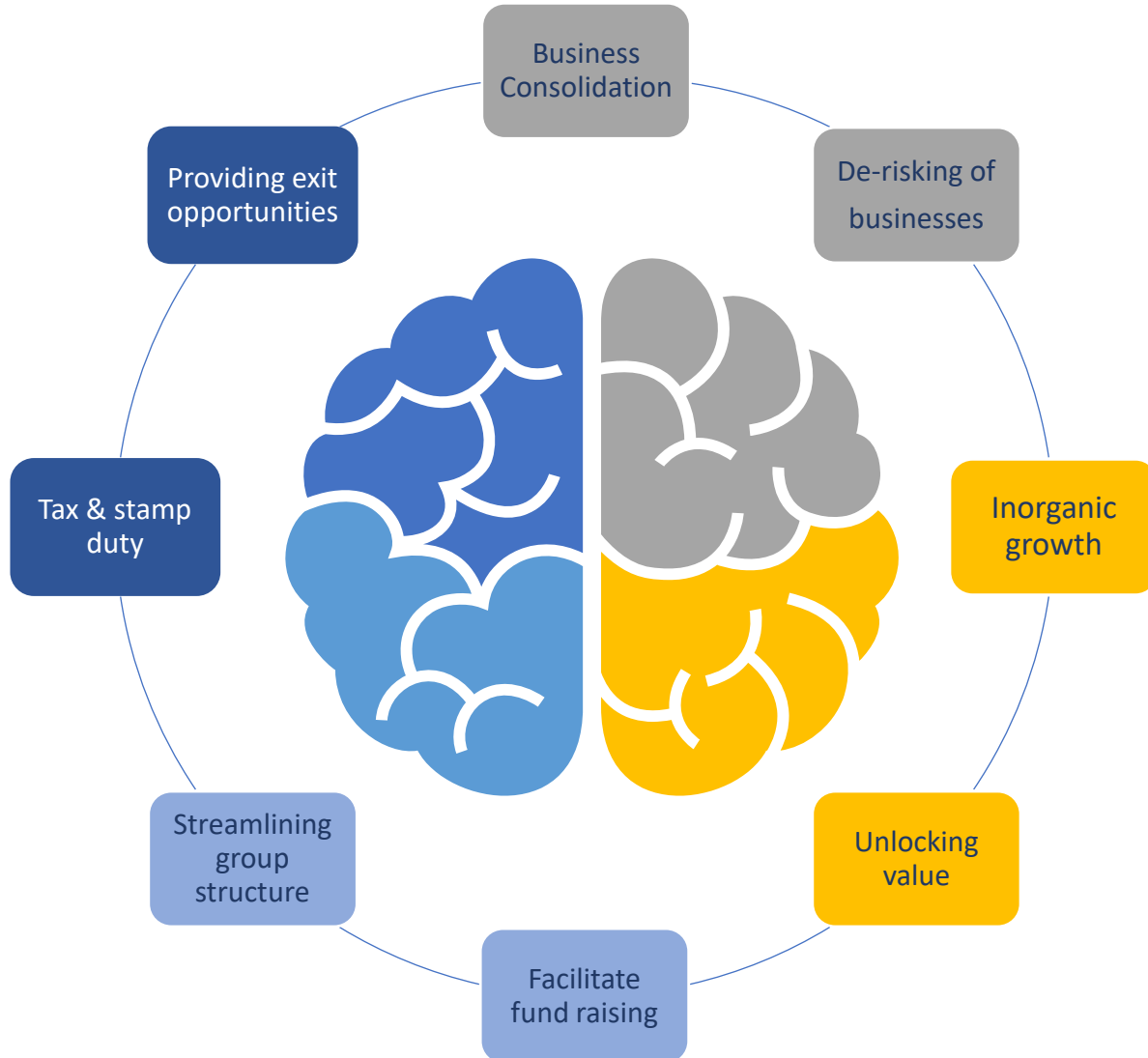
- Conventional perspective

A Scheme is a court-approved agreement between companies/ its shareholders/ creditors  
Scheme is one of the methods for doing M&A

- Modern perspective



# M&A objectives through Schemes

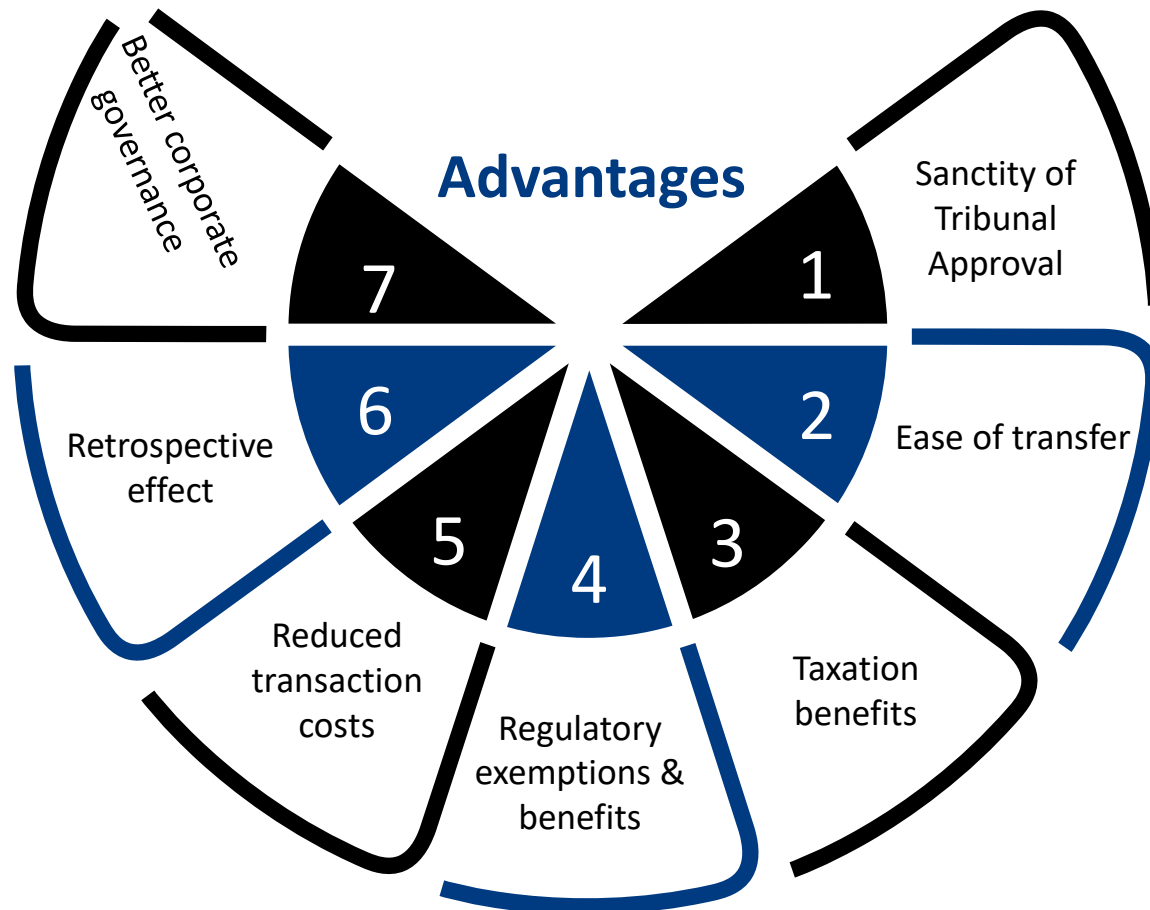


What kind of business objectives can be achieved through schemes ?



# Advantages of Scheme

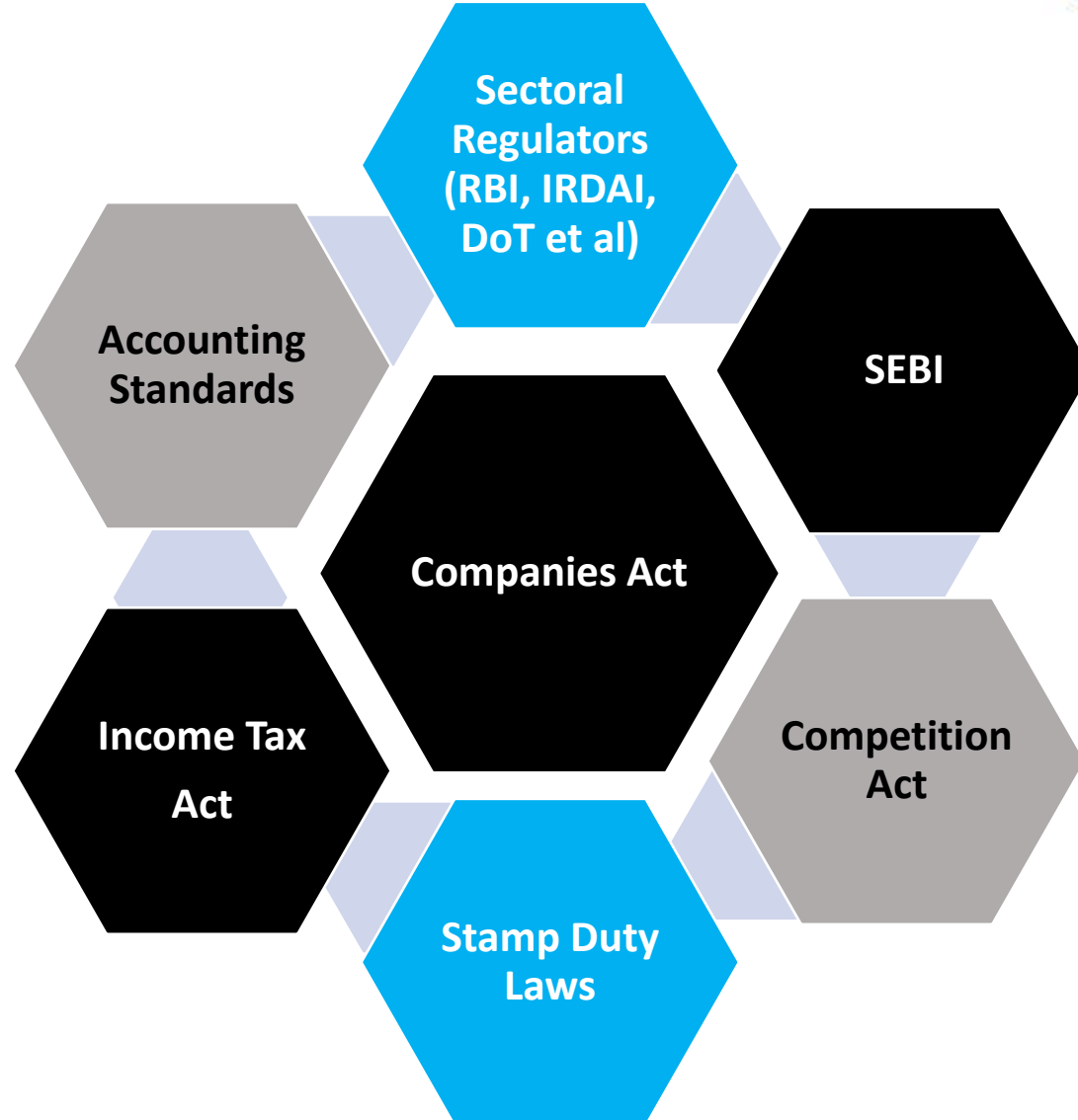
Why not pass simple resolution/ execute bi-lateral agreement instead of a Tribunal approved scheme



## Key considerations

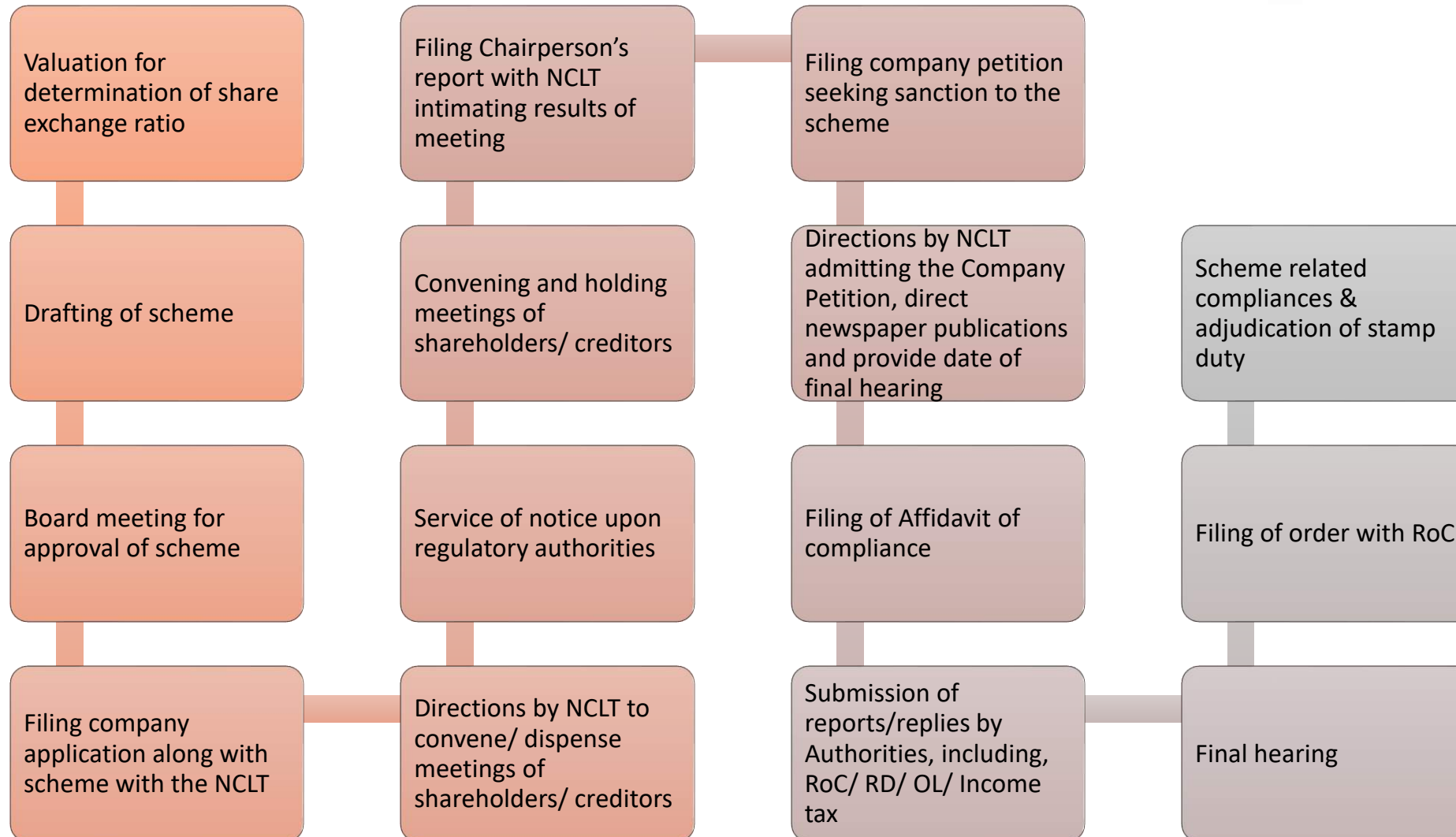
- Timeline
- Corporate approval thresholds
- Available for scrutiny

# Regulatory framework

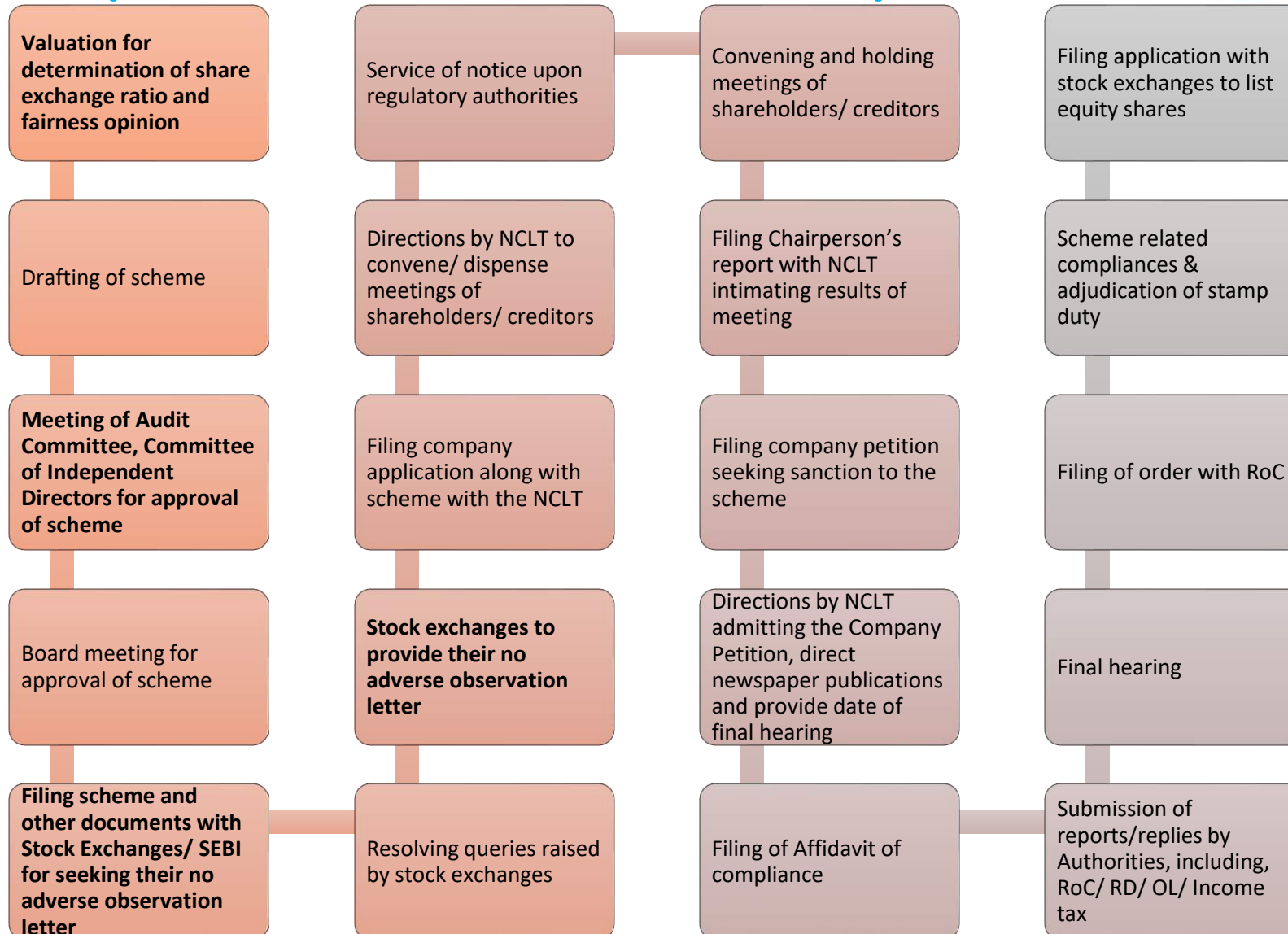




# Scheme | Process – Unlisted Companies



# Scheme | Process – Listed Companies



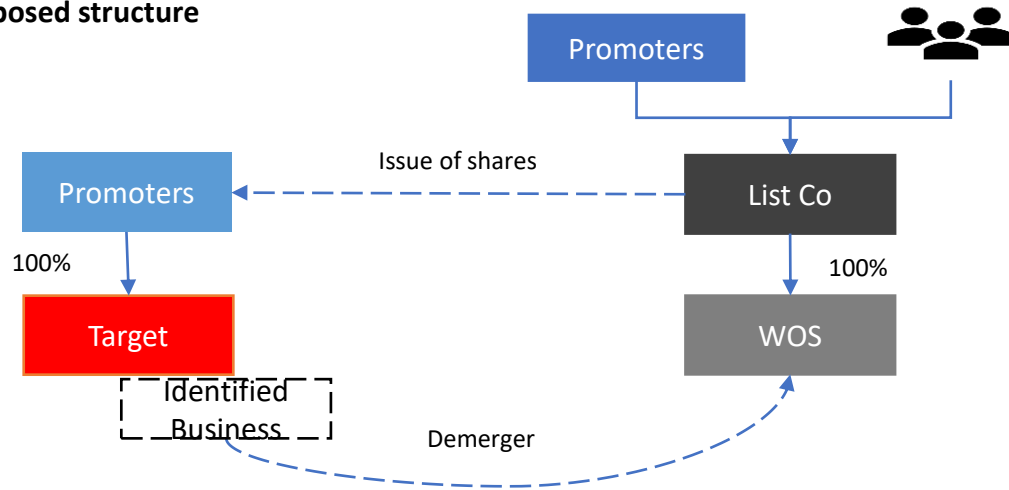


# Case studies

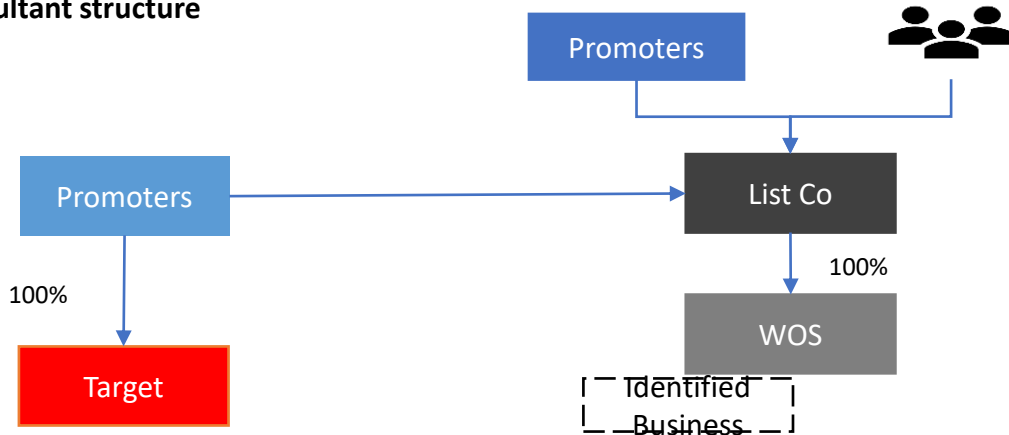
# Case Study I: Acquisition of identified business through Scheme + Issue of shares by Holding Company

## Structure

### Proposed structure



### Resultant structure



## Objectives

- Acquisition of Identified Business of Target by List Co in cashless manner
- Tax efficient acquisition structure
- Identified Business to be housed in separate subsidiary of List Co

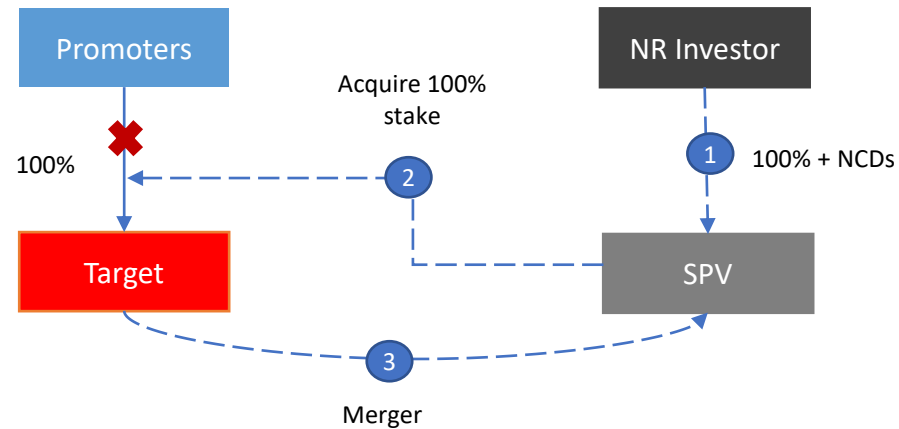
## Key Considerations

- Demerger to be tax neutral
- SEBI, stock exchanges, NCLT & other regulatory approval required for demerger
- Stamp duty on demerger to be analysed
- No open offer implications on issue of shares of List Co to promoters of Target

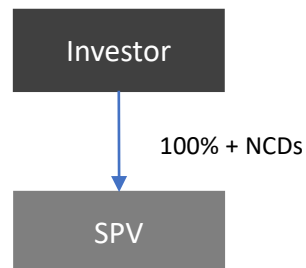
# Case Study II: Leverage buy-out

## Structure

### Proposed structure



### Resultant structure



## Objectives

- Non-resident Investor (NR investor) to acquire 100% stake in Target through appropriate debt – equity mix

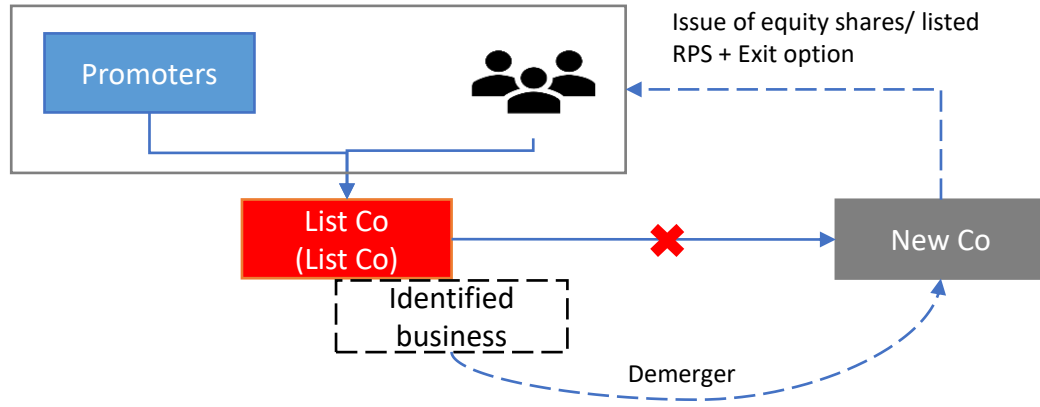
## Key Considerations

- Debt (ie NCDs) pushed to merged Target
- Promoters liable to pay capital gains tax on sale of shares of Target
- Merger to be tax neutral
- NCLT & other regulatory approval required for merger
- Stamp duty on merger to be analysed
- Compliance with FEMA regulations required for acquisition of Target
- Deduction of interest paid on NCDs to NR investor possible subject to thin capitalization rules

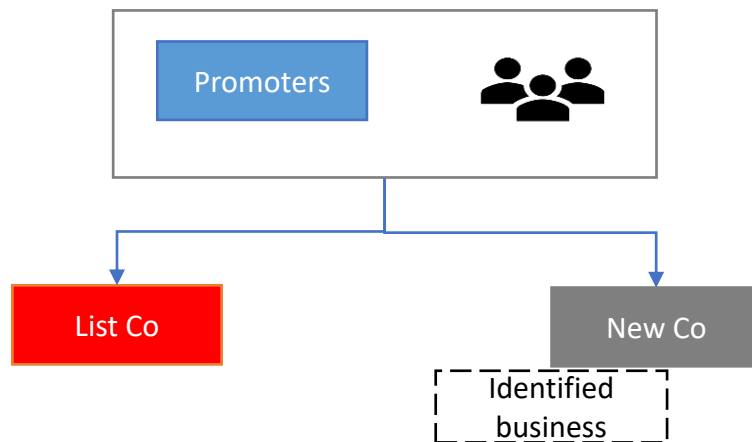
# Case Study III: Delisting of a business through Scheme + Liquidity/ exit option to public shareholders

## Structure

### Proposed structure



### Resultant structure



## Objectives

- Delisting of identified business of List Co
- Providing liquidity / exit option to public shareholders (NR as well as R)

## Key Considerations

- Demerger was tax neutral assuming conditions of demerger are complied with
- SEBI, stock exchanges, NCLT & other regulatory approval required for demerger
- Stamp duty on demerger to be analysed
- Equity shares of New Co are not proposed to be listed
- Exit opportunity for public shareholders by issue of listed RPS



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**Q & A**

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