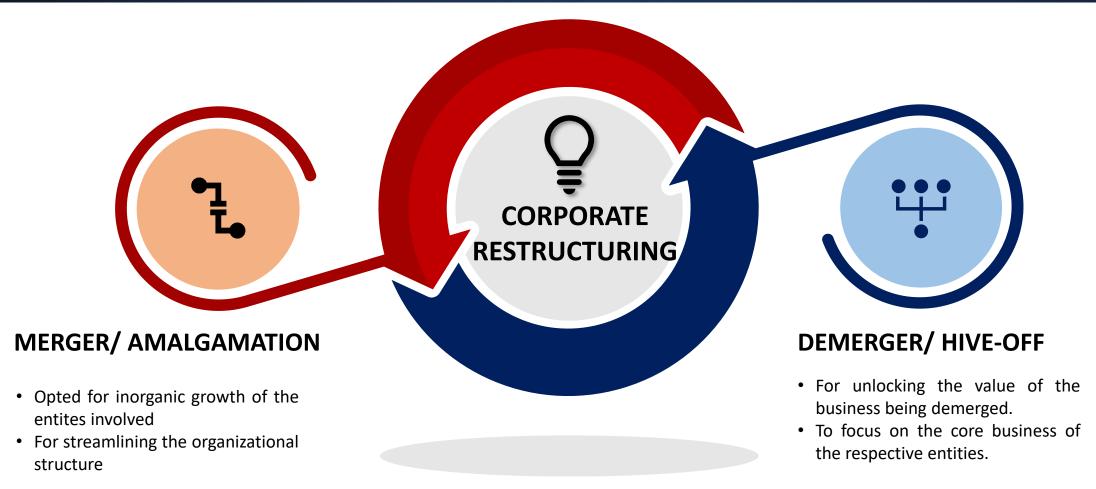


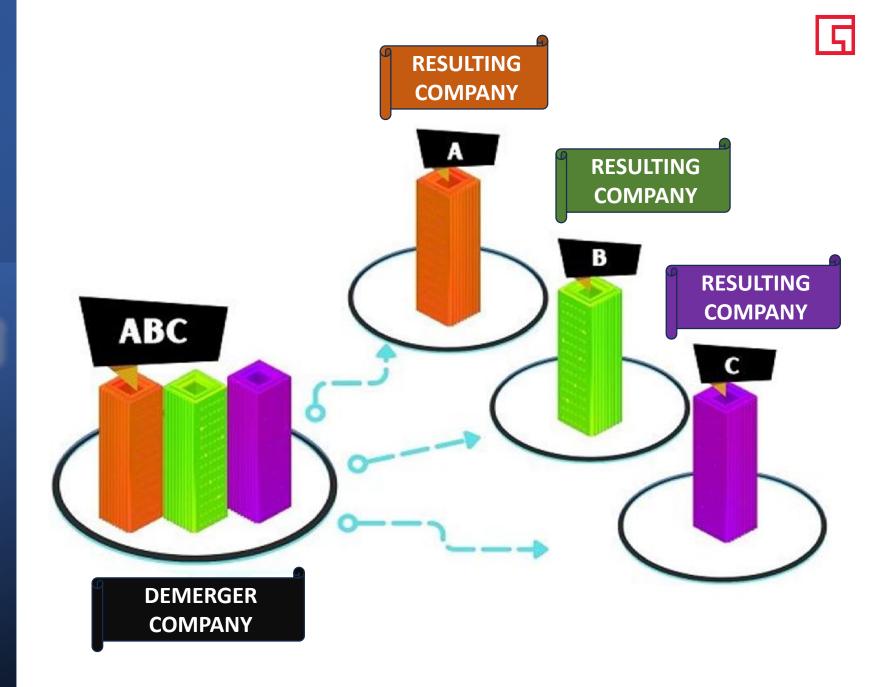
## UNLOCKING VALUE THROUGH DEMERGER AND **HIVE-OFF**



## **INSIGHTS INTO CORPORATE RESTRUCTURING**



## UNDERSTANDING DEMERGERS



### TAX IMPLICATIONS

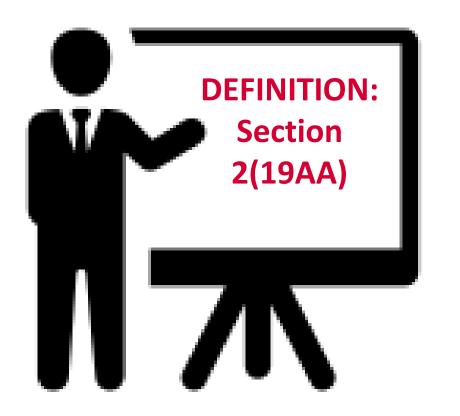
## COMPANIES ACT, 2013

## SEBI (LODR) Regulations, 2015

### STAMP DUTY

# LEGAL INSIGHTS





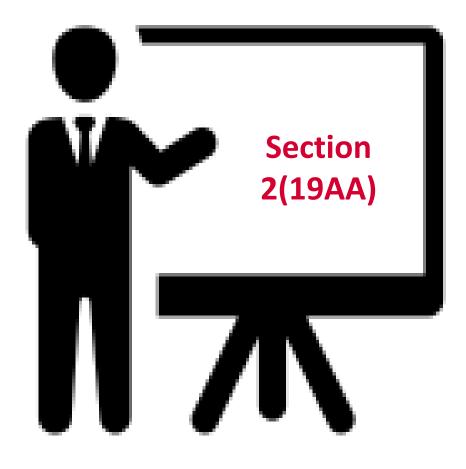
#### **DEMERGER:**

It is the transfer of one or more of the undertaking of the demerged company to any resulting company under a scheme of arrangement prepared under the Companies Act, 2013

# INCOME TAX ACT, 1961

## G

#### **INCOME TAX ACT, 1961**



#### **Demerger:**

 As per the explanation to section 2(19AA) of IT Act, 'Undertaking' shall include any part of an undertaking, or a unit or division of an undertaking or a 'business activity' taken as a whole but <u>does</u> <u>not include individual assets or liabilities or any</u> <u>combination thereof not constituting a 'business</u> <u>activity'.</u>

#### **INCOME TAX ACT, 1961**

Section



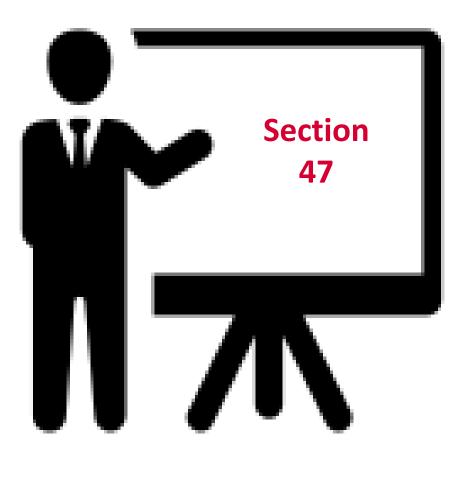
#### **Demerger:**

A **Demerger to be tax neutral** in the hands of Demerged Company must fulfill the conditions of demerger as given in Section 2(19AA) of ITA.

- ✓ all the property and liabilities of the undertaking being transferred by Demerged Company immediately before the demerger would become the property and liabilities of the Resulting Company;
- ✓ all the properties and liabilities of the undertaking would be recorded by the Resulting Company at their respective book values (ignoring revaluations);
- ✓ shareholders holding not less than 3/4th in value of the shares in Demerged Company would become the shareholders of the Resulting Company;
- ✓ the Resulting Company shall issue shares in consideration of the demerger on a proportionate basis;
- $\checkmark$  transfer of the undertaking would be on going concern basis.

#### **INCOME TAX ACT, 1961**



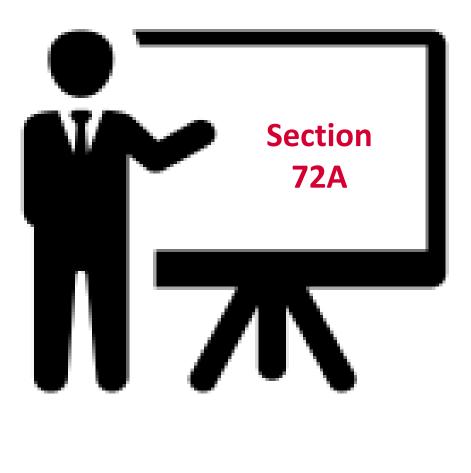


*Transactions which will not be considered as "Transfer"* for the purpose of Capital gain. The relevant provisions of Section 47 are read as :

- **1.** Section 47 (vi b) Demerger Transfer : In a demerger, if the demerged organization transfers a capital asset to the resulting organization, and the resulting organization is an Indian entity.
- 2. Section 47(vi c) Transfers in Foreign Demergers : In a demerger, if a foreign company transfers shares in an Indian company to another foreign company, this transfer is not subject to capital gains tax if:
  - a) Shareholders owning at least 75% of the demerged foreign company's shares remain shareholders in the resulting foreign company, and;
  - b) The transfer does not trigger capital gains tax in the country where the demerged foreign company is based.
- **3.** Section 47(vi d) Share Issuance in Demerger : Issue or transfer of shares by the resulting company to shareholders of the demerged company as part of the demerger.

### **INCOME TAX ACT, 1961**





The accumulated losses and unabsorbed depreciation in case of Demerger, shall be handled as follows:

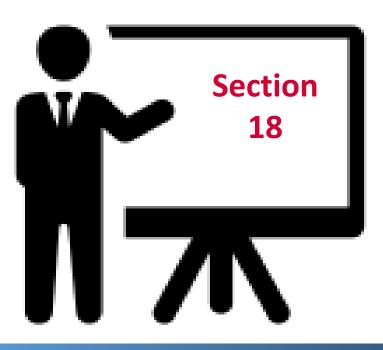
- Directly Related losses/ depreciation: If the losses or depreciation are directly linked to the assets transferred to the resulting company, they can be carried forward and set off by the resulting company.
- Not Directly Related losses/ depreciation : If not directly linked, the losses and depreciation should be divided between the demerged and resulting companies based on the proportion of assets retained and transferred, and each company can carry forward their respective portions.

#### CGST Act, 2017

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As per Entry 2 of notification No. 12/2017 – Central Tax (Rate) dated 28th June 2017 (as amended), services by way transfer as a going concern, as a whole or an independent part thereof is fully exempted from the payment of GST.

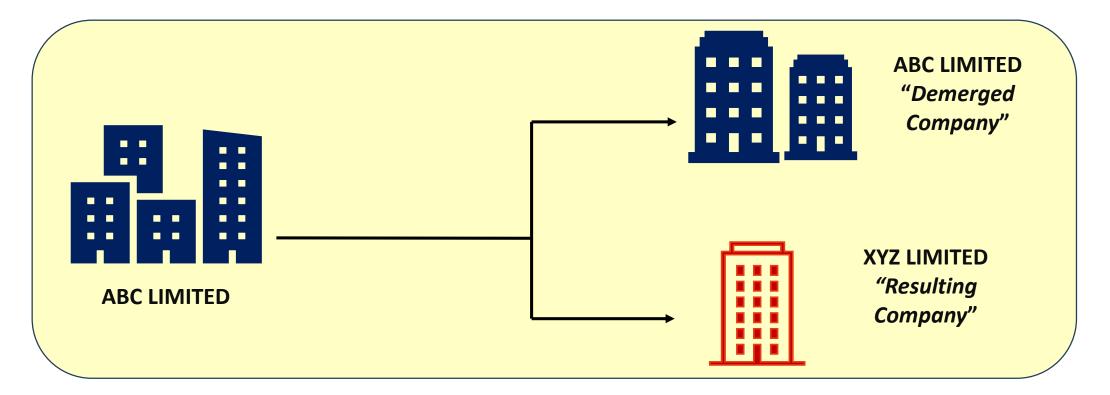
However, Section 18 of the Act, allows for the transfer of unused Input Tax Credit (ITC). A registered taxable person can transfer its unutilized ITC to the transferor in cases of a sale, demerger, merger,



amalgamation, lease, or transfer of business, as outlined in Rule 41 of the CGST Rules, 2017. During a demerger, the ITC will be allocated based on the value of assets transferred to the resulting company and those retained by the demerged entity.

#### **DEMERGER:**

- Demerger involves transfer of identified business from one company to another.
- In consideration, company which acquires business, issues shares to shareholders of selling company.
- Demerger is a process which requires sanction of NCLT similar to merger.



#### **SECTION 230**



It enables companies to propose compromises or arrangements with creditors or members or both. The Companies must ensure the arrangement complies with accounting standards and legal requirements. It outlines procedures for calling and conducting meetings, notifying stakeholders, and obtaining Tribunal approval.



Companies Act does not define Demerger, it only lays down the procedure.

# COMPANIES ACT, 2013

#### **SECTION 232**



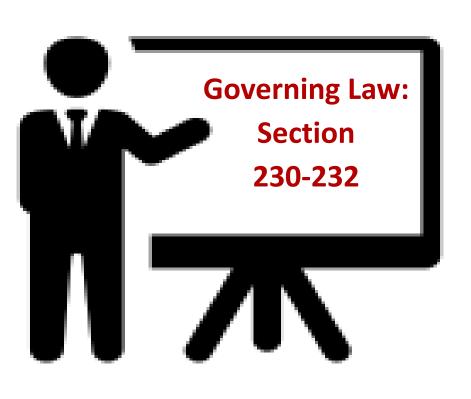
It outlines the NCLT's role in overseeing company mergers, amalgamations and demergers. It also provides for penalty in

It also provides for penalty in case of Non-compliance for the companies and their officers. It mandates procedures for calling meetings of creditors and members, requires detailed documentation and provides for the transfer of assets and liabilities.



Companies Act does not define Demerger, it only lays down the procedure.

# COMPANIES ACT, 2013

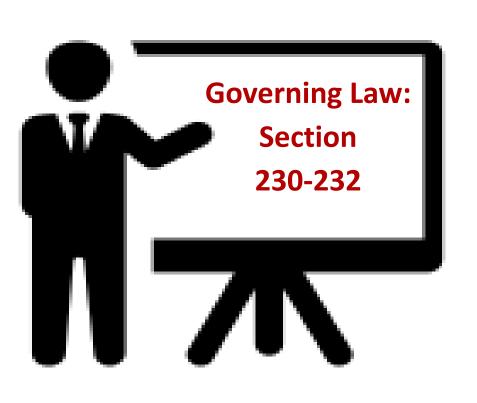


#### CONCEPTS

Check whether objects clause of Memorandum of Association of both the Demerged and the Resulting Companies authorizes any form of Arrangement. Even if the object clause of the company does not specifically empower Company to Demerge, the Company can Demerge, because there is statutory power of Demerger under the Act.

#### *S* Approval by creditors and shareholders − Dual Majority

A scheme is approved, if at least three-fourths (75%) of the creditors or members in value and majority in number, agree to it, whether they vote in person, by proxy, or by postal ballot.



#### CONCEPTS

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#### Right of Objection –

*Objections to a merger or* demerger can be made only by:

- Shareholders holding at least 10% of the shares, or
- Creditors with outstanding debt of at least 5% of the total debt.

#### Dispensation of meeting -

The Tribunal may dispense creditors' meeting if at least 90% of the creditors, by value, agree to the scheme and confirm it by affidavit. However, Section 230(9) only addresses dispensing with meetings of creditors and does not specify criteria for dispensing meetings of members.

## PROCEDURE

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#### **BEFORE THE BOARD MEETING CONVENING OF BOARD MEETING** 02 To approve the draft Scheme of Arrangement and the valuation report. DIRECTION BY NCLT FOR CONVENING **MEETINGS OF MEMBERS AND CREDITORS** Tribunal may direct how to hold and conclude 04 meetings. It sets the time and place for the meetings. Appoints the Chairperson for the meetings. Specifies procedures for the meeting, including voting methods (in person, proxy, postal ballot, or electronic).

#### **VALUATION & PREPARATION OF SCHEME**

Carrying out Valuation for the purpose of Share entitlement ratio and preparation of the draft Scheme of Arrangement.

#### **1<sup>st</sup> MOTION APPLICATION:** FILING OF APPLICATION WITH NCLT

(a) Both, the Demerged and the Resulting Company shall make an application to the NCLT for direction to convene Meetings of Members and Creditors or dispense the meeting of creditors;

(b) Petition shall be filed in Form NCLT-1 with attachment thereto accompanied by the Form NCLT-2. It shall be verified by an affidavit in Form No. NCLT-6.

#### NOTICE OF MEETING OF **SHAREHOLDERS & CREDITORS**

The notice of the meeting, must be given individually to each shareholder and creditor, in Form No. CAA.2, at least one month before the meeting date. (Rule 6 - CAA Rules 2016)

## PROCEDURE

#### **ORDER BY TRIBUNAL**

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Notice shall be sent to the Central Government, Registrar of Companies, income tax authority, RBI, SEBI, Competition Commission of India, stock exchanges, if applicable, and to other sectoral regulators as directed by the NCLT.

#### **REPORT OF THE MEETING**

The Chairperson must submit the meeting report in Form No. CAA.4, to the Tribunal within 3 days of the meeting, or as otherwise directed.

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#### **PUBLICATION OF THE NOTICE**

- The Tribunal may set a date for the final hearing.
- Notice of the hearing must be advertised in the same newspaper as the meeting notice, or another directed by the Tribunal, at least 10 days before the hearing date.
- Notice must also be served to all authorities to whom notice was served as per Rule 8.

#### **REPRESENTATION BY AUTHORITY**

- Authorities may send any representation to the Tribunal within 30 days of receiving the notice.
- If no representation is made within 30 days, it is assumed that the authority has no comments.

#### 2<sup>ND</sup> MOTION APPLICATION: PETITION FOR CONFIRMING MERGER & AMALGAMATION (Rule 15- CAA Rules, 2016)

- The Companies must file a petition in Form No. CAA.5 with the NCLT for approval within 7 days of the Chairperson's report.
- The petition will request the Tribunal's orders and directions.
- The Tribunal will then set a date for the hearing.

## PROCEDURE



## COMPLIANCE AFTER APPROVAL **ORDER BY THE TRIBUNAL (Rule 17 &** 12 20- CAA Rules, 2016) The order will be issued in Form No. CAA.6 or CAA.7, as applicable, with necessary variations. **COMPLIANCE UNTIL COMPLETION OF** 14

#### MEETING (Rule 7- CAA Rules, 2016) Notice of the meeting must be advertised in Form No. CAA.2.

Advertisements should appear in one English newspaper and one vernacular newspaper.

**ADVERTISEMENT OF NOTICE OF** 

- These ads must be posted on the company's website at least 30 days before the meeting.
- For listed companies, also publish on SEBI and stock exchange websites.

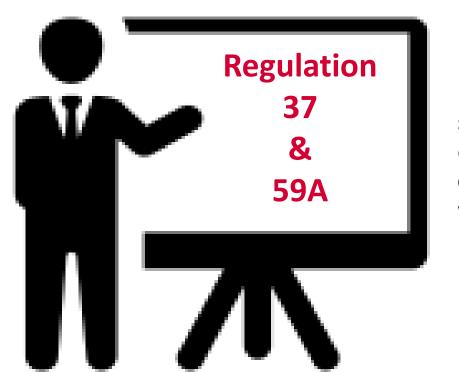
#### FILING OF ORDER OF TRIBUNAL WITH ROC

The company must file the Tribunal's order in Form No. INC-28 with the Registrar within 30 days of receiving the order, or as directed by the Tribunal.

## SCHEME (Rule 21- CAA Rules, 2016)

Until the scheme is fully implemented, the company must file a statement in Form No. CAA.8 with the Registrar within 210 days after each financial year ends, along with the prescribed fee.





Listed entities must submit a draft scheme of arrangement to the stock exchange(s) for an observation letter or no-objection letter before filing with a court or tribunal, accompanied by a non-refundable fee.

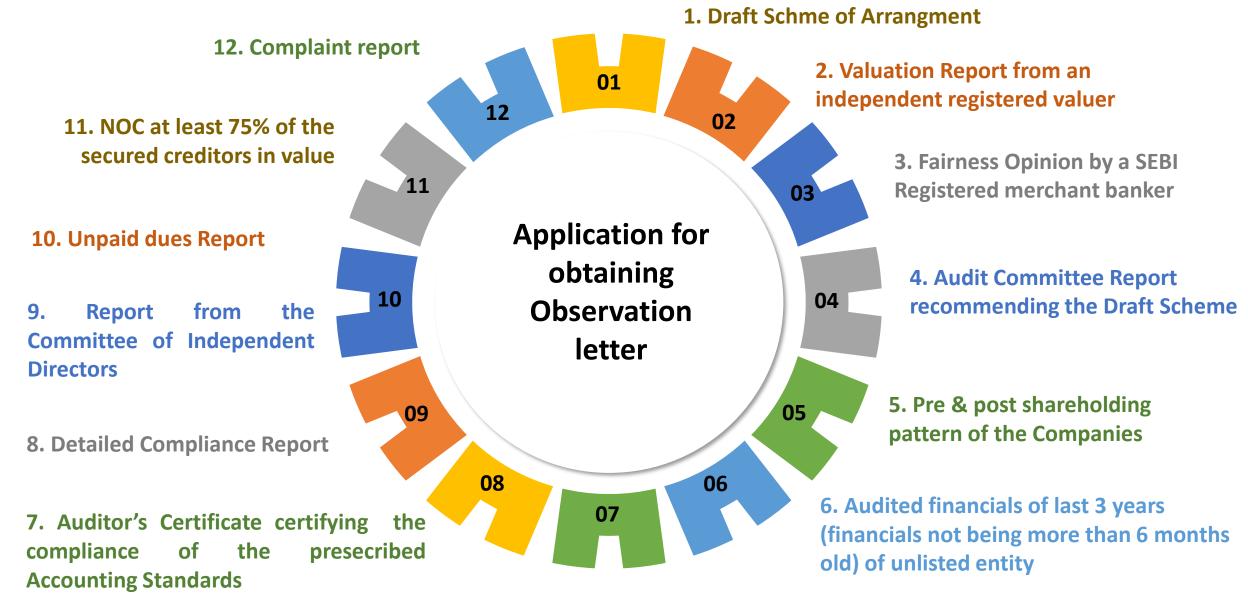


The observation letter or noobjection letter must be presented to the court or tribunal, and it is valid for 6 (six) months from issuance.

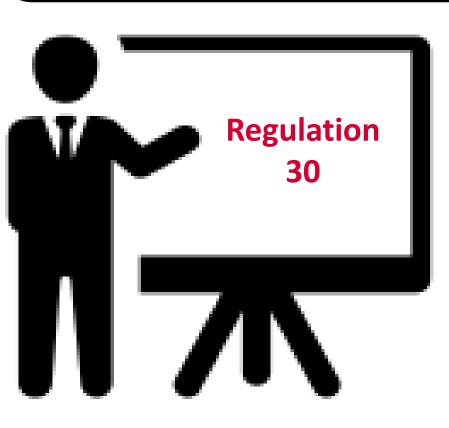
# SEBI (LODR) Regulations, 2015

#### SEBI Master Circular on Scheme of Arrangement





## SEBI (LODR) Regulations, 2015

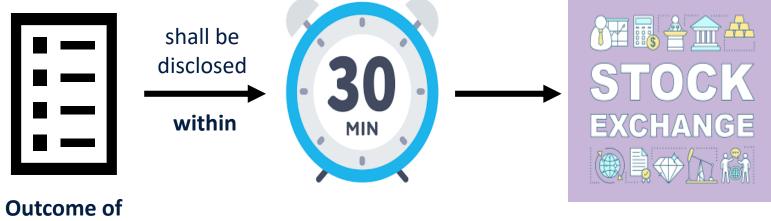


The event of Demerger must be disclosed as specified in Part A of Schedule III of the SEBI LODR Regulations.

## **DISCLOSURE :**

the Board

Meeting

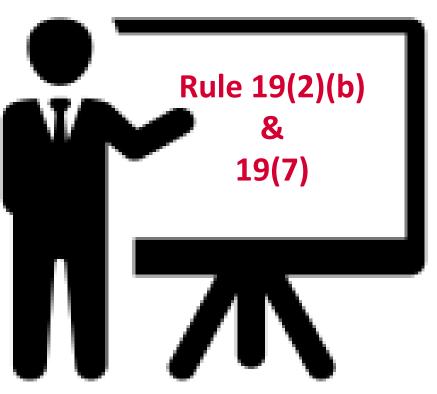


Stock Exchange(s) on which the securities are listed.

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## Listing of the "Unlisted Resulting Company": Seeking relaxation under

## Rule 19 (7) of SCRR

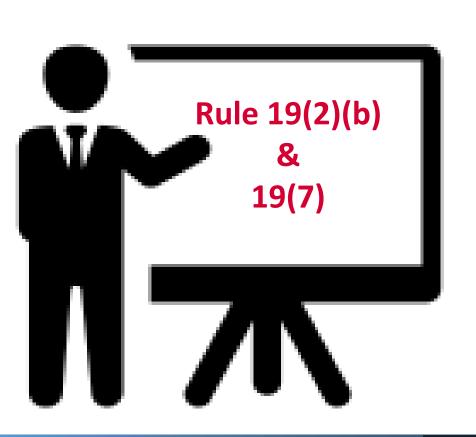


In cases of demerger of an undertaking to any unlisted Company, it is inevitable to get the equity shares of such unlisted Company listed on a recognized Stock Exchange without making an initial public offer as an integral part of the Scheme of Arrangement. For the same it is mandatory to fulfil the following conditions:

- a. The equity shares sought to be listed are proposed to be allotted to the holders of securities of the listed entity;
- b. At least twenty five per cent of the post-scheme paid up share capital of the transferee entity shall comprise of shares allotted to the public shareholders in the transferor entity;
- c. The transferee entity will not issue/ reissue any shares, not covered under the Draft
   Scheme of arrangement

## Securities Contracts (Regulation) Rules, 1957



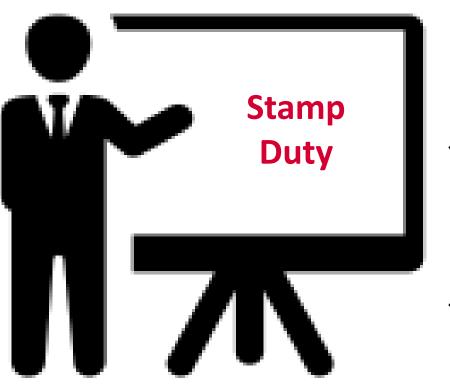


d. As on date of application, there are no outstanding warrants/ instruments/ agreements which give right to any person to take the equity shares in the transferee entity at any future date.

e. The shares of the transferee entity issued in lieu of the locked-in shares of the transferor entity will be subject to lock-in for the remaining period.

And such other additional conditions as prescribed under the SEBI Master Circular of Scheme of Arrangements in this behalf.







One of the major issues in M&A transactions is related to the
 implication of stamp duty;

 $\begin{array}{c} \overset{\kappa}{\leftarrow} \overset{\uparrow}{\bigcirc} \overset{\tau}{\xrightarrow{}} \\ \overset{\iota}{\leftarrow} \overset{\downarrow}{\downarrow} \overset{\downarrow}{\xrightarrow{}} \end{array}$ 

It has been settled by various judicial pronouncements that the order passed by the Courts sanctioning a Scheme of Arrangement is an instrument and accordingly stamp duty is to be levied on this instrument;

Under a Scheme of Arrangement, property is transferred from one person to another person, and accordingly falls within the ambit of the term "Conveyance" as defined under the Act;



The rate of Stamp Duty on Scheme of Arrangement differs from state to state.



While certain States have amended to the definition of conveyance by including within its ambit the transactions of mergers, amalgamation and demerger and have provided specific entry regarding rate of stamp duty in respect of the order of the courts.



On the other hand, in the absence of a specific rate of stamp duty, stamp duty is generally levied under the Article "Conveyance". For instance, in the NCT of Delhi, stamp duty is levied at the rate of 3% on the consideration amount set forth in the instrument i.e. the Court Order;



STATE	RATE OF STAMP DUTY
ANDHRA PRADESH	INR 2/- for every INR 100/- or part thereof of the market value (MV) of the property.
CHHATTISGARH	<ul><li>7.5% of the MV of the immovable property transferred located within Chhattisgarh Or</li><li>0.7% of aggregate of MV of shares issued or allotted and consideration paid,</li><li>whichever is higher.</li></ul>
MADHYA PRADESH	5% of the MV of the immovable property transferred located within Madhya Or 0.5% of aggregate MV of shares issued or allotted and consideration paid whichever is higher.

STATE	RATE OF STAMP DUTY
GUJARAT	1% of the aggregate of MV of share issued or allotted OR face value of such shares, whichever is higher AND the consideration paid for such amalgamation, or 1% of MV of immovable property situated in Gujarat of the transferor Company. whichever is higher. (Maximum duty INR 25 Crore)
KERALA	2% of the MV of the immovable property of the transferor company Or 0.6% of aggregate MV of shares or marketable securities, issued or allotted and amount of consideration paid whichever is higher.

STATE	RATE OF STAMP DUTY
MAHARAHTRA	10% of the market value (MV) of the shares issued or allotted and consideration paid for such amalgamation-
	Provided amount of duty shall not exceed-
	(i) 5% of the MV of the immovable property located within Maharashtra of the Transferor Company; or
	(ii) 5% of the MV of shares issued or allotted and consideration paid, whichever is higher:
	Provided that in case of reconstruction or demerger the duty shall not exceed-
	<ul> <li>(i) 5% of the MV of the immovable property located within Maharashtra transferred by Demerging Company to the Resulting Company, or</li> </ul>
	(ii) 0.7% of the MV of shares issued or allotted to the Resulting Company and the amount of the consideration paid, whichever is higher

STATE	RATE OF STAMP DUTY
WEST BENGAL	The same duty as a Conveyance on the aggregate of MV of the shares issued or allotted, and consideration paid –
	<ul> <li>(a) by the resulting company, for such reconstruction or demerger: Provided that the amount of such duty chargeable shall not exceed—</li> <li>(i) 2% of the MV of the immovable property located within West Bengal of the transferor company, or</li> <li>(ii) 0.5 of the aggregate MV of the shares issued or allotted, to the resulting company and the amount of consideration paid,</li> <li>whichever is higher.</li> </ul>

## EXPLORING SLUMP SALE



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## COMPANIES ACT, 2013

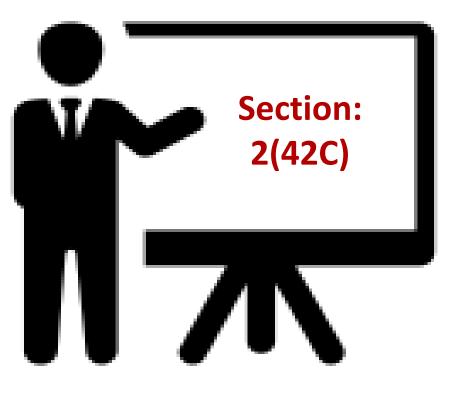
TAX

IMPLICATIONS

## SEBI (LODR) Regulations, 2015

## STAMP DUTY

# LEGAL INSIGHTS



#### **Meaning of Slump Sale**

'Slump Sale' means the transfer of one or more undertakings as a result of the sale for a lump sum consideration without values being assigned to the individual assets and liabilities in such sales.

CONSTITUENTS OF A VALID SLUMP SALE

SALE ON A GOING CONCERN BASIS LUMPSUM

CONSIDERATION

TRANSFER OF WHOLE UNDERTAKING

# INCOME TAX ACT, 1961

#### "MEANING OF AN UNDERTAKING"

## **Vndertaking**:

"undertaking" shall include -

- any part of an undertaking, or a unit or division of an undertaking or a business activity taken as a whole,
- but does not include individual assets or liabilities or any combination thereof not constituting a business activity.



#### "MANNER OF EFFECTING SLUMP SALE"

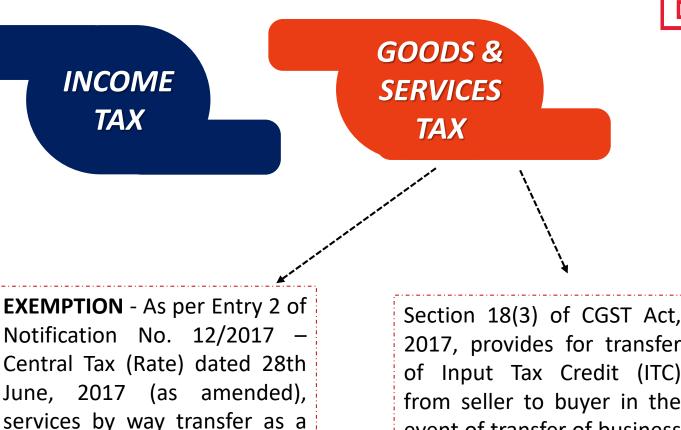
- A Slump sale is typically effected through a Business Transfer Agreement (BTA).
- A BTA is an agreement between a transferor and a transferee company to execute a slump sale wherein ownership of every asset and liability of one or more units transfers, sells, leases or assigns to another for a lump sum consideration.
- In common parlance, a BTA records the following terms and considerations :

Assets and liabilities of the business undertaking to be transferred are listed in the schedule to the BTA;

Lump sum consideration for the sale is specified (usually sale price is based on a business valuation report) The BTA specifies the date prior to which all necessary approvals, permissions, documents to consummate the transaction are to be obtained ('Closing Date'); The fact that upon obtaining all requisite documents and approvals, the transfer of business shall take place on the Closing Date is also captured.

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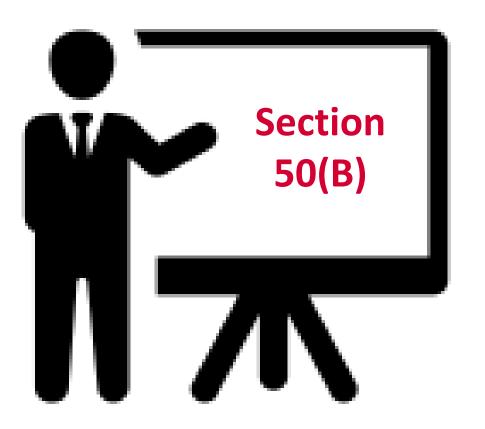


Central Tax (Rate) dated 28th June, 2017 (as amended), services by way transfer as a going concern, as a whole or an independent part thereof is fully exempted from the payment of GST. Hence, transfer of business as a going concern shall be exempt from GST. Section 18(3) of CGST Act, 2017, provides for transfer of Input Tax Credit (ITC) from seller to buyer in the event of transfer of business with the specific provision for transfer of liabilities. In view of this, the unutilized ITC of the transferor, if any, will be transferred to the transferee.

## **INCOME TAX ACT, 1961**

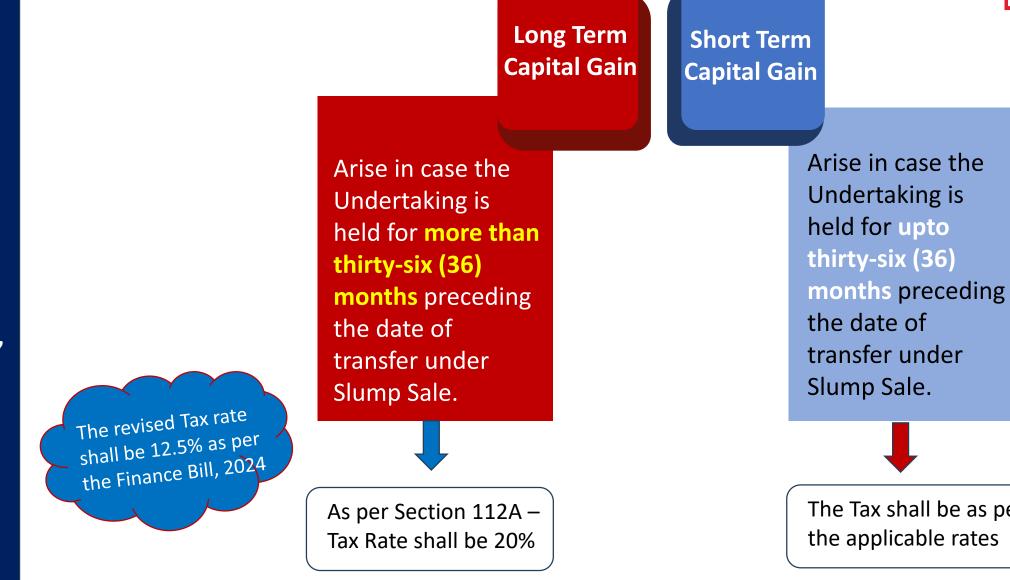


## **Special provisions for Capital Gain**



- ✓ The gain or loss resulting out of a slump sale shall be a Capital Gain/Loss under the Income Tax Act;
- ✓ Taxability arises in the year of transfer of the undertaking;

NATURE OF **CAPITAL GAINS: PERIOD OF** HOLDING OF THE "UNDERTAKING"



The Tax shall be as per the applicable rates

Fair Market Value (Sale Consideration)





Capital Gain/Loss

The prescribed manner for the computation of the **Fair Market Value** of Capital Assets in case of slump sale is given in Rule 11UAE of the Income Tax Rules, 1962 which was notified by the Central Board of Direct Taxes vide its Notification dated 24th May, 2021.

As per the notified Rules, two methods of calculating the fair market value (FMV1 and FMV2) have been provided for determining the full value of consideration in slump sale and higher of the two shall be considered as the Sale Consideration:

i. the fair market value of the assets transferred (FMV1); or

ii. the fair market value of the assets received as consideration for slump sale (FMV 2)

✤ Net Worth of the Undertaking shall be deemed to be the Cost of Acquisition.

Net Worth = Aggregate value of total assets less aggregate value of total liabilities as per the books of accounts.

Depreciable assets = Income tax WDV of the block of assets – Section 43(6)(c)(i)(c)

Capital Asset (Goodwill of a business or profession, not acquired from a previous owner) - NIL

Capital Assets (in respect of which whole expenditure has been allowed or is allowable as a deduction under

Section 35AD – NIL

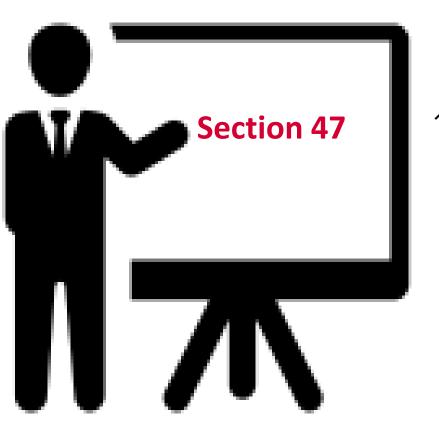
For other assets = **Book Value** 

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• The benefit of Indexation is not available while calculation capital gain in case of Slump sale.

## "EXEMPTION IN CASE OF HOLDING AND SUBSIDIARY COMPANY"



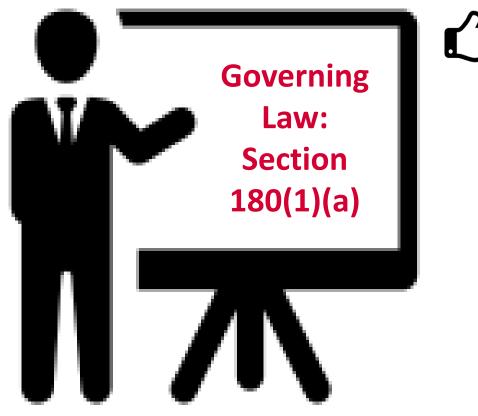
Transfer of capital asset by a Parent Company to its wholly owned subsidiary or vice versa shall not be considered as a 'transfer' as per Sections 47(iv) and 47(v) of the Income Tax Act.

Therefore, such a transfer is **exempt from Capital gains tax**.

If the capital asset so transferred is converted as stock in trade for business, or if the parent company ceases to hold the share capital of the subsidiary company before the expiry of 8 years, then the aforesaid exemptions are withdrawn.







The Companies Act does not explicitly define the term 'Slump Sale'.



## COMPANIES ACT, 2013

## **COMPANIES ACT, 2013**

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As per the provisions of Section 180(1)(a) of the Companies Act, any sale, lease or otherwise disposal of the whole or substantially the whole of the undertaking of the company shall only take effect by passing a Special Resolution.

The above provision is only applicable on Public Companies as, Private Companies are exempt from the said section.



### "DEFINITION OF UNDERTAKING"

An undertaking in which the investment of the company exceeds 20% of its net worth as per the audited balance sheet of the preceding financial year ;

## or

An undertaking which generates 20% cent of the total income of the company during the previous financial year.

Substantially whole of the undertaking

**UNDERTAKING** 

"substantially the whole of the undertaking" in any financial year shall mean 20% or more of the value of the undertaking as per the **audited balance sheet of the preceding financial year.** 



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SEBI introduced Regulation 37A effective from June 14, 2023, that requires listed entities to follow a stricter regime for disposal of an undertaking. It provides for the followings...

# SEBI (LODR) Regulations, 2015

SEBI (LODR) Regulations, 2015

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## **Regulation 37A – Key provisions**

Votes cast by the public shareholders in favour of the resolution exceed the votes cast by such public shareholders against the resolution:

Disclosure of the object of and commercial rationale for carrying out the transaction Public shareholders who are related party, directly or indirectly shall not vote on such a resolution

Disclosure of use of proceeds arising from such transaction. Regulation 37A: Transfer of an Undertaking to a WOS Considering a WOS to be an extension of the holding company, the provision of 37A has exempted the approval regime for transfer of undertaking to the WOS.

However, if such WOS further transfers the undertaking to any other entity, or the listed company intends to dilute its shareholding in the WOS, the approval regime under regulation 37A will be applicable. As per the provisions of Section 54 of the Transfer of Property Act, 1882, transfer of immovable property of the value of INR 100 or above can be made only through a registered instrument. Such registered instrument shall be subjected to payment of stamp duty along with registration fees.

> Immovable property

Movable property

For transfer of movable properties, there is no specific law dealing with the same, hence, movable properties may be transferred either by mere delivery or under an instrument.

## STAMP DUTY

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### **"STAMP DUTY ON BUSINESS TRANSFER AGREEMENT"**

A BTA generally attracts imposition of levy of stamp duty under Article 23 of the Schedule to the Indian Stamp Act, 1899 ("ISA") under the heading of 'conveyance' if the same is 'deed of conveyance'.

The rate of the levy of stamp duty varies from state to state depending upon where in India, the BTA is executed.

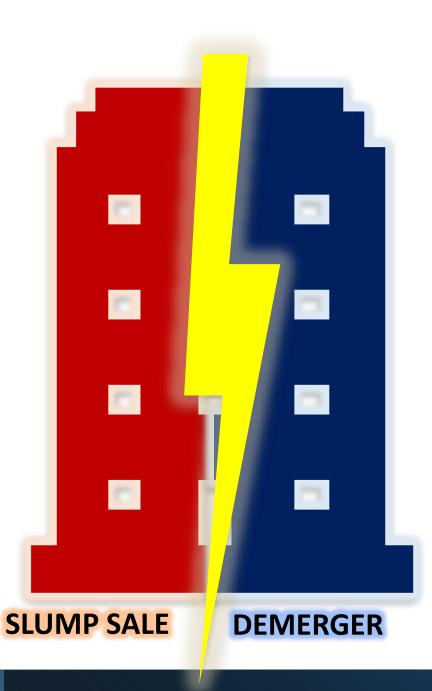
The fact that a typical BTA would have stamp duty implications has been well settled in the case of **Abbott Healthcare Private Limited v. Raj Kumar Prasad & Ors.,** where the BTA was considered to be duly stamped.

## COMPARATIVE ANALYSIS



## TAX IMPLICAITONS

- A slump sale involves selling an undertaking for a lump sum consideration without separately valuing individual assets or liabilities.
- Gains from a slump sale are taxable as capital gains, with tax liabilities varying based on whether the assets were held long-term or short-term.
- Unabsorbed depreciation/ loss cannot be carried forward.



- A demerger, is generally tax-neutral (in the hands of all the companies involved), if it adheres to specific conditions, such as-
  - transferring assets and liabilities at book value and
  - issuing shares to the demerged company's shareholders, etc
- Unabsorbed depreciation/ loss can be carried forward.

## **REGULATORY AND COMPLIANCE OBLIGATIONS**

- Requires fewer regulatory approvals and has a generally simpler process as it only requires the approval of the board and approval Shareholder in EGM.
- The process is usually completed in 3-4 months.

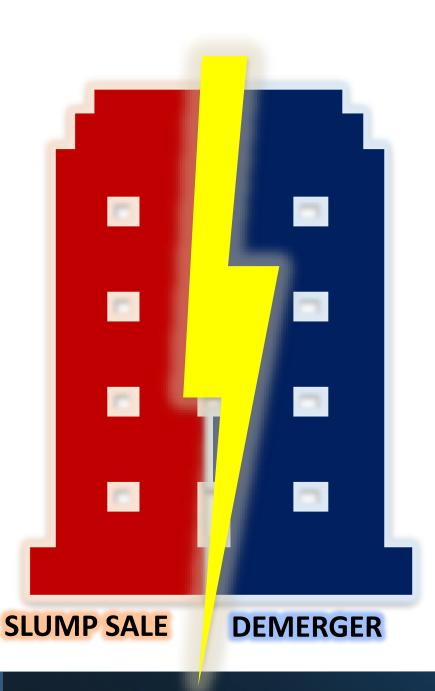


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- Involves a more complex legal process, including approvals from the Shareholders, Creditors, Income Tax Department, Sectoral Regulators, Stock Exchange(s), Tribunals.
- The Process is usually completed in 8-14 months (the timeline may vary for listed and unlisted company).

## **OPERATIONAL IMPACT**

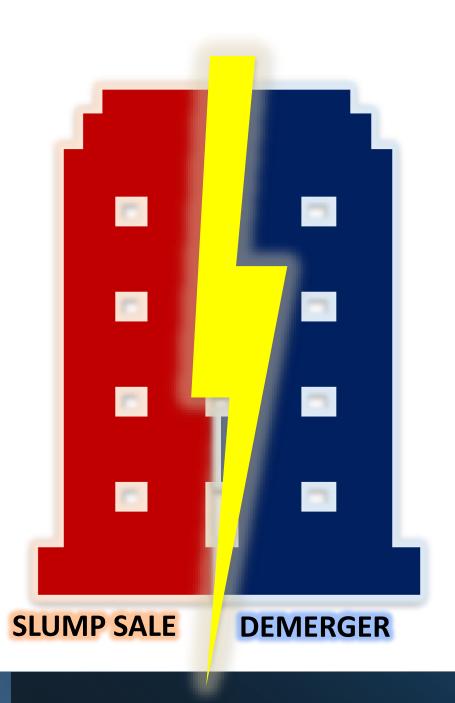
- Execution: through a business transfer agreement.
- Usage: Suitable for quick exits or acquisitions, helping companies divest or acquire business units rapidly.
- Strategic Purpose: Used to streamline operations, reduce debt, or exit noncore businesses.



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- Execution: through a scheme of arrangement.
- Usage: Typically employed for strategic realignment, allowing a company to focus on core competencies by creating separate entities for noncore units.
- Strategic purpose: To resolve family disputes, unlock value, or prepare a unit for a public offering.

## **INTEREST OF SHAREHOLDERS**

- Shareholders get an indirect interest since the consideration is provided to the Company rather than to the individual shareholders.
- The lump sum consideration received is apportioned among the assets in a fair and reasonable manner to determine their value.



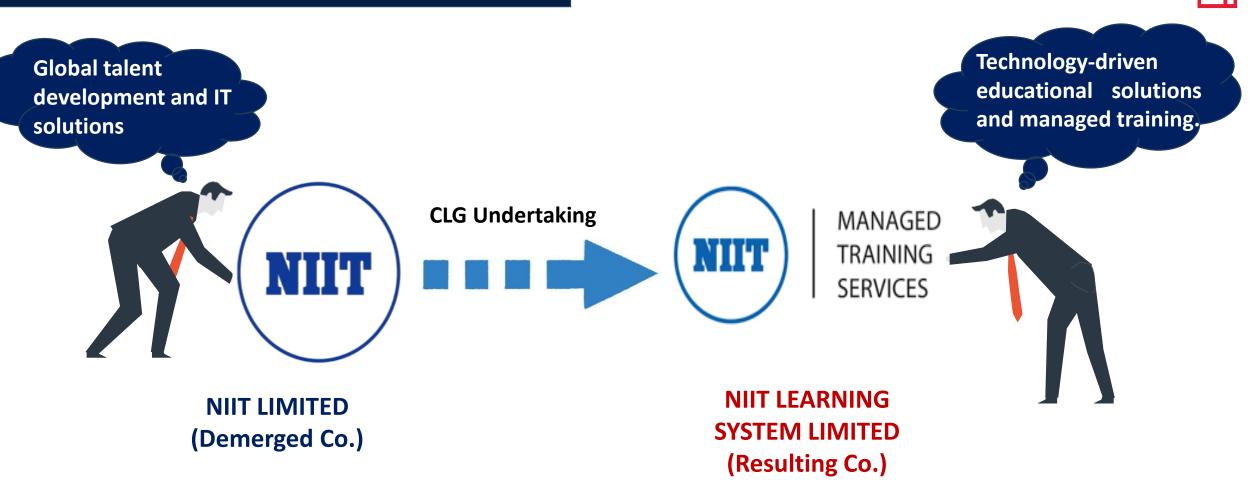
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- Shareholders get a direct interest because the consideration is paid directly to them, either in cash or shares.
- This method is often viewed positively by the market as it indicates a strategic focus and commitment to core business areas.
- Here, the assets are valued at their book value as recorded in the books of the transferor.

# CASE STUDIES: UNLOCKIING VALUE



## **COMPOSSITE SCHEME OF ARRANGEMENT**



NIIT Limited's Corporate Learning Group (CLG) business was transferred to its wholly-owned subsidiary, NIIT Learning Systems Limited.

**RATIONALE & OBJECTIVE** 

- 1. Enhanced Focus on specific market segments
- 2. Enhanced Financial health
- 3. Synergistic benefits

**CONSIDERATION** 

**Issuance of Shares:** NIIT Learning Systems Limited will issue 1 equity share for every 1 equity share held in NIIT Limited.

**Terms:** The shares will have a face value of INR 2 each and will be fully paid up.

#### UNLOCKING THE VALUE

- Prior to transaction–Market Cap. Demerged Company– 5,280
   Crores
- Post Demerger Market Cap Demerged Co.- 1,112 Crores Resulting Co.- 5,031 Crores

## SCHEME OF ARRANGEMENT



Demerger of the Demerged Undertaking (entire Consumer Products Business) of Tata Chemicals Limited into Tata Global Beverages Limited on a going concern basis. **RATIONALE & OBJECTIVE** 

- 1. Enhanced Focus on specific market segments
- 2. Strategic Reorganization
- 3. Increased market presence

## CONSIDERATION

**Issuance of Shares:** TATA Global Beverages limited issued and allotted 1 equity share of INR 1 each, for every 100 equity shares of INR 10 each held in TATA Chemicals Limited.

#### **UNLOCKING THE VALUE**

- Prior to transaction Market Cap.
   Demerged Company 14,200 Crores
   Resulting Company 12,543 Crores
- Post Demerger Market Cap
   Demerged Co. 5,681 Crores
   Resulting Co– 71,620 Crores

## SCHEME OF ARRANGEMENT



Demerger of renewable power undertaking of Adani Enterprises Limited and transfer of the same to Adani Green Energy Limited.

**RATIONALE & OBJECTIVE** 

- Enable greater management focus on Renewable Power Business
- Create enhanced shareholder value
- 3. independent collaboration

#### **CONSIDERATION**

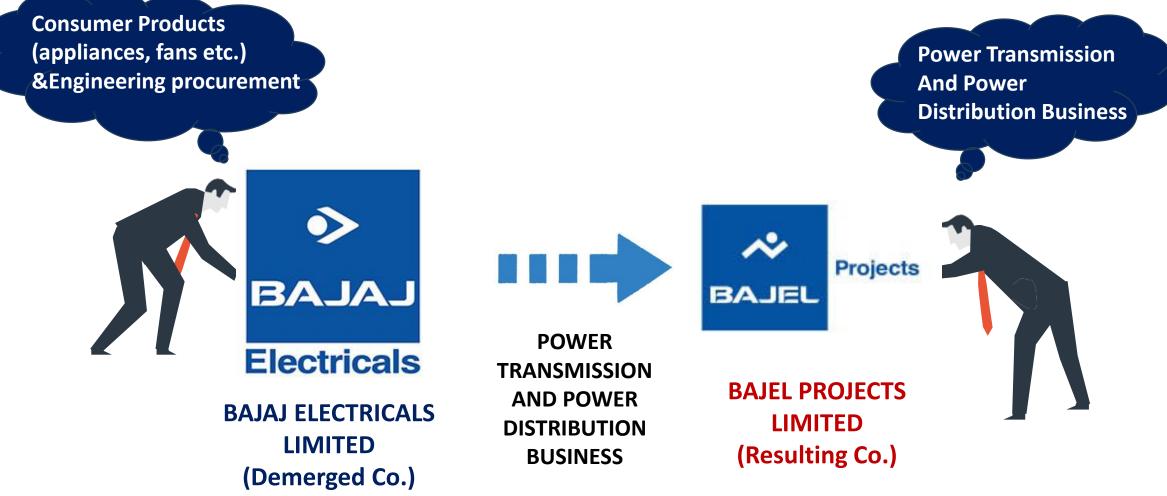
**Issuance of Shares:** the Resulting Company issued 6,63,87,590 equity shares of INR 10 each to the shareholders of the Demerged Company, in the ratio of 1 equity share of INR 10 each for every 1 equity share of INR 10 each held in the Demerged Company

#### UNLOCKING THE VALUE

- Prior to transaction Market Cap Demerged Company 1,623
   Crores
- Post demerger Market Cap
   Demerged Co. 14,753 Crores
   Resulting Co.– 4,598 Crores

## SCHEME OF ARRANGEMENT





Demerger of Power transmission and power distribution business of Bajaj Electricals Limited and transfer of the same to Bajel Projects Limited. **RATIONALE & OBJECTIVE** 

- 1. Growth Statergy, to attaract separate investors
- 2. Channelize the resources required and streamlining operations

**CONSIDERATION** 

**Issuance of Shares:** Bajel Projects Limited shall issue 1 equity share for every 1 equity share held in Bajaj Electricals Limited.

**Terms:** The shares will have a face value of INR 2 each and will be fully paid up.

#### UNLOCKING THE VALUE

- Prior to transaction–Market Cap. Demerged Company– 14,000
   Crores
- Post Demerger Market Cap
   Demerged Co. 11,592 Crores
   Resulting Co. 2,241 Crores

## SCHEME OF ARRANGEMENT

Engaged in various segments of Shipping Trade. (Largest Indian shipping company)



(Demerged Co.)

Holds and disposes non cose assets of Demerged Company TM NON – CORE SCILAL **ASSETS OF SCI SHIPPING CORPORATION OF Undertaking**) **INDIA LAND &** 

> **ASSETS LIMITED** (Resulting Co.)

\*The Resulting Company is a Wholly Owned Subsidiary of the Demerged Company.

(Demerged

**RATIONALE & OBJECTIVE** 

- 1. Management of the Noncore assets more efficiently.
- 2. Optimal exploitation, monetization and development of the entites involved.

**CONSIDERATION** 

**Issuance of Shares:** SCILAL shall issue 1 equity share for every 1 equity share held in SCI.

**Terms:** The shares will have a face value of INR 10 each and will be fully paid up.

#### **UNLOCKING THE VALUE**

- Prior to transaction MarketCap.- Demerged Company –5,240.24 Crores
- Post demerger Market Cap
   Demerged Co. 9,071 Crores
   Resulting Co. 2070 Crores

## SCHEME OF ARRANGEMENT

Manufacturing and dealing of coated fabrics, PU resins and Industrial Gauges

JASCH

Jasch Industries Limited

Jaseh

JASCH INDUSTRIES LIMITED (Demerged Co.) INDUSTRIAL GAUGE AND EQUIPMENTS

JASCH GAUGING J TECHNOLOGIES LIMITED (Resulting Co.)

Deals in apparatus based

on the use of X rays.

Demerger of Industrial gauge and equipments business of Bajaj Electricals Limited and transfer of the same to Jasch Gauging Technologies Limited.

**RATIONALE & OBJECTIVE** 

 Segregation of the Demerged Undertaking whould help in potential business opportunities effeciently.

#### **CONSIDERATION**

**Issuance of Shares:** Jasch Gauging Technologies Limited shall issue 2 equity share for every 5 equity share held in Jasch Industries Limited.

**Terms:** The shares will have a face value of INR 10 each and will be fully paid up.

#### **UNLOCKING THE VALUE**

- **Prior to transaction** Market Cap.-Demerged Co. **168 Crores**
- Post Demerger Market Cap Demerged Co. – 208 Crores Resulting Co. – 189 Crores



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