

# **Mergers & Acquisitions – Transactions perspective**

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**Amrish Shah**  
**Pinakin Desai**  
**Moderator - Sudhir Kapadia**

01

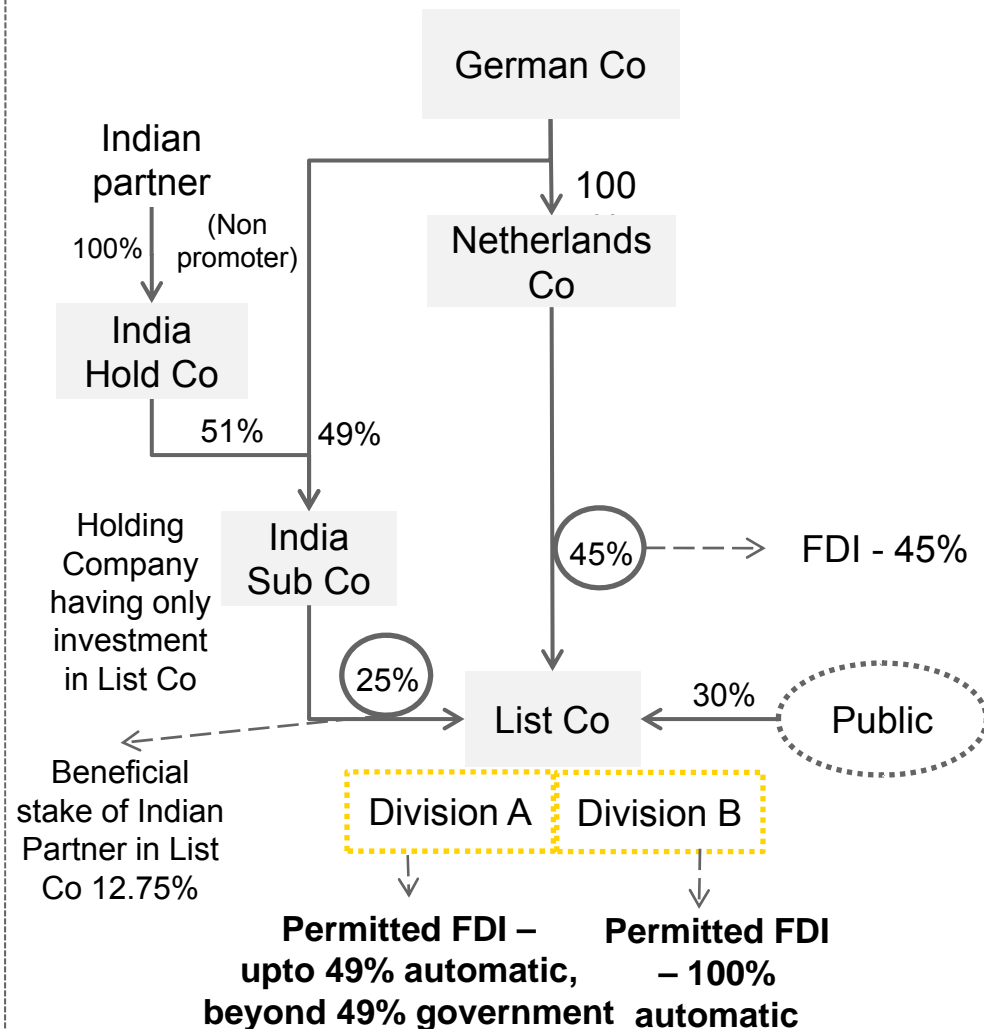
# Case study

## Indian restructuring



# Background & Current Structure

- ▶ German Co is engaged in the business of telecom infrastructure
- ▶ German Co indirectly holds stake in an Indian listed company, List Co
- ▶ List Co is engaged in the following business
  - ▶ Division A - Providing tower infrastructure to companies engaged in the telecommunication sector
  - ▶ Division B - Construction and development of housing projects
- ▶ German Co has partnered with an Indian Co who beneficially holds around 12.5% equity stake in List Co



# Objectives

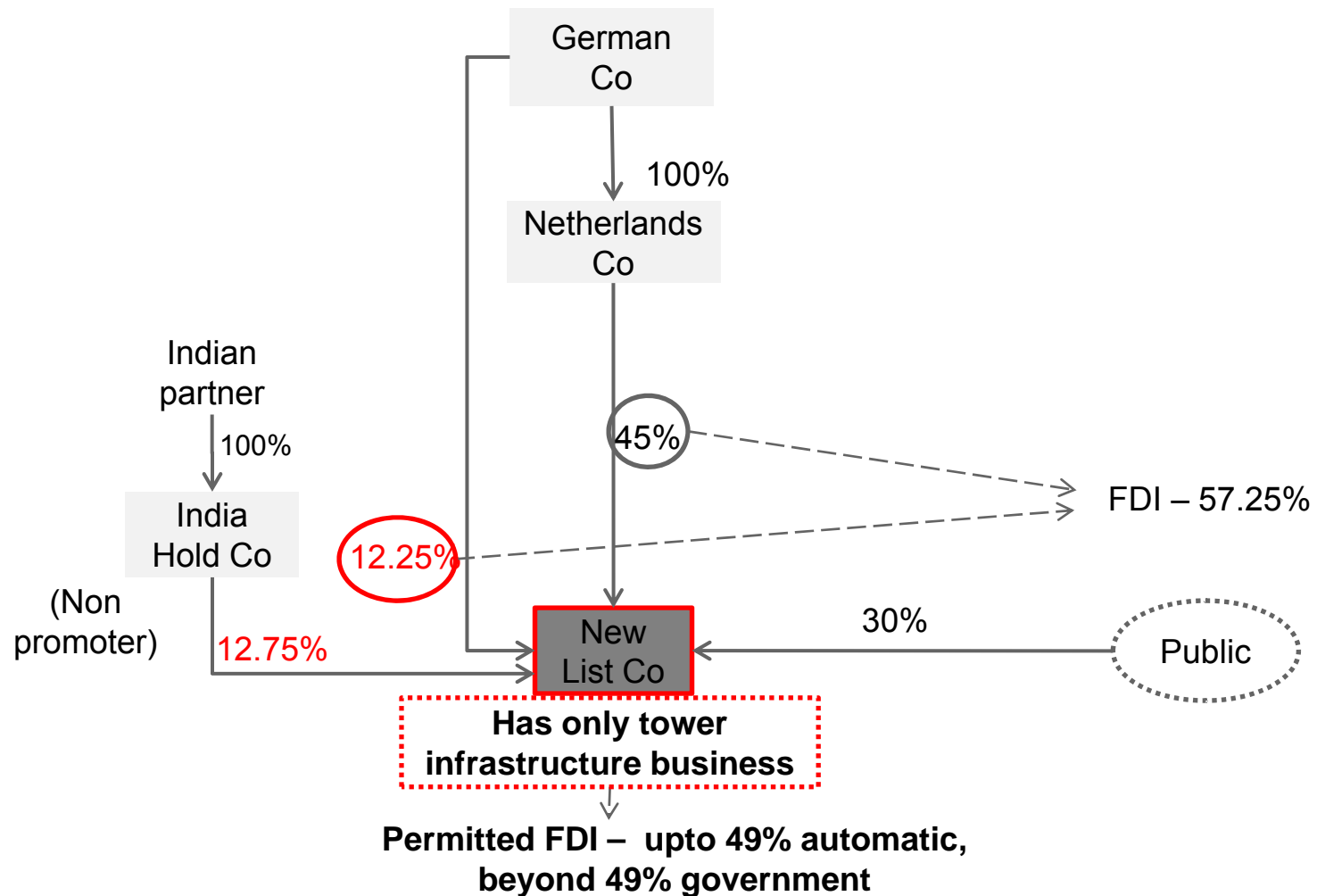
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## Proposed Restructuring objectives

- ▶ Feasibility for German Co to divest from its Indian tower infrastructure business only

- ▶ Keeping this in perspective, it is envisaged to restructure the German Co's holding in the Indian company
- ▶ This is to be done in agreement with the Indian partner

# Desired Indian Resulting Structure

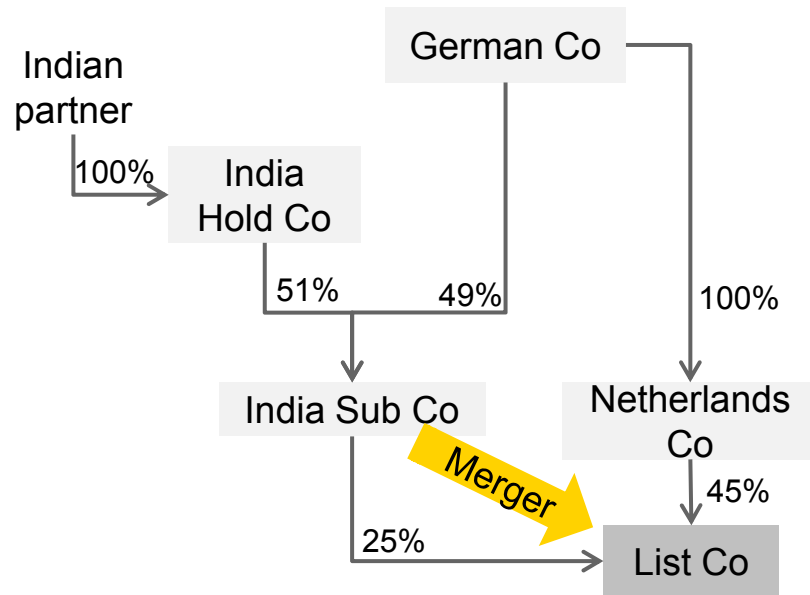


# India Structuring – Step 1

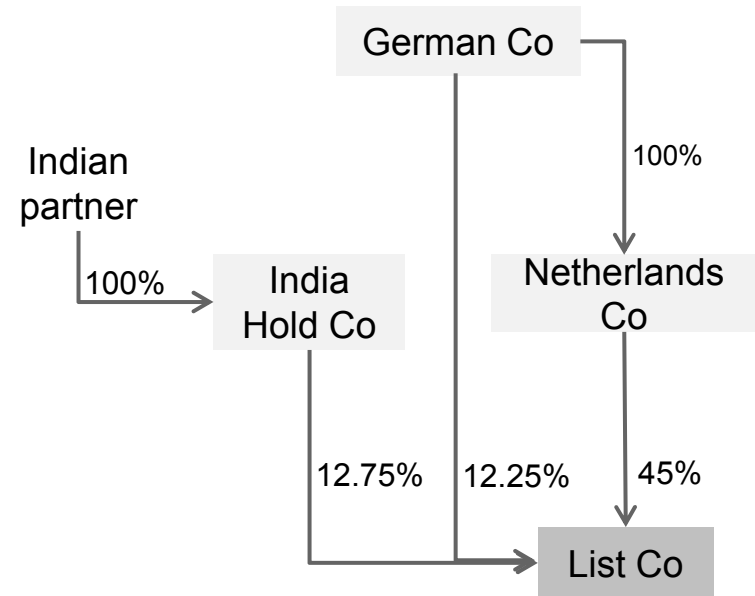
## Merger

- ▶ India Sub Co to merge into List Co
- ▶ Pursuant to merger List Co to issue shares to India Hold Co and German Co
  - ▶ German Co to become a direct shareholder of List Co

### Step 1 - Merger



### Post Merger

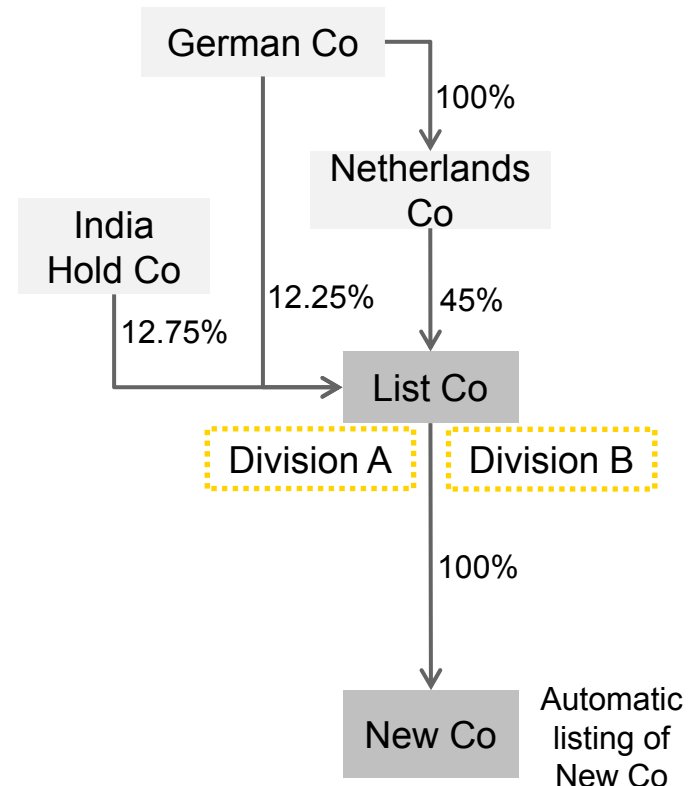


# India Structuring – Step 2

## Demerger

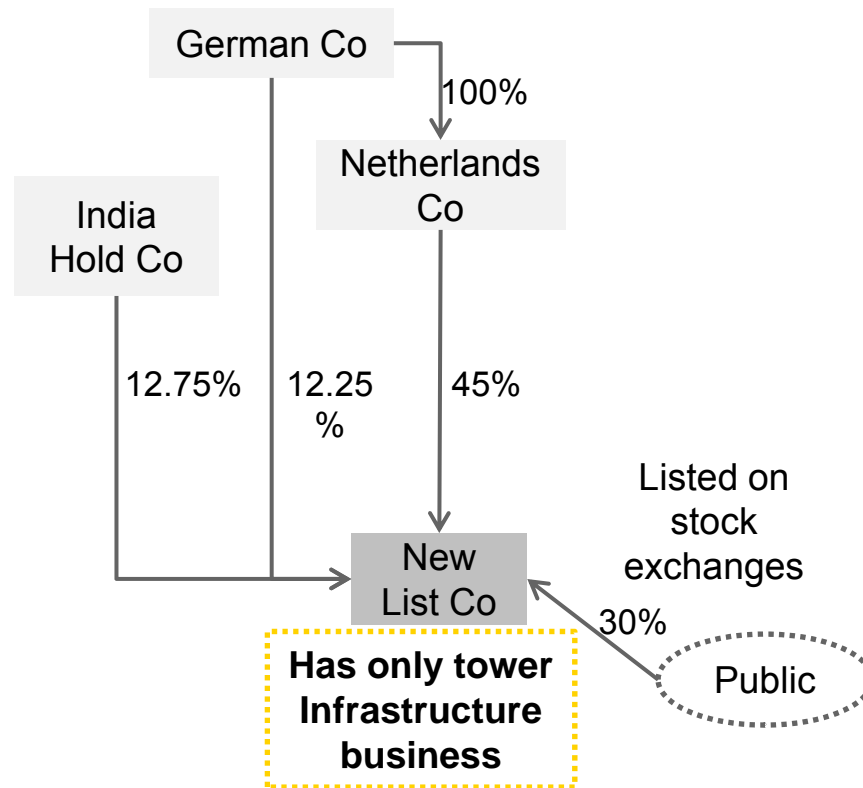
- ▶ List Co to incorporate a WOS, New Co
- ▶ List Co to demerge its Division A into New Co
- ▶ Pursuant to demerger, New Co to issue shares to all the shareholders of List Co
- ▶ New Co to get listed on stock exchange (hereinafter referred as 'New List co')

## Step 2



# India Structuring – Post Step 2

## Resulting Structure





# Key issues and discussion



02

## Case study

Transfer of shares including (primarily Indian) assets



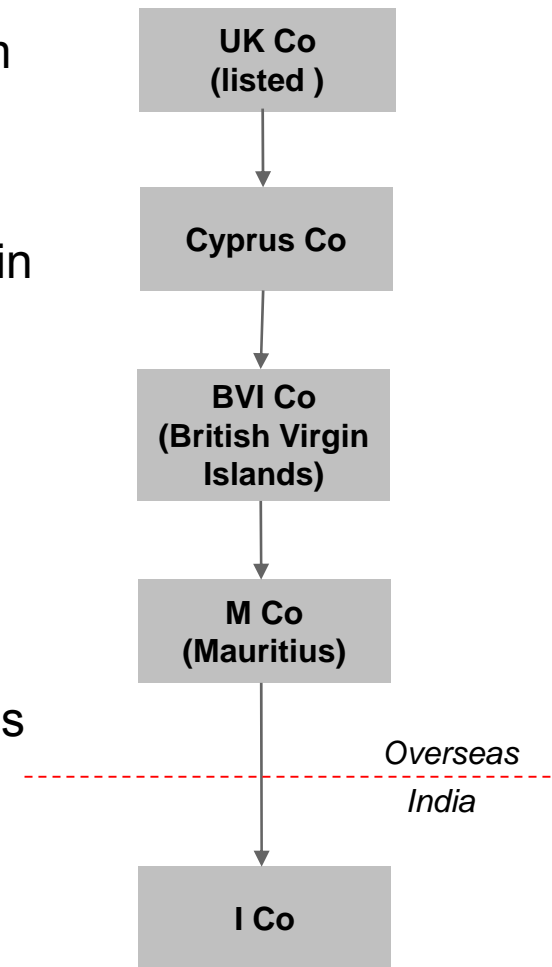
# Background and objective

## Facts

- ▶ UK Co is a company incorporated in the United Kingdom and is listed on the London Stock Exchange
- ▶ UK Co has operations across the globe including India
- ▶ Investments in Indian company ('I Co') held through chain of underlying companies i.e., Cyprus Co, BVI Co and M Co
  - ▶ I Co is into manufacturing business
  - ▶ It does not require any specific government license to operate
  - ▶ FDI permitted in I Co upto 100% under automatic route
  - ▶ I Co does not own any brand used by the Group companies
- ▶ M Co holds a valid tax residency certificate ('TRC') and is eligible to claim the benefits of the India-Mauritius tax treaty

## Objective

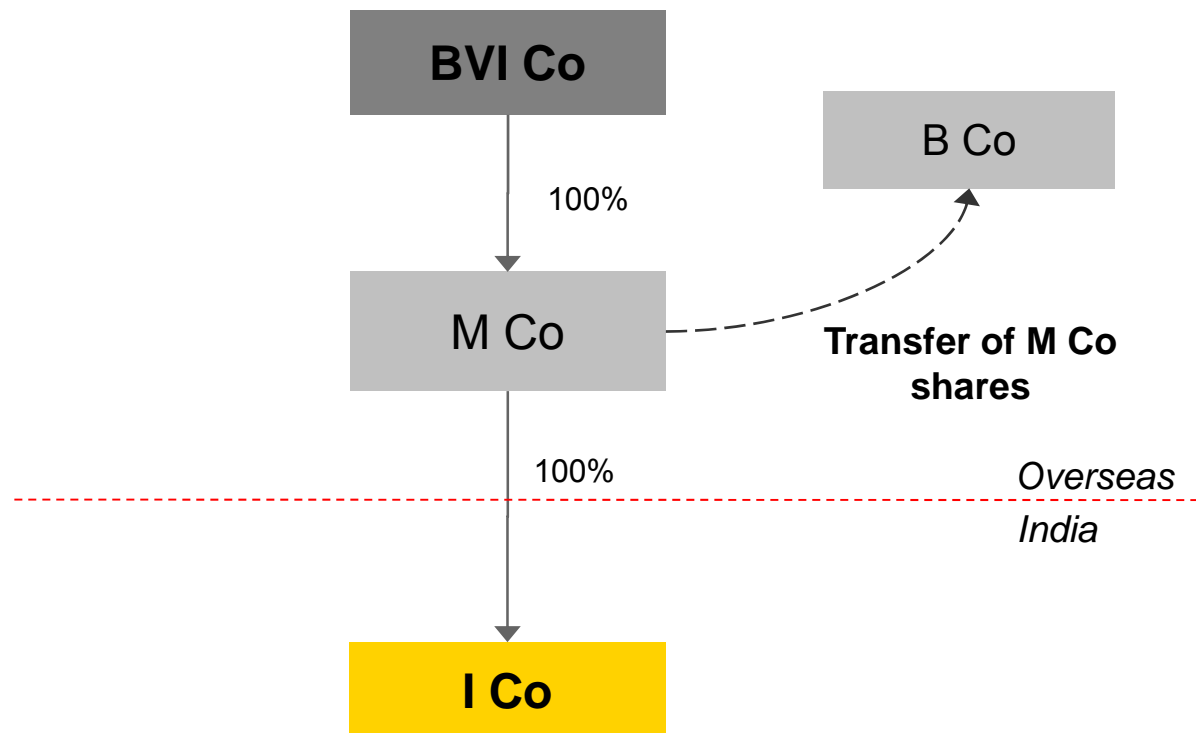
- ▶ A Co proposes to divest its Indian business to a third party/unrelated party



# Options considered for sale of shares of I Co

**Option 1: BVI Co to sell shares of M Co to the non resident buyer i.e. B Co**

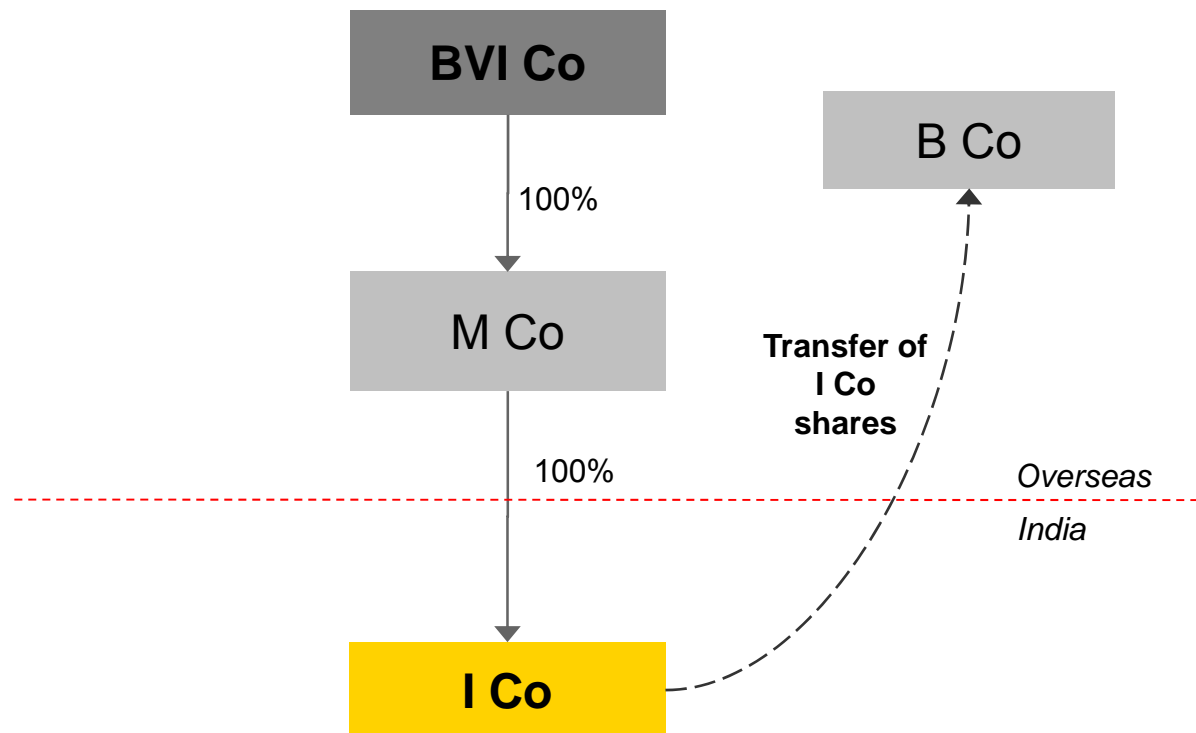
## Indirect transfer of Indian company



# Options considered for sale of shares of I Co

Option 2: M Co to sell shares of I Co to the non resident buyer i.e. B Co

## Direct transfer of Indian company



# Key issues and discussion



