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A Case Study of Aditya Birla Group: (Major Corporate Restructuring of 2015-2020)

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ABSTRACT

With an ever-increasing Indian economy, the dynamics of the market is changing rapidly and continuously, especially in the last 5 years, with various reforms introduced by the Indian government like introducing IBC, 2016, easing of the FDI norms, etc. This leads to a number of big transactions involving the mergers and acquisitions across various sectors and industries, which can be witnessed on a regular basis. The aim of the present paper is to provide an overview of the major corporate restructuring of the Aditya Birla Group, one of the major Indian conglomerates worth US \$48.3 billion. This paper focuses upon two major deals of the group, namely Vodafone-Idea and UltraTech-Jaiprakash Associates, while touching upon all the important deals entered into by the group in last 5 years. The researcher also gives a brief background of each companies involved in both of the mentioned deals. Further, the researcher provides with the description of the arrangements and the rationale behind them. At last, the researcher tried to conclude it by analysing the effects of such corporate restructuring that whether it is successful or a failure for the company.

Keywords: Aditya Birla Group, Corporate Restructuring, Vodafone-Idea, UltraTech-Jaiprakash, Mergers & Acquisitions.

“Our values provide us with our roots and they provide us with our wings.”

Mr. Kumar Mangalam Birla, Chairman, Aditya Birla Group

I. INTRODUCTION

Aditya Birla Group (hereinafter referred to as ‘ABG’) is one of the largest Indian conglomerates valuing US \$48.3 billion. Its foundation has been set back in 1857 when the forefather of Kumar Mangalam Birla, the present chairman of the ABG, has started the cotton trading business in a Pilani, a small town of Rajasthan. It is the world’s largest manufacturer

¹ LL.M., National Law University, Delhi; Presently, Legal Research Associate, The Insolvency and Bankruptcy Board of India. (The views expressed in the paper are solely of the author and not of Insolvency and Bankruptcy Board of India or the Government of India).

of aluminium rolling, viscose staple fibre and carbon black. It is also the third largest producer of insulators and cement except China. ABG is one of the Fortune 500 companies, having more than 1,20,000 employees of over 42 nationalities. Recently, in 2018, ABG is named as the best employer in the country by AON.² The achievements and accolades of the group reflect its clear vision of becoming the world-class conglomerate, focusing on each and every business of the corporation.³ ABG has a global presence in 36 countries, covering 4 continents. More than half of its revenue is generated from its overseas business operations.⁴ To name a few, huge companies like Hindalco Industries Ltd. (hereinafter referred to as 'HIL'), Grasim Industries Ltd (hereinafter referred to as 'GIL'), UltraTech Cement Limited, Vodafone Idea Limited (hereinafter referred to as 'VIL') are the part of ABG. Since its inception, ABG entered into a number of mergers and acquisitions with other corporations in order to widen its horizon. In particular, more than a dozen of corporate restructuring has been taken place in the last 5 years only. These all combinedly shows that ABG is successful in achieving its mission.⁵

II. CORPORATE RESTRUCTURING- MAJOR MILESTONES

ABG has achieved several milestones in the last decade. Recently, in April 2020, Novelis Inc., the wholly owned subsidiary of HIL (one of the ABG's flagship companies) acquired Aleris Corp., a worldwide supplier of rolled products of aluminium for US \$2.8 billion.⁶ The said acquisition made HIL as the largest aluminium company in the world.

The year **2019** is one of the breakthrough years of the company's history wherein a number of corporate restructuring took place, including the outbound acquisition. In 2019, GIL acquired 100% equity share of Suktas India Private Limited (hereinafter referred to as the 'SIPL'), a subsidiary of Turkish company dealing in textiles, for Rs. 165 Cr. In the same year itself, it also acquired one of the dotting businesses of KPR Industries (India) Ltd. for Rs. 253 Cr, *i.e.*, Chlor Alkali through slump sale.⁷

One of its company, PT Elegant Textile Industry (hereinafter referred to as 'PTE') which is

² *Aditya Birla Group Profile*, ADITYA BIRLA GROUP (Jan. 17, 2021, 07:05 AM), <https://www.adityabirla.com/about-us/downloads/Aditya-Birla-Group-Profile.pdf>.

³ *Vision and Values*, ADITYA BIRLA GROUP (Jan. 17, 2021, 07:15 PM), <https://www.adityabirla.com/about-us/vision-values>.

⁴ *About Us*, ADITYA BIRLA GROUP (Jan. 17, 2021, 07:30 PM), <https://www.adityabirla.com/about-us/downloads/Aditya-Birla-Group-Profile.pdf>.

⁵ To deliver superior value to our customers, shareholders, employees, and society at large. (Jan. 17, 2021, 07:45 PM), *supra* note 2.

⁶ *Hindalco-Novelis completes acquisition of Aleris*, ADITYA BIRLA GROUP (Jan. 18, 2021, 09:12 PM), <https://www.adityabirla.com/media/media-releases/hindalco-novelis-completes-acquisition-of-aleris>.

⁷ *Results, reports and presentations- Annual Report of Grasim Industries Ltd., 2018-19*, ADITYA BIRLA GROUP (Jan. 17, 2021, 09:07 PM), <https://www.grasim.com/investors/results-reports-and-presentations>

considered to be a largest producer of rayon spun yarn in the world, entered into a definitive agreement for acquiring 74% stake in a 150 years old German based textiles company, Spinnerei Lampertsmuhle GmbH (hereinafter referred to as 'SPL').⁸ This was an outbound acquisition with a motive to enter into a new market by growing inorganically in the market.

In the same year only, Aditya Birla Fashion and Retail Limited (hereinafter referred to as the 'ABFRL') which claimed to be the first billion-dollar company dealing with 'pure-play fashion powerhouse' in India,⁹ entered into a partnership with Shantanu and Nikhil for acquiring 51% equity stake in a retail firm named as M/s Finesse International Design Private Limited (hereinafter referred to as the 'Finesse'). Herein, various agreements were signed between the Finesse and its shareholders which results in the primary infusion of equity and secondary share purchase. ABFRL also inked a pact for acquiring 100% shareholding in an ethnic retailer, Jaypore for Rs.110 Cr¹⁰ by the way of share purchase agreement.¹¹ Presently, the Finesse and Jaypore are the subsidiaries of the ABFRL, wherein the latter is the wholly-owned subsidiary.

2018 proves to be a momentous year since ABG entered into the far-reaching corporate restructuring of its history. One of the major milestones achieved by the ABG was the acquisition of Binani Cement Ltd. (hereinafter referred to as 'BCL') by UltraTech, wherein the former becomes the wholly owned subsidiary of the latter.¹² In the month of May, 2018 Idea Cellular which is now known as the Vodafone Idea Ltd. (hereinafter referred to as the 'VIL') made an announcement to complete the sale of its business of standalone tower to ATC Telecom Infrastructure Private Limited for Rs. 4000 Cr.¹³ In the same year itself, Idea Cellular merged with Vodafone India creating VIL, the largest telecom service provider in India. Though the said merger was announced in the year 2017, became effective on 31st August, 2018. Further, ABFRL also launched a family store named as 'Style Up' in small cities in India, aiming to provide people with stylish fashion which is also economical. It also

⁸ *Milestones*, ADITYA BIRLA GROUP (Jan. 17, 2021, 09:15 PM), <https://www.adityabirla.com/about-us/milestones>.

⁹ *Aditya Birla Fashion and Retail Limited (ABFRL)*, ADITYA BIRLA GROUP (Jan. 17, 2021, 08:05 PM), <https://www.adityabirla.com/businesses/companies/aditya-birla-fashion-and-retail-limited>.

¹⁰ *The big moves of 2019*, ADITYA BIRLA GROUP (Jan. 17, 2021, 08:15 PM), <https://www.adityabirla.com/media/stories/the-big-moves-of-2019>.

¹¹ *ABFRL-BM-Outcome-August-6-2019*, ADITYA BIRLA GROUP (Jan. 17, 2021, 08:25 PM), http://www.abfrl.com/docs/investors/financial_reports/performance_update/ABFRL-BM-Outcome-August-6-2019.pdf.

¹² *Binani Cement Limited now a wholly owned subsidiary of UltraTech*, ADITYA BIRLA GROUP (Jan. 17, 2021, 10:00 PM) <https://www.adityabirla.com/media/media-releases/binani-cement-limited-wholly-owned-subsiary-ultratech>.

¹³ *Idea completes sale of standalone towers to ATC for Rs 4000 crore*, ET TELECOM, (Jan. 17, 2021, 10:02 PM), <https://www.ideacellular.com/media-centre/news/national-news/idea-cellular-announces-completion-of-sale-of-standalone-tower-business-to-atc-telecom-infrastructure-private-limited>.

entered into a store license and distribution agreement with Ralph Lauren Asia Pacific Ltd.

Hence, with a number of far-sighted mergers and acquisitions, the financial year (hereinafter referred to as **FY**) 2017 proved to be a significant year for ABG wherein it reached a revenue of US \$43 billion with an EBITDA of US \$6 billion and crossed US \$50 billion mark.¹⁴ This reflects the proliferating growth in the said years with the sound strategies while entering in various corporate restructuring.

2017 is yet another significant year for ABG. UltraTech acquired a number of integrated cement plants and grinding units of Jaiprakash Associates Ltd. (hereinafter referred to as the '**JAL**') for Rs.16,189 Cr. which was considered to be the largest pact by the UltraTech till now.¹⁵ Another major corporate restructuring that took place in the same year is in the form of demerger wherein Aditya Birla Capital Ltd. (hereinafter referred to as the '**ABCL**') came into effect on and from July 4, 2017 and lists on BSE. ABCL formed after a demerger of the Financial Services Business from GIL.¹⁶ Further, ABFRL signed a multi-store retail and an online business licence deal with one of the leading speciality retailers of the world, American Eagle Outfitters (hereinafter referred to as the '**AEO**'). After the said deal, in the following year, AEO has entered into the Indian market by opening its first store in New Delhi. Aditya Birla Nova Ltd. (hereinafter referred to as the '**ABNL**'), a conglomerate working mainly in the manufacturing as well as providing service business, entered into a double-sided agreement wherein firstly, ABNL amalgamated with GIL and then the Financial Services Business which was under the ABNL has been demerged and comes into Aditya Birla Financial Services (hereinafter referred to as the '**ABFSL**').¹⁷ The purpose behind the said merger was creating a huge blend of manufacturing unit with its service businesses across various sectors like cement, telecom etc. for becoming the leaders in these fields.

In **2016**, ABFRL signs a global pact with 'Ted Baker', a British luxury brand and 'Simon Carter', a Fashion Designer Wear Brand based in Britain. ABFRL has also signed a MOU with an American only fast fashion retailer, Forever 21 for doing business in India.

In **2015**, the proposed merger of ABCL was approved by board of directors of GIL. Further,

¹⁴Vodafone Idea Limited Annual Report 2017-18, ADITYA BIRLA GROUP (Jan. 17, 2021, 10:07 PM), https://www.vodafoneidea.com/content/dam/vodafone-microsite/docs/pdf/Vodafone%20Idea%20Limited_Annual%20Report_2017-18.pdf.

¹⁵ Ultratech Cement Completes Acquisition Of Cement Plants Of Jaiprakash Associates Limited, ADITYA BIRLA GROUP (Jan. 17, 2021, 10:15 PM), <https://www.adityabirla.com/media/media-releases/ultratech-cement-completes-acquisition-of-cement-plants-of-jaiprakash-associates-limited>.

¹⁶ The Annual Report 2016-17 of Aditya Birla Capital Limited, ADITYA BIRLA GROUP (Jan. 17, 2021, 10:20 PM), <https://www.adityabirlacapital.com/investor-relations/financial-reports>.

¹⁷ Amalgamation Of Aditya Birla Nuvo With Grasim And Demerger & Listing Of The Financial Services Business Approved By Shareholders, ADITYA BIRLA GROUP (Jan. 17, 2021, 10:40 PM), <https://www.adityabirla.com/media/media-releases/amalgamation-of-aditya-birla-nuvo-with-grasim>.

to expand the horizon of the fashion industry in India, ABG consolidated the branded apparels of ABNL under a listed subsidiary *i.e.*, Pantaloons Fashion & Retail Limited (hereinafter referred to as the 'PFRL'), which now renamed as ABFRL. Under this arrangement, two of the ABG's firm namely, Madura Fashion and Madura Garments consolidated with ABFRL.

Among various types of corporate restructuring, this paper discusses two most impactful mergers and acquisitions by ABG over the last five years.

1. Vodafone Idea Ltd.

VIL is a result of a partnership between two huge groups namely, ABG and Vodafone Group. It is one of the premier telecom operating service provider in the country having more than 408 million subscriber bases offering broadband and voice connectivity as well as other value-added services (hereinafter referred to as 'VAS'). It caters to the areas where 92% of the India's population live and reach almost 5 lacs cities and villages.¹⁸ VIL proved to be one of the successful mergers of its time having the largest spectrum, two distribution reach and world class network quality. Its remarkable performance reflects from various awards and accolades received by them in this short span, including five awards in AFAQS! India's Buzziest Brands of 2018.

Brief Background of Vodafone India Ltd.

VIL was a wholly owned subsidiary of Vodafone Group, which entered in India in 2007 after Vodafone Plc. becomes a majority stakeholder in Hutchinson Essar. Over a period of time, Vodafone India expanded itself into the second largest telecom company in Indian market where it offered pre-paid as well as post-paid GSM Cellular phone services.

Brief Background of Idea Cellular Ltd.

Idea Cellular Ltd. was the third largest telecom operators in India in terms of subscriber's base. Its history starts all the way back in 1995 when it was incorporated as Birla Communications Ltd. which was later renamed as Birla AT&T Communications Ltd (hereinafter referred to as 'AT&T'). In 1996, GIL formed a joint venture with AT&T and later in 2001, merged with Tata Cellular Ltd. Following year, they have launched 'Idea' as a brand name which became Idea Cellular Ltd. In 2006, it came under ABG as Tata Group had transferred its shareholding to ABG. Within a short period of its inception, Idea attained the third position of being the largest mobile operator in terms of revenue as well as subscribers.

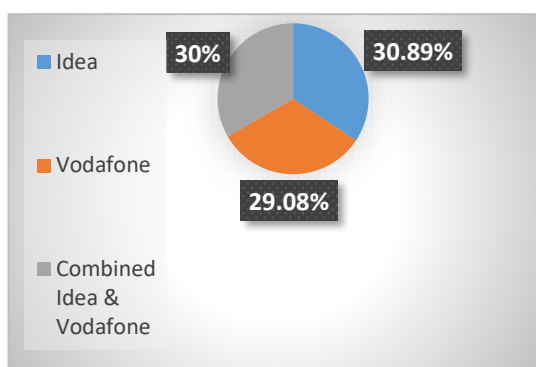
¹⁸ *Vodafone Idea Limited*, ADITYA BIRLA GROUP (Jan. 17, 2021, 10:53 PM), <https://www.adityabirla.com/businesses/companies/vodafone-idea-limited>.

It has been one of the most successful mobile operating company, having almost 200 million subscriber bases in India till the end of 2017.¹⁹ For the first time in its history, Idea has showed its consolidated net loss of Rs.385.6 Cr for Q3FY2016-17 because of the various promotions offered by Reliance Jio Infocomm, then new entrant in the telecom market of India.²⁰

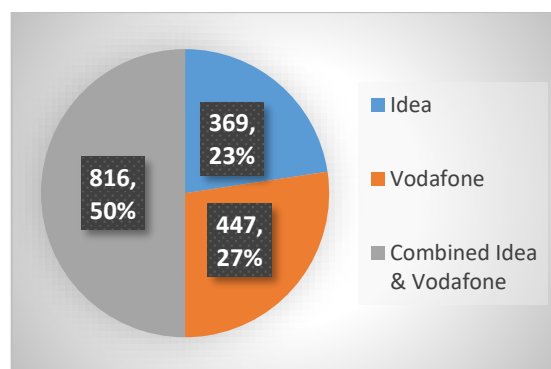
Description of Merger

With the final order passed by the Mumbai Bench of NCLT on August 30, 2018, merger between VIL, Vodafone Mobile Services Limited and Idea had been completed and became effective from August 31, 2018. All the required sanctions from various regulatory bodies including Competition Commission of India (hereinafter referred to as the 'CCI'), the Stock Exchanges obtained. Finally, the said merger was completed by the scheme of amalgamation as well as an arrangement. This is a horizontal merger where none of these companies wound up. However, there was dissolution of company. The board members reconstituted which comprised of 12 directors, wherein Mr. Kumar Mangalam Birla constituted as the Chairman. The following pie charts show the financial consolidation of the post-merger of Vodafone and Idea and combined Vodafone-Idea:²¹

Pie Chart 1: EBIDTA Margin in Percentage



Pie Chart 2: Revenues in Crore



Rationale behind the Merger

The merger between the Vodafone India and Idea Cellular was a result of far-sighted corporate restructure decision between two groups. The said amalgamation completed in order to render the superior products and services to its subscribers. The vision of VIL is to make the excellent digital experience in India pursuant to an initiative of 'Digital India'

¹⁹ (June 25, 2020, 02:43 PM), <https://www.ideacellular.com/about-us/history>.

²⁰ Niharika Banerjee & Devina Sengupta, *Idea Cellular Posts Consolidated Net Loss of Rs. 385.6 Crore because of Jio*, ECONOMIC TIMES (June 25, 2020, 02:55 PM), <https://economictimes.indiatimes.com/markets/stocks/news/idea-cellular-posts-consolidated-net-loss-of-rs-385-6-crore-because-of-jio/articleshow/57098908.cms>

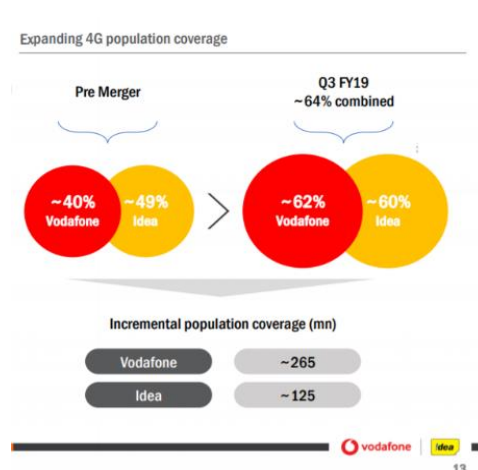
²¹ Hitesh kumar Jain, *Idea-Vodafone dials M for merger to become No 1*, MNACRITIQUE (June 25, 2020, 08:10 AM), <https://mnacritique.mergersindia.com/idea-vodafone-telecom-merger/>.

initiated by our PM. In light of its vision, another reason behind the said merger was to provide the customers with four MOREs namely, network coverage, value, touchpoints and excitement. Post-merger, VIL is dedicated towards providing the updated technologies like IoT, AI, etc. for the seamless delivery of its products and services for magnifying the overall prospect of the telecom sector. Since Idea captured the telecom market in the small cities whereas Vodafone India had huge market coverage in the urban areas, thus, combinedly VIL can create the strong subscriber base across the country by penetrating into the smaller and rural areas and sharing each other mobile network towers. One of the rationales behind the said merger could also be the then new entrant in the telecom market i.e., Reliance Jio Infocomm which entered into the market with its low-cost tariff plans. So, in order to match with the growing competition in the market, both the entities merged into VIL.

Effect of the Merger- Success or Failure?

Initially, after the announcement of this merger, the stock price of Idea increased approximately by 38% which gave a moment of joy to the company after a long time.²² Over the period, VIL became the market leader in active customer market with 38% of its share as on December, 2018. It also enjoys 32% of total revenue market share. It has also the largest spectrum portfolio having 1850 MHz.²³ From Table 1, it is explicit that the VIL has shown the substantial growth in the 4G population coverage.

Table 1: Showing the substantial 4G Potential²⁴



As per the data provided by International Monetary Fund as on October 2019, India is

²² A New Behemoth in the Indian Telecom Industry: Vodafone India to Merge with Idea Cellular, BOCCONI STUDENTS INVESTMENT CLUB (June 17, 2020, 02:20 AM), https://www.bsic.it/wp-content/uploads/2017/04/Vodafone-Idea_v.Final_.pdf.

²³VODAFONE IDEA LIMITED (June 28, 2020, 01:00 AM), https://www.vodafoneidea.com/content/dam/vodafone-microsite/docs/pdf/resultspending/Investor Presentation_26th%20February.pdf.

²⁴*Ibid.*

considered to be the world's fastest growing economy. With the inflationary environment and one of the fastest growing population a huge opportunity to the company for its growth is visible in the coming years. With 46% of share in the 2G market,²⁵ VIL is the market leader in this segment to render the scope for the expansion of the market by persuading the present 2G customers to upgrade their mobile network services by switching to 4G. In order to compete in the market against Jio and its aggressive price, VIL regularly comes with the cost-effective tariff packs which proves to be very beneficial for its active customers and thus continued to attract a lot more subscribers.

Post-merger, several significant developments have been reflected from its quarterly and annual reports of VIL. VIL is working on to deliver the pre-decided synergies. For the FY 2018-19, it was successfully closed with largest issue offering of India of Rs. 25,000 Cr.²⁶ The total revenue and EBIDTA was increased by 32.1% and decreased by 25.41% respectively, over the last year. Its net loss for the FY 2018-19 is Rs.145,711 million which is comparatively more than the last year. However, the recent quarterly report of FY 2019-20 is telling a different story which is positive for the company. After almost two and half years of the merger, average daily revenue started to grow wherein the revenue is Rs. 110.9 billion for Q3FY20 i.e., increased by 2.3% QOQ because of the robust growth in the 4G additions. EBITDA for the said quarter has also increased by 0.7% because of the higher revenue and additional synergy realisation. The EBITDA margin also increased by 1.4% as compared to Q2FY20.²⁷ The total data volumes also increased by 8.5% comparatively. According to Ookla, a worldwide leader in the internet testing and analysis, VIL has the fastest 4G network in 3 metro cities namely, Delhi, Mumbai and Kolkata. Though as per the operational highlight of the Q3FY20, there is a fall of subscriber base as compared to Q2FY20.

Thus, from the above data and figures, it is observed that VIL has seen a lot of ups and downs since its merger. Even though it is a market leader in the subscriber base, it has suffered a huge loss of Rs.145,711 million in FY18 whereas its competitor, Reliance Jio shown Rs. 2,964 Cr as its net profit for the said FY.²⁸ Further, from its balance sheet, the benefits are not reflecting as per the earlier expectation. However, from the recent quarterly report the VIL seems to be promising in the future by reflecting the strong revenue growth and good margins

²⁵VODAFONE IDEA LIMITED, *Supra* note 22.

²⁶VIL Annual report 2018-19, (Jan. 17, 2021, 01:25 AM), https://www.vodafoneidea.com/content/dam/vodafone-microsite/docs/pdf/investor-/results/VIL-Annual-Report_2018-19.pdf.

²⁷Q3FY2019-20 Report of VIL, ADITYA BIRLA GROUP (Jan. 17, 2021, 01:28 AM), <https://www.vodafoneidea.com/investors/results>.

²⁸Corporate Reliance Jio Net Profits Rs.840 Crore, BUSINESS TODAY, (June. 25, 2020, 01:32 AM), <https://www.businesstoday.in/current/corporate/reliance-jio-net-profit-rs-840-crore-q4-fy19-gigafiber/story/338432.Html>.

in EBITDA. There is an efficient capital deployment and healthy cash flows which supports their pre-determined growth plans of nimble and digitally savvy company. We should not forget that VIL is still in the nascent stage.

2. UltraTech- Jaiprakash Associates Ltd.

The game-changing deal for the whole cement sector and particularly for the ABG, is the acquisition of JAL and Jaypee Cement Corporation Ltd. (hereinafter referred to as ‘JCCL’) by UltraTech, wherein it acquired 21.2 million tonnes per annum (hereinafter referred to as ‘mtpa’) capacity of the identified cement plants of both these companies.²⁹ With such an inorganic addition to the UltraTech, a slowdown which was facing by the cement industry for more than half a decade was finally put to an end. It is pertinent to note that this was one of the first acquisitions after the much-awaited amendment of Mines and Minerals (Development and Regulation) Act. This is considered to be the largest corporate restructuring of UltraTech as well as of the entire cement sector in India.

Brief Background of UltraTech Cement Limited

UltraTech is the flagship company of ABG, having the largest market capitalisation in the cement sector in India. It is also considered to be the largest Indian manufacturer of grey cement, white cement, and ready-mix concrete. Except China, it is the third largest producer of cement in the world and also the only company in this industry, having more than 100 mt capacity in a single country.³⁰ Recently, it is acknowledged as one of the top 100 ‘India’s Best Companies to Work for 2020’ across all industries in India³¹ and also certified as a ‘Great Place to Work-Certified™’ for the FY20.³²

Brief Background of Jaiprakash Associates Ltd. and Jaypee Cement Corporation Ltd.

JAL was the flagship company of the Jaypee Group, an industrial conglomerate in India. It was mainly dealing in the manufacturing of the cement and was having a number of cement plants across India. JCCL was the wholly owned subsidiary of the JAL.

Description of Acquisition

The acquisition of JAL and JCCL (collectively known as the ‘target companies’) by

²⁹ *Annual Report of Ultratech, 2017-18*, ADITYA BIRLA GROUP (Jan. 17, 2021, 01:40 AM), <https://www.ultratechcement.com/storage/investor-reports/August2019/Notice%20and%20Annual%20Report%202017-18.pdf>

³⁰ *India’s no. 1 cement because my work builds my reputation*, ADITYA BIRLA GROUP (Jan. 17, 2021, 01:40 AM), <https://www.ultratechcement.com/about-us/our-story>.

³¹ The recognition is given by Great Place To Work® Institute in association with The Economic Times.

³² *UltraTech Cement among ‘India’s Best Companies to Work For 2020*, Aditya Birla Group, (Jan. 17, 2021, 01:45 AM), <https://www.ultratechcement.com/about-us/media/features/ultratech-cement-among-india-s-best-companies-to-work-for-2020>.

UltraTech finally concluded in the FY17 for US \$2.5 billion, after getting approvals by a number of regulators and courts. One of such regulatory order dated 04.08.2016 passed by the CCI approved the scheme of arrangement between them.³³ This was an all-debt deal which aimed to take over all the existing debts of the target companies and refinance them. It is a domestic deal wherein UltraTech acquired their half a dozen of integrated cement plants as well as five grinding units.³⁴

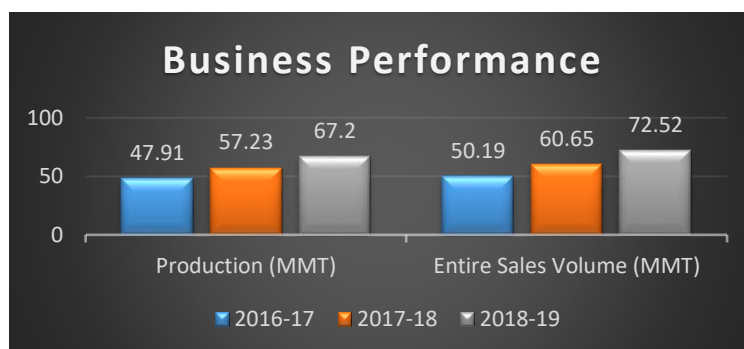
Rationale Behind the Acquisition

With an aim to strengthen its position in the domestic market of the cement sector in India, UltraTech entered into this deal which took few years and a number of assents by the government authorities, before arriving to the final arrangement. There were several reasons behind this giant move by the ABG. In many states like Madhya Pradesh, eastern part of Uttar Pradesh, etc. where UltraTech was not at all present. Then there are other places where it has the presence but not the significant one like in Himachal Pradesh. Thus, the geographical expansion of its brand name, especially in Southern and Central part of India was one of the motivating factors. Another reason behind the acquisition was to build the operational synergy in various process, from production to logistics. Upgradation of the capacity utilisation as well as the technology also considered to be the grounds for this major deal.

Effect of the Acquisition- Success or Failure?

After the acquisition finalised, the cement industry witnessed the growth of 7.5% which is explicit from an astonishing performance of UltraTech. The table 2 shows two of the important indicators of the cement industry which shows the business performance of the UltraTech in last three FYs.

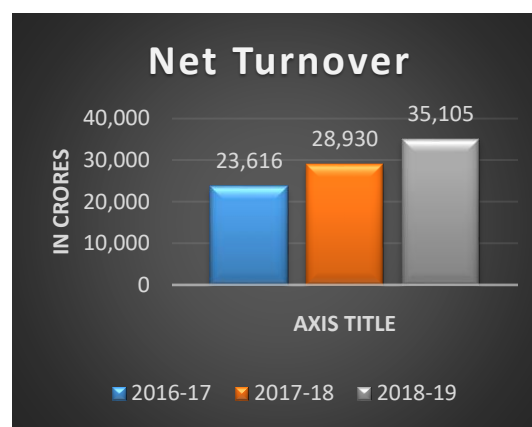
Table 2: Business Performance of UltraTech



³³Combination Registration No. C-2016/04/394, COMPETITION COMMISSION OF INDIA (Jan. 17, 2021, 01:50 AM), https://www.cci.gov.in/sites/default/files/Notice_order_document/Order_C-2016-04-394.pdf.

³⁴Supra at 28.

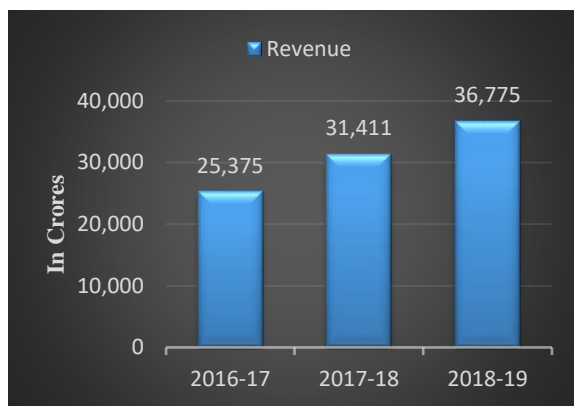
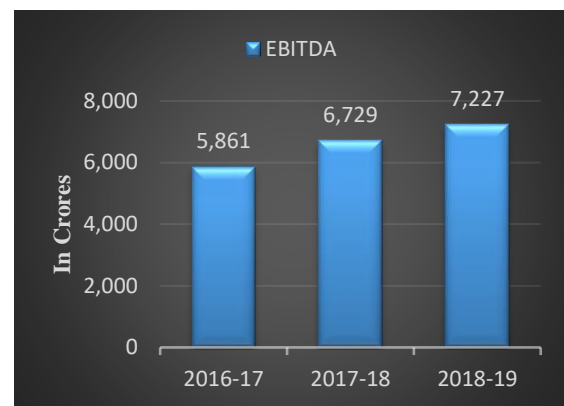
Post-acquisition, the maintenance of the cement plants of UltraTech becomes advanced and it can now produce cements at the optimum standard as expected at the time of the said arrangement. Thus, it consolidates UltraTech's overall operation by enhancing its economies of scale and increasing the capacity utilisation. Since the acquired assets of target companies are with the 'Ultra Tech', it ultimately leads to its presence in the potential Indian markets like Dhar, a city in Madhya Pradesh. At present it reaches more than 80% of cities and towns in India³⁵ by managing to enter into rural parts of the country in last few years. This leads to huge jump in its overall production, entire sales volume and net turnover, from pre-acquisition period to post-acquisition period. It is explicit from the table 3 and 4 which shows total comprehensive income and net turnover of UltraTech:

Table 3: Ultratech's Total Comprehensive Income**Table 4:** UltraTech's Net Turnover

The whole process of manufacturing to processing becomes time-efficient and cost-effective. The said deal is advantageous to the consumers as well as for its shareholders as it creates value for the latter. Additionally, it also witnessed growth in demand from the industrial sector.

The success and the business stability of UltraTech is further shown from its spectacular performance of the last FY19 wherein the net revenues and EBITDA amounts to US \$5.26 billion and US \$1.03 billion, respectively which is a way more than the net revenue and EBITDA of the FY16 (pre-acquisition), which was US \$3.78 billion and US \$0.873 billion, respectively. This shown in Table 5 and 6:

³⁵ UltraTech Cement Limited, ADITYA BIRLA GROUP (Jan. 17, 2021, 02:02 AM), <https://www.adityabirla.com/businesses/companies/ultratech-cement-limited>.

Table 5: Revenue of UltraTech**Table 6:** EBITDA of UltraTech

The UltraTech-JAL arrangement is one of those deals which paved a way for future mergers and acquisitions of the country which can brought down the debt of a company and at the same time, proved to be beneficial for their shareholders and consumers.

III. CONCLUSION

In the present competitive market, in India and around the world, it is seen that every company is competing with one or the other, especially in this unprecedented situation. Some compete to expand their geographical horizon while the others strive to remain in the market. However, with such motives, the rate at which the mergers and acquisitions are taking place is commendable. In last decade, a whopping number of corporate restructuring took place including joint ventures, demerger, etc. which results to overall growth of a company.

Aditya Birla Group has witnessed a tremendous growth in last few years because of huge number of mergers and acquisitions activities which it entered into, including inbound mergers and acquisitions. These are also vertical as well as horizontal in nature. Such restructuring resulted in an overall market expansion of ABG by increasing the global market share of the company and also, by the way of penetrating into small cities and towns in India. Further, the technological advancement and expertise has also been upgraded to a large extent. These corporate restructuring helped ABG in creating values for the shareholders as well as to take huge decision in the socio-economic field. Recently, ABG contributed 500 Cr for the relief meant for the present pandemic, COVID-19.³⁶ This is possible only because of the vigilant analysis and the laudable strategy that company has invested in, before entering into any of the corporate restructuring. Thus, the extraordinary growth and various milestones which ABG has achieved are few favourable outcomes, among others.

³⁶ Aditya Birla Group contributes Rs. 500 crores towards Covid-19 relief measures, ADITYA BIRLA GROUP (Jan. 17, 2021, 02:10 AM) <https://www.adityabirla.com/media/media-releases/aditya-birla-group-contributes-Rs-500-crores-towards-covid-19-relief-measures>.

Thus, the mergers and acquisitions have innumerable positive outcomes, provided it entered cautiously and analysing other factors or else it could have negative impacts too. The mergers and acquisitions can lead to leverage the combined strength of the parties to a transaction by adding the capabilities as well as transforming the corporate asset of a company. Seeing the present scenario, one can easily say that future holds for those who are not afraid to restructure their company, either by way of merger or acquisition.
