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Corporate Restructuring: A Modern Alternative for a Company's Survival

JATIN BAKSHI[1]

ABSTRACT

Corporate restructuring has become one of the significant factors which play a very important role for a company to keep pace with the changing environment. A strategy of corporate restructuring involves around Mergers, Demergers, Reverse Merger,Disinvestment, Take Overs, Acquisitions, Strategic Alliance etc and while doing this, a company must comply with the complaince under several statutes like The Companies Act, Companies Court Rules, Income Tax Act, Listing Agreement, The Indian Stamp Act, The Competition Act etc and moreover it also requires approvals from various authorities like NCLT, SEBI, Ministry of Corporate Affairs. In this article, the author has tried to explain the concept of corporate restructuring in detail and how it is carried followed by the issues in the process. The author has also relied on some case study of Corporate Restructuring of big Companies like Nokia-Microsoft, Reliance Demerger ad Canon India Restructuring so that the understanding of the subject can be made for the readers.

Keywords: *Corporate Restructuring, Merger, Takeover, ESOPs, Cost Reduction.*

I. INTRODUCTION

Change is Hard at First, Messy in the Middle and Gorgeous at the End.

-Robin Sharma

The world is huge and talking about the world economy, it's never static and is always going through major transitions and paradigm shifts. As a result, major corporate giants are either disappearing from market or are undergoing restructuring processes. Business is about profit and loss both and every business is done with a purpose of maximizing profits and minimizing losses. The strategy of a corporate restructuring is nothing but an attempt to revive the operations of an entity and make it profitable once again. We know the situation of market out there and in the present era of liberalization and globalization, entities have no other option than to compete in unfamiliar markets. Due to this, the managers have a duty on their shoulders

[1] Author is a student at Ajeenkya DY Patil University, India.

to make justice with the good by improving its quality and services and also to reduce cost and maintain output prices at competitive levels.

Change is inevitable however it magnitude differs from case to case. Talking about change, the main concept of restructuring is focuses on change. In other words change is done to evaluate the current problem of the company by fine tuning the available skills and machinery and technology to meet the challenges of tomorrow. It is true that whenever a company wants to grow or survive in a competitive environment, it needs to undergo restructuring. It must be noted that ts like a war, the best one survives till the end and thus the survival and growth of companies in their respective environment depends on their ability to pull out all resources and put them to optimum usage. A lager company, made up of merger of small companies have the potential to achieve economies of high scale. if the company size is a bigger one then it will definitely enjoy a high corporate status and this status will always act as an edge over the other companies and they can use it to raise larger funds at lower costs and reducing the cost of capital will ultimately results into profit.

Lets consider an example, ABC is a company who is having surplus funds but is unable to do any viable projects and at the same time XYZ is another company who is also doing the same kind of business like ABC and have identified the viable projects but are unable to raise funds. The merger of ABC and XYZ will be a good option for both the companies and the ultimate aim i.e. attainment of profit can be achieved at both the ends. In the past decades, corporate restructuring has immensely increased and has impacted the corporate world a lot. Unprecedented number of companies have underwent restructuring and has reorganized their divisions, restructured their assets and updated their operation in such a manner to stimulate the company’s performance to another extent. The restructuring exercise in India can also be viewed as an attempt to keep pace with the global economy. As mentioned above, Indian companies are witnessing big M&A deals which are totally restructuring the market. Mergers and Acquisitions have remodeled the entire corporate structure at a very rapid pace.

(A) Objective of the Study

1. To Study the diverse issues associated to the procedure of Corporate Restructuring.

2. To comprehend the general framework of Corporate Restructuring and reformation.

3. To analyze how Corporate Restructuring can be used as a tool of Competitive Advantage.

(B) Methodology

Having regard to the nature of the subject and in preparing the same, doctrinal method has been used. It is entirely based on the secondary sources collected from text-books on Companies Act, M&A, journals, articles, adjudicated cases, and websites etc. The collected sources have been presented in past form in order to make the study more informative, analytical and useful for the readers. Based on the nature of topic, several past instances of corporate restructuring has also been laid out for a better understanding for the readers.

(C) Reasons for Restructuring

Anything is done for a cause and the cause is backed by a reason. The same thing applies for corporate restructuring as well. There are many reasons due to which companies undergoes restructuring and they are:

1. Change in the Fiscal and Government Policies

Changed fiscal and government policies have impacted companies and they face a problem in taping new market and customers. So to prepare themselves from the adversity of this and to survive in the changed environment, companies adopt restructuring method.

2. Liberalization, Privatization and Globalization

By coming of LPG, the entire scenario has changed. This led to rethink not only about the kind of business but also the manner in which the business is conducted. Thus this has also resulted in restructuring.[2]

3. IT Revolution

I wont be wrong if I say that Information Technology has become the lifeline of modern businesses. Due to the fast growing world, we are surrounded by modern tools of communication and IT plays a very significant role in smooth running of this. An IT will always drives corporate performance and thus there is also a duty of the company to adopt with the changing IT environment and thus restructuring.

4. Cost Reduction

Its an universal fact that every customers not only expects quality products but also at affordable rates. Companies have to always keep this in mind. Cost reduction and cost control are the two new alternatives for any business to succeed. It is also said that "*a successful company will deliver the right product at the right time with the right quality in the right quantity at the right price"* and the "**right"** is determined by the customer.[3]

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[2] R. Kumar, Corporate Restructuring in India, https://taxguru.in/corporate-law/corporate-restructuring-india.html visited on 23rd May 2021 at 8:09AM.

[3] Ibid

5. Divestment

Divestment is mostly done when a company either divided their operations into smaller businesses, or have sold their units to form a strategic form of business. It is also done to get out off the activities which are not profitable. For example: Tata's exit from Tata Oil Mills Co.

6. Enhancing Shareholder Value

Every company aims at enhancing shareholder value. It is the shareholders and investors who raise funds and whenever a company is unable to generate funds restructuring can be used as a significant tool to attract funds.

7. Meeting Investor's Expectations

Every company is incorporated with certain objectives and to achieve those objectives, a steady flow of capital is very necessary. It is the investors who provide adequate capital but expect safety of their investments and also expect to get increased returns in future and if the investors feel that they are not getting desired results, they will obviously leave the company and to ensure their staying, the restructuring is done.

8. Evolving appropriate Capital Structure

Companies that are either over capitalized or under capitalized mostly go for restructuring. When a company goes on expanding its operations, it requires to change its capital requirement and due to this capital structure often becomes inappropriate and unbalanced. To overcome all these, companies uses restructuring to achieve reduction in the cost of capital.

9. Transferring Corporate Assets

Companies have assets and many a times the situation is like that the company are unable to make good out of the assets so they use restructuring to transfer these assets to a potential user who can make good use of it.

II. Strategic options available in cases of corporate restructuring

An organization always goes through the ups and down and the organization that goes through a bad phase always needs to restructure itself so that the barriers can be removed and the profit can be achieved. There are various options available for any organization to initiate any restructuring process.

(A) Cost Leadership Options

This is done to reduce the overall cost and so that ultimately it will result in raising profit. The different strategies that are available under this group are:[4]

1. Capacity Expansion

This expansion evolves around expanding production capacity which which results in higher trading volumes. This strategy generally works when the market is starving for goods and services. But one thing needs to consider here is that capacity expansion can be good as well as bad because if the cost of expansion is not kept under control the it can exceed the profitability and this will result in excess capacity as competition increases. For example steel and cement.

2. Takeover

In takeovers, the ownership is transferred from one company to another either by way of mutual/friendly takeover or hostile takeover. Friendly takeover are those when the owner of a company agree for a transfer/sell of the business at a mutually decided price. Example Askhol Leyland by Hindujas ; GoodKnight by Godrej.[5]

Talking about hostile takeover where certain amount of company's shares is acquired due to which the controlling rights now vests on the acquiring company and this acquisition is done without any prior information. For example Kwality ice creams by Hindustan Uniliver (HUL).

3. Mergers

Merger is nothing but amalgamation of two or more companies with certain goals. Merger results in formation of a new entity and this new entity may take the name of one of the merging entities or may think of having a new name altogether.

(B) Product Excellence Options

The strategies adopted focuses on improving the profitability of a company by changing the product quality. This can be done by:

1. Strategic Alliances and Collaborations

This is a long term agreement between two or more entities with a person to work in a specific area. A major advantage of strategic alliances is that they are not concerned with the investment of funds in share capital of entities. For example a bridge alliance is a business alliance prevailing in Asia and Australia where in seven major mobile companies have collaborated to

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[4] The Institute of Companies Secretaries of India, Corporate Restructuring, Valuations and Insolvency, Pg 13, available at https://www.icsi.edu/media/webmodules/publications/3.%20Corporate%20Restructuring,%20Valuatuion%20and%20Insolvency.pdf, visited on 23rd May 2021 at 8:21 AM.

[5] Ibid

achieve certain goals.[6]

(B) Joint Ventures

A joint ventures are mostly a technical or financial collaborations in the form of takeovers or alliances between existing companies. These are in great use due to the kind of outcome it gives like it helps in transfer of technology, quality improvement efficacy and improvement. These are mostly seen in automobile, customer electronics industries insurance, IT. Examples: Hero-Honda (now splitted)[7], HDFC -Standard life.

(C) Assets Reorganization

1. Acquisitions

It means purchase of new entities with a purpose of utilizing the existing strength and to exploit the untapped market. It is also done with a purpose to ensure the company from future takeovers. The classic example of this is acquisition of Corus by Tata Steel.[8]

2. Sett- offs

Sett off simply means to come out of the product sector to adjust with the change in the economic environment. These are voluntary in nature and are implemented to attain shareholder wealth maximization. Sett off can be done for many reasons like abandoning one's core business, adding value by selling the entity can use the resources in a much efficient manner, making huge investments that are beyond the company's capacity, ratifying the past buyout mistakes etc.

(D) New Ownership Relationships

As it is clearly visible that it basically deals with the change in the ownership of the entity which is expected to add value to the organization.

1. Spin-offs

Generally in spin-offs a company creates a subsidiary company whose shares are distributed on a proportionate basis to the shareholder of parent company with only purpose of generating positive returns.

2. Split-ups

It is a restructuring process wherein a company splits themselves into two or more parts. This

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[6] Ibid

[7] Hero Honda JV Break-Up, available at https://mnacritique.mergersindia.com/hero-honda-joint-venture-break-up/ visited on 23rd May 2021 at 11:03AM.

[8] Tata Steel Acquiring Corus, available at https://xub.edu.in/jcr/Tata.pdf visited on 23rd May 2021 at 9:09 AM

are mostly done when a company wants to reduce the business risk; or where a certain sector is facing an intense competition and it is getting difficult for the company to survive; or the board is of the opinion that by doing so the core business would improve.

3. Equity Carve-outs

This is a process whereby an IPO of a stock is offered to raise it resources. This process initiates in a new and distinct set of equity claims on the assets of the subsidiary.

4. Targeted Stock

In a targeted stocks an entity's operations are splitted into two or more equity claims but the businesses remains in the hands of the parent company. It must be noted here that in this case the target stock means common stock of the consolidated company and not that of the subsidiary.

(E) Reorganizing Financial Claims

This strategy focuses on bringing changes in the financial claims and the stakeholders are ready to accept the change only when the exchange results in giving them a good market value than the existing one.[9]

1. Exchange offers

An exchange offer is about exchange of one securities with other. Exchange offers may generate positive as well as negative results. It is generally observed that exchange of debt and preferred stock for common stock generates positive returns and vice versa.

2. Dual Class stock Recapitalization

In this, a second stock of common stock is created and it carry limited voting rights. This is done by distributing limited amount of shares on proportionate basis to the existing shareholder. In companies having dual stock, the founding family holds control over the entity because they hold some stock in the company. The second class of stocks is offered to the outsiders and these companies are mostly prone to takeovers.

3. Leveraged Recapitalization

An organization which is low leveraged if very vulnerable to takeover by a company who is in hunt of recapturing the tax benefits of debt capital. The market response regarding this depends upon whether the actions is proactive or defensive. Proactive action deals with improving the

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[9] Reasons for Corporate Reorganization, available at https://corporatefinanceinstitute.com/resources/knowledge/strategy/corporate-reorganization-clause/ visited on 23rd May 2021 at 11:23 AM

performance of the entity and the defensive action concerned with actual takeover or possible takeovers.[10]

4. Liquidation

Liquidation is the last resort which is available for an entity. At this stage, bankruptcy proceedings is initiated. Liquidation may be voluntary or involuntary.

(F) Other options

However there are many options available to a company w.r.t corporate restructuring and we have discussed about it so far but there are other options also which are general in nature which also play a role in corporate restructuring but there role are not that much crucial.

1. Cash Disgorgement

The basic objective of a business is to collect financial resources and make the optimum utilization of it. Cash Disgorgement is a kind of principle wherein the cash resources are spent effectively. It must also be noted that having cash and not able to use it will ultimately defeat the very purpose of his principle. Talking about a company's capital structure, it consists of both, equity and debt i.e. whenever a company borrows certain amount of money, it has to repay it back and this should be done by managing the resources in such a way that the company is able to pay the debt. A company while doing cash disgorgement can also go for buyback of shares by which the company can utilize the surplus cash for buying it shares from open market. This will help in reducing the shares floating in the open market and the stock price will hike.

2. Employee Stock Exchange Plans (ESOPs)

ESOP are nothing but a contract which is formed between a company and its potential employees under which the employees can buy the shares of the company at a fixed price within a specified time limit. This is done generally to ensure the interest of company because whenever a company hires an employee, the company entrusts some faith in that employee and expend money for his training and all but at the end of the day, after few years the employee switches the company so in this kind of cases the company who have invested money for the training of that employee ends up nothing in hand. So to protect the company from these situations, they generate ESOPs so that the employee can have a sense of job security. The most recent example of this is when TRIDENT has announced distribution of **ESOPs** worth Rs 200 crore through **the Trident** Welfare Trust among **its employees** in **the** financial year

[10] Ibid

2021-22.[11]

III. Legal provisions pertaining to corporate restructuring in companies act 2013

After the enactment of Companies Act 2013, several enabling provisions pertaining to mergers, cross border merger, disclosures and regulations to be followed by companies(irrespective of the size). Some of the provisions of Companies Act 2013 basically contains provision which talks about restructuring. It is under this Act only, National Company Law Tribunal (NCLT) was established which has the same powers as that of High Court.

According to Section 230 & 231 which deals with compromise and arrangements under which an application to be made to NCLT accompanies by all the relevant information like material facts relating to company, any scheme about corporate debt restructuring, auditor report etc. The said Act talks about mergers and amalgamation including demergers.[12] Section 233 deals with merger of small companies which is often called as fast track mergers). Section 234 deals with amalgamation with foreign company(also called cross border mergers wherein one of the company must be a foreign company i.e. company incorporate outside India. In this merger, prior permission of RBI is required. This Act also deals acquisition of shares of dissenting shareholders.[13] As Per section 236 of the Act, by virtue of any merger, share exchange, conversion of securities or for any other reason, majority shareholders who are holding at least 90 per cent of equity share capital after notifying the company about this, buy the remaining equity shares from the minority shareholders which would obviously subject to certain conditions which also include that value of shares which is to be determined by a registered valuer according to prescribed rules.

As per section 66 of the Act, a reduction in share capital can be permitted if following conditions are fulfilled (i) the company is not in default of repayment of existing/ fresh deposits and (ii) an auditor's certificate certifying the conformity with prescribed Accounting Standards has been filed with the NCLT. According to notification under section 48 of the Act, if variation of rights by one class of shareholders affects the rights of any or class of shareholders, then a consent of three-fourths of such affected shareholders is required for variation of shareholders.

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[11] Trident Group to distribute ESOPs worth Rs 200 cr in next fiscal, Available at https://economictimes.indiatimes.com//markets/stocks/news/trident-group-to-distribute-esops-worth-rs-200-cr-in-nextfiscal/articleshow/80480355.cms?utm_source=contentofinterest&utm_medium=text&u tm_campaign=cppst, visited on 23rd May 2021, at 12:09 PM

[12] Section 232 of Companies Act, 2013

[13] Section 235 of Companies Act, 2013

IV. IMPLICATIONS OF CORPORATE RESTRUCTURING

With the dynamic growth in the business world, restructuring is the only way out for a company to survive and thrive however the success of restructuring depends upon the type and degree of restructuring. Restructuring is not a one day process and for any company who is thinking of going for a major shift in business will obviously invest a lot of time and rethinking before going for a restructuring. Despite all this, although restructuring is done for creating customer value, at the end it affects each and every stakeholder and not only this but every piece of business is also affected due to this. Every restructuring have some implications on following groups who are associated with a company like:[14]

(A) Investors

Investors are those who have financial stake in the concerned company. An investor can be an individual (s), institutions and companies. They are mostly focused on the kind of future business the company is going to generate and since restructuring is done keeping he future results in mind, it ultimately affects the investors as it develop a feeling of insecurity and uncertainty in their minds. At this point, the managers have a very crucial task to complete i.e. they have to share the corporate vision to the investors so that they can be invested with the company rather than leaving the company.

(B) Customers

Many a time, due to restructuring, there is a change of focus of business which led to reallocation of resources, alteration in the after sale policy of the company, etc. Such reallocation often leads to erosion of customer base and confidence and have serious affects on the future business prospectus. If we closely look then it can be clearly seen that this problem can be easily sorted out by proper communication between management and the potential customers and the management can share future plans so that the customers do not feel isolated in the whole process.

(C) Management

Corporate Restructuring results in changes in the business process and also the introduction of new changes that will ultimately bring in the process of business, communication system with all the stakeholders. Many a times the management has a special task to keep the working culture intact so to avoid conflict which will directly affects the business of the company. Very

[14] Chron Contributor, The Effects of Corporate Restructuring Strategy, available at https://smallbusiness.chron.com/corporate-planning-strategies-4625.html visited on 24th May 2021 at 9:02AM

often the problem with the culture occurs because of the 'management' that affects culture rather than leadership'. The organizational leaders should also function as the cultural leaders and be able to help facilitate the transformation, because after restructuring not only the system and structure of the company is changed but also the culture of this organization.[15] So the management has also a task on themselves i.e. to manage their work properly.

(D) Employees

Employees are the most vulnerable group who gets affected due to restructuring and it is also said that the more secure the employee feels in a company, the more thriving the business will be.[16] I won't be wrong if I say that employees have a set mindset and hence it becomes really difficult for them to digest the fact that someone is taking decisions about them without asking them and this results in issues because many a times, the employees are unable to accept this change which is visible in their performances and ultimately the business suffers.

V. Some examples of corporate restructuring and the reasons for doing so

(A) Acquisition of Nokia by Microsoft

The said acquisition was done in 2013 wherein Microsoft announced that it will acquire Nokia's mobile phone division for worth $ 7.2 Billion. We all know that if there is one company who totally dominated the mobile industry in early 90s is Nokia. Nokia was a Finish Company and Microsoft being an US based company. So it is evident from this fact that the said merger was a 'Cross Border Merger'.

On 11 February 2011 Nokia announced a "broad strategic partnership" with Microsoft and this deal was made because it will eventually land Nokia in the front foot in smartphone revolution. In acquiring Nokia's services and devices unit, Microsoft took control of Nokia's mobile phones and smart devices, their designing team, licensing agreements, and approximately 32,000 new employees.[17] In 2012 released a new smart phone named Nokia Lumia which ran on windows 8. This new inventive step actually worked but it had a very short term result as by this time, the market was already occupied by Samsung and Apple. With both companies struggling to keep up in the fast-paced smartphone market, they were left to search for a more

[15] Par Karine Artus, Impacts of restructuring strategies on organizations, available on https://www.linkedin.com/pulse/impacts-restructuring-strategies-organizations-karine-artus/ visited on 24th May 2021, at 10:01 AM
[16] Ibid
[17] Triton Lee, Case Study of a Failed M&A— Introduction to Microsoft's Acquisition of Nokia, available at https://www.internationalhub.org/post/case-study-of-a-failed-m-a-introduction-to-microsoft-s-acquisition-of-nokia-1 visited on 24th May, 2021 at 4:02PM

drastic solution than mere partnership.

Despite the best efforts by Microsoft, in 2016, Microsoft made an agreement with HMD Global and Foxconn Technology under which they sold the mobile device for just $350 Million(at a much lesser rate than the rate of acquiring).[18] There can be many reasons why this cross merger failed. It is true that Microsoft was actually too late to step in mobile industry. Microsoft was unable to match the Apple iOS in performance as well as style and quality. Google's android was cost leader in the market and Apple's iPhone the quality leader in market. Microsoft failed to compete in either price or quality and ultimately this cross border merger failed.

(B) Restructuring of Reliance Industries Limited (RIL)

For so long, we have discussed that restructuring is the need of the hour. Reliance got split in the year 2005 due to some issues between the two successors Mukesh Ambani and Anil Ambani. The business of around Rs 1000 billion was divided between the two brothers. The new RIL structure gave Mukesh complete independent control in the business of oil exploration, refining, petrochemicals, and textile businesses through a stand alone entity in RIL along with IPCL. His shares also included biotech firm Reliance Life Sciences and Trevira, a company in Europe which manufactures polyester fibers. On the other hand, Anil got control over power, communication, and financial businesses through four companies which came under Anil Dhirubhai Ambani Enterprise (ADAE) as part of the Reliance group.[19]

Share prices of all these five companies were cited at Bombay Stock Exchange as well as National Stock Exchange after the demerger happened. Looking at the price of shares at that time, it can be seen that post demerger, the amount per share of RIL was Rs 978 and just after demerger, the combined price of these 4 companies reached to Rs 1235 per share.[20]

Reliance Industries (RIL), has initiated a re-amalgamation process within the company by spinning off assets and balance sheets so that an umbrella of independent companies within the company can be formed. The move is targeted to facilitate the planned strategic investments in group businesses - Reliance Jio, Reliance Retail, refining and petrochemicals.[21] Also during this covid time Facebook invested 5.7 billion in Jio. WhatsApp (acquired by Facebook) having more than 400 million users in India and Reliance Jio's users are around 388 million and this fusion of the two strong market forces will definitely establish significant market control in

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[18] Ibid

[19] Deepika Dhingra & Nishi Aggrawal, Corporate Restructuring in India: A Case Study ofReliance Industries Limited (RIL), available at https://www.ripublication.com/gjfm-spl/gjfmv6n9_02.pdf visited on 24th May 2021 at 4:19 PM

[20] Ibid

[21] Ibid

India.

(C) Restructuring of Canon to survive in India

The history of the company takes us back to 1933 when Goro Yushida and Saburo Uchida laid the foundation of this company in Japan. The main aim was to develop a high definition camera that can enter in the international market and at the same time can successfully compete with the German Models, which were dominating the market single handedly. To achieve this aim, a lot of R&D was done and finally the model was created which was better than everyone.[22] By the beginning of the 21st century, Canon had evolved into a global multimedia group, and has established its name in the business of faxes, printers, copiers, digital devices, optical products and other multimedia equipment. In April 2003, canon India was wholly owned subsidiary of Canon Singapore. During that time, canon India was awarded with several award for its performances. The other interesting fact about Canon India was that nearly 70% of its sale took place in non metropolitan cities.[23]

But this scenario changed and in hope to revive its printer business in India, System Product Division (SPD) of Canon India Pvt Ltd that mainly deals with inject printers and scanners had no other option than to revamp the entire business structure. The market share of the company suffered a major depreciation in its market share from 12% in 2000 to 3% during last two quarters. I think the main reason behind this is the mindset of people. They accepted different products of canon but they always saw canon as a camera company. So to eradicate this and to create a different image, the restructuring was done i.e. canon restructured itself booth internally and externally.

Pre Restructuring, Sales, Marketing and Support were separate business units and all of these were integrated. During this restructuring, a lot of efforts were done on brand building and that would ultimately change the mindset of people. So for this total revamp, more employees were required so Canon India created several managerial positions for the regions of Chennai, Delhi, Kolkota, Mumbai and Pune. To ensure wider that the products get a wider reach, the company made each senior manager responsible for their offerings.

This restructuring turned out to be a ray of hope in the dark and this step again revived the company. The idea of launching wide range of products every quarters and doing excessive advertising of the said product really helped. Canon India witnessed an impressive growth of

[22] DQW Bereau, Canon revamps strategy with extensive restructuring, available at https://www.dqweek.com/canon-revamps-strategy-with-extensive-restructuring/, visited on May 24th 2021, at 6:13 PM.
[23] Ibid

33% in 2002, with revenues amounting to approx Rs 2.02 billion, as compared to Rs 1.51 billion in 2001.[24] Also the inject printers which were facing huge competitions from HP printers witnessed huge demand and their business grew from 313% to 656% and the fax business and digital copiers business grew by 180% and 242% respectively.

VI. Conclusion

The today's business environment is totally different from the old one as the modern business has experienced radical shifts in the kind of manner in which the business is conducted. With reference to the quote mentioned at the starting of this paper, I would also like to highlight that change is universal and every change which is done is done with a purpose in mind and sometimes it falls in our favour and sometimes not and the same thing also applies with Corporate Restructuring. We have seen that there are many instances where the Corporate Restructuring succeeded and where it failed miserably. In the light of the above paper, I would just like to say that managers need to critically examine the situation and should appreciate the causes and consequences of corporate restructuring. At the same time, the company's management should not take hasty decision which may in future turn out to be fatal one for them.

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