

Case Study

A Swiss-based Process Control Instruments Manufacturing Company

Service(s) Offered: **Mergers & Acquisitions**

Sector/Industry: **Manufacturing**



Assisting with the acquisition of an India-based company

Our client is a Swiss company and a leader in the business of development and production of sensors. The client was looking at acquiring a public limited company in India that was engaged in manufacturing process control instruments and required our assistance in the acquisition. Following were the issues faced by the client during this exercise:

- Protecting the interest of the buyer by preventing minority shareholders to file oppression and mismanagement claims.
- 9.99% shares were kept in a share escrow account and 10% cash was kept in a cash escrow account.
- Structuring the acquisition for withdrawal of non-core assets which belonged to the promoters and were a part of the company and transferring the consideration to the buyer.

Solution

After understanding the challenges of the engagement, we structured our approach to ensure that requirements of all parties were met. First, we undertook financial and tax due diligence to understand the potential risks in the acquisition and identified steps to be taken for minimizing the potential risks. Next, we recommended transferring 90.01% of the shares to the buyer as minority shareholders holding 10% shares or more have the right to file claims against the company for oppression and mismanagement.

We recommended reconciliation of share transfer and a complete audit of the transfer.

We also suggested a transfer of assets and declaration of the dividend to promoters to transfer the consideration of non-core assets of the company. We also drew up an efficient funding structure for immediate infusion of funds without diluting the promoters 9.99% stake.

Impact

Our solution helped both the parties to achieve desired objective in terms of tax efficient structure, safeguarding the interest of both buyers and sellers by creating an escrow arrangement, efficiently carving out non-core assets of the promoters and implementation of structure smoothly.

For more information on this case study, please write to us at:

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You can also visit our website to know how our services resulted in tangible business benefits:

www.nexdigm.com