CORPORATE AND FINANCIAL RESTRUCTURING: CASE STUDY ON ADITYA BIRLA GROUP

NIDHI MALIK
Assistant Professor in Commerce
Hindu Kanya Mahavidalya
Jind (Haryana)

ABSTRACT

This paper tries to explain the importance of corporate and financial restructuring with the help of a recent case of merger and demerger in the country. In this paper the meaning of corporate and financial restructuring is covered along with some basic concepts regarding them. Corporate Restructuring is a non-recurring exercise for an organisation but it has a lasting impact on the business and other concerned agencies due to its numerous considerations and immense advantages viz., improved corporate performance, better corporate governance etc. Financial restructuring is a process of rearranging the financial structure to avoid the liquidation.

Keywords: Financial Restructuring, Corporate Restructuring, merger, demerger, etc.

INTRODUCTION

CORPORATE RESTRUCTURING

Corporate Restructuring is a non-recurring exercise for an organization but it has a lasting impact on the business and other concerned agencies due to its numerous considerations and immense advantages viz., improved corporate performance, better corporate governance etc. The regulatory provisions and the multitude of judicial and unresolved issues enunciate that the professionals dealing with restructuring should possess unequivocal and explicit knowledge of the objective approach andperspective of the subject.

Restructuring as per Oxford dictionary means “to give a new structure to, rebuild or rearrange".

As per Collins English dictionary, meaning of corporate restructuring is a change in the business strategy of an organization resulting in diversification, closing parts of the business, etc, to increase its long-term profitability. Corporate restructuring is defined as the process involved in changing the organization of a business. Corporate restructuring can involve making dramatic changes to a business by cutting out or merging departments. It implies rearranging the business for increased efficiency and profitability. In other words, it is a comprehensive process, by which a company can consolidate its business operations and strengthen its position for achieving corporate objectives-synergies and continuing as competitive and successful entity.

NEED AND SCOPE OF CORPORATE RESTRUCTURING

Corporate Restructuring is concerned with arranging the business activities of the corporate as a whole so as to achieve certain predetermined objectives at corporate level. Such objectives include the following:

- Orderly redirection of the firm's activities;
- Deploying surplus cash from one business to finance profitable growth in another;
- Exploiting inter-dependence among present or prospective businesses within the corporate portfolio;
- Risk reduction;
- Development of core competencies;
- To improve the competitive position of the company;
- To achieve cost reduction;

- To revive or rehabilitate a sick unit;
- To utilize tax benefits;
- Exploiting the maximum utilization of strategic assets such as goodwill, patents etc.;
- Making use of synergies and value additions;
- Achieving economies of large scale of operations; and
- Assuring constant supply of resources.

Innovations and inventions do happen out of necessity to meet the challenges of competition. Cost cutting and value addition are two mantras that get highlighted in a highly competitive world. Monies flow into the stream of production in order to be able to face competition and deliver the best possible goods at the convenience and affordability of the consumers. Global Competition drives people to think big and it makes them fit to face global challenges. In other words, global competition drives enterprises and entrepreneurs to become fit globally. Thus, competitive forces play an important role. In order to become a competitive force, Corporate Restructuring exercise could be taken up. Also, in order to drive competitive forces, Corporate Restructuring exercise could be taken up.

The scope of Corporate Restructuring encompasses enhancing economy (cost reduction) and improving efficiency. When a company wants to grow or survive in a competitive environment, it needs to restructure itself and focus on its competitive advantage. The survival and growth of companies in this environment depends on their ability to pool all their resources and put them to optimum use. A larger company, resulting from merger of smaller ones, can achieve economies of scale. If the size is bigger, it enjoys a higher corporate status.

Corporate Restructuring aims at different things at different times for different companies and the single common objective in every restructuring exercise is to eliminate the disadvantages and combine the advantages. The various needs for undertaking a Corporate Restructuring exercise are as follows:

- To focus on core strengths, operational synergy and efficient allocation of managerial capabilitiesand infrastructure.
- Consolidation and economies of scale by expansion and diversion to exploit extended domestic and global markets.
- Revival and rehabilitation of a sick unit by adjusting losses of the sick unit with profits of a healthy company.
- Acquiring constant supply of raw materials and access to scientific research and technological developments.
- Capital restructuring by appropriate mix of loan and equity funds to reduce the cost of servicing and improve return on capital employed.
- Improve corporate performance to bring it at par with competitors by adopting the radical changes brought out by information technology.

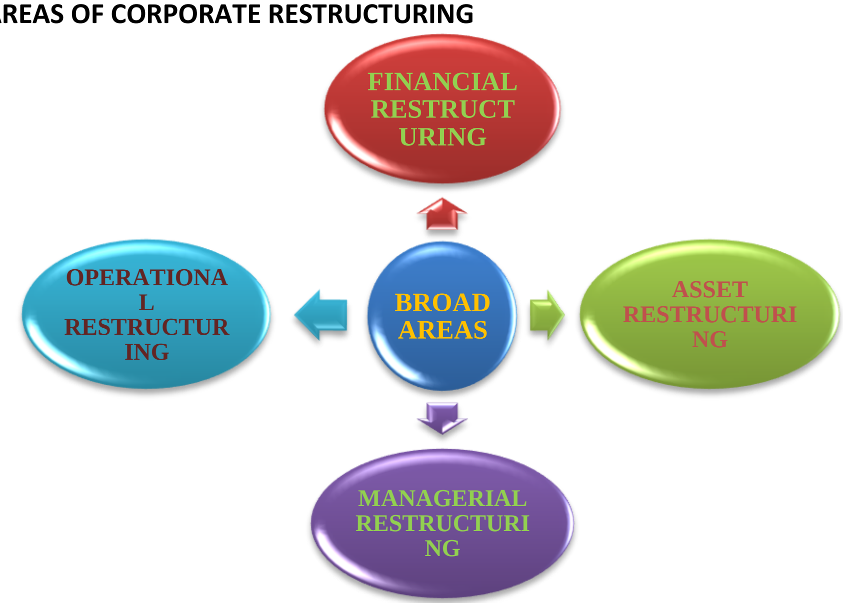
Important aspects to be considered while planning or implementing corporate restructuring strategies:

The restructuring process requires various aspects to be considered before, during and after the restructuring. They are:

Valuation & Funding
Legal and procedural issues
Taxation and Stamp duty aspects
Accounting aspects
Competition aspects etc.
Human and Cultural synergies

Based on the analysis of various aspects, a right type of strategy is chosen.

BROAD AREAS OF CORPORATE RESTRUCTURING



The corporations can be restructured in various aspects. The following are the broad areas of corporate restructuring:

- *FINANCIAL RESTRUCTURING*- It is the process of rearranging the financial structure or the capital base of the company. It may be carried out by reduction of capital, reorganizing the equity and debt base, buy back of shares etc. it may also include the decisions relating to mergers, acquisitions, strategic etc.
- *OPERATIONAL RESTRUCTURING*- It helps in improving the operational efficiency by adopting product restructuring, market restructuring etc. The product range may be restructured, the market strategies relating to market segmentation and so on may also be reorganized.

- *MANAGERIAL RESTRUCTURING*- It involves replacement of Chief Executive Officer or managers who have failed to deliver to the expectations. Managerial restructuring helps in improving the managerial resources of the firm.
- *ASSET RESTRUCTURING*- It involves making new investments, technological changes, asset reductions, buy-outs, spin offs, sale and lease back transaction etc.

To be effective, corporate restructuring may require restructuring of one or more of the above areas of restructuring. In some cases, even all forms of restructuring may be needed.

TYPES OF CORPORATE RESTRUCTURING

Types of Corporate Restructuring Strategies

MERGER	DEMERGER
REVERSE MERGER	DISINVESTMENT
TAKEOVERS	JOINT VENTURE
STRATEGIC ALLIANCES	LUMP SALE
FRANCHISING	LICENSING

1. **Merger**
   Merger is the combination of two or more companies which can be merged together either by way of amalgamation or absorption. The combining of two or more companies, is generally by offering the stockholders of one company securities in the acquiring company in exchange for the surrender of their stock. Mergers may be as under-
   (i) <u>*Horizontal Merger*</u>: It is a merger of two or more companies that compete in the same industry. It isa merger with a direct competitor and hence expands as the firm's operations in the same industry. Horizontal mergers are designed to achieve economies of scale and result in reduce the number of competitors in the industry.
   (ii) <u>*Vertical Merger*</u>: It is a merger which takes place upon the combination of two companies which are operating in the same industry but at different stages of production or distribution system. If a company takes over its supplier/producers of raw material, then it may result in backward integration of its activities. On the other hand, Forward integration may result if a company decides to take over the retailer or Customer Company. Vertical merger provides a way for total integration to those firms which are striving for owning of all phases of the production schedule together with the marketing network
   (iii) <u>*Co generic Merger*</u>: It is the type of merger, where two companies are in the same or related industries but do not offer the same products, but related products and may share similar distribution channels, providing synergies for the merger. The potential benefit from these mergers is high because these transactions offer opportunities to diversify around a common case of strategic resources.
   (iv) <u>*Conglomerate Merger*</u>: These mergers involve firms engaged in unrelated type of activities i.e. the business of two companies are not related to each other horizontally nor vertically. In a pure conglomerate, there are no important common factors between the companies in production, marketing, research and

development and technology. Conglomerate mergers are merger of different kinds of businesses under one flagship company. The purpose of merger remains utilization of financial resources enlarged debt capacity and also synergy of managerial functions. It does not have direct impact on acquisition of monopoly power and is thus favoured throughout the world as a means of diversification.

2. **Demerger**
   It is a form of corporate restructuring in which the entity's business operations are segregated into one or more components. A demerger is often done to help each of the segments operate more smoothly, as they can focus on a more specific task after demerger.
3. **Reverse Merger**
   Reverse merger is the opportunity for the unlisted companies to become public listed company, withoutopting for Initial Public offer (IPO).In this process the private company acquires the majority shares of publiccompany, with its own name.
4. **Disinvestment**
   Disinvestment means the action of an organization or government selling or liquidating an asset orsubsidiary. It is also known as "divestiture".
5. **Takeover/Acquisition**
   Takeover means an acquirer takes over the control of the target company. It is also known as acquisition.Normally this type of acquisition is undertaken to achieve market supremacy. It may be friendly or hostiletakeover.
   i. *Friendly takeover*: In this type, one company takes over the management of the target company withthe permission of the board.
   ii. *Hostile takeover*: In this type, one company takes over the management of the target company withoutits knowledge and against the wish of their management.
6. **Joint Venture (JV)**
   A joint venture is an entity formed by two or more companies to undertake financial activity together. The parties agree to contribute equity to form a new entity and share the revenues, expenses, and control of the company. It may be Project based joint venture or Functional based joint venture. Project based Joint venture: The joint venture entered into by the companies in order to achieve a specific task is known as project based JV. *Functional based JV*: The joint venture entered into by the companies in order to achieve mutual benefit is known as functional based JV.
7. **Strategic Alliance**
   Any agreement between two or more parties to collaborate with each other, in order to achieve certain objectives while continuing to remain independent organizations is called strategic alliance.
8. **Franchising**
   Franchising may be defined as an arrangement where one party (franchiser) grants another party the right to use trade name as well as certain business systems and process, to produce and market goods or services according to certain specifications. The franchisee usually pays a one-time franchisee fee plus a percentage of sales revenue as royalty and gains.
9. **Slump sale**
   Slump sale means the transfer of one or more undertaking as a result of the sale of lump sum consideration without values being assigned to the individual assets and liabilities in such sales. If a company sells or disposes of the whole or substantially the whole of its undertaking for a predetermined lump sum consideration, then it results in a slump sale.

FINANCIAL STRUCTURE

The financial structure of a company comprises its

a) Paid up equity and preference share capital;
b) Various reserves;
c) All borrowings in the form of –

i. Long-term loans from financial institutions;
ii. Working capital from banks including loans through commercial papers;
iii. Debentures;
iv. Credits from suppliers;
v. Trade deposits;
vi. Public deposits;
vii. Deposits/loans from directors, their relatives and business associates;
viii. Deposits from shareholders;
ix. Global Depository Receipts, American Depository Receipts and Foreign Currency Convertible Bonds;
x. Funds raised through any other loan instrument.

A company may require any one or more of the above keeping in view its financial requirements at a particular point of time. A dynamic Board should constantly review the financial structure of the company and effect financial restructuring and reorganisation whenever the need arises.

NEED OF FINANCIAL RESTRUCTURING

A company is required to balance between its debt and equity in its capital structure and the funding of the resulting deficit. The targets a company sets in striking this balance are influenced by business conditions, which seldom remain constant. When, during the life time of a company, any of the following situations arise, the Board of Directors of a company is compelled to think and decide on the company's restructuring:

- necessity for injecting more working capital to meet the market demand for the company's products or services;
- When the company is unable to meet its current commitments;
- When the company is unable to obtain further credit from suppliers of raw materials, consumable stores, bought-out components etc. and from other parties like those doing job work for the company.
- When the company is unable to utilise its full production capacity for lack of liquid funds.

Financial restructuring of a company involves rearrangement of its financial structure so as to make the company's finances more balanced.

MEANING OF FINANCIAL RESTRUCTURING

Financial restructuring is the narrow aspect of corporate restructuring. It is a process of rearranging the financial structure to avoid the liquidation. It involves agreement by third parties to satisfy creditor's claims under certain terms and conditions. It may also be carried out by reducing the capital, reorganizing the capital, buy back of shares etc.

OVER CAPITALISATION AND UNDER-CAPITALISATION

A company is said to be *over-capitalised*, if its earnings are not sufficient to justify a fair return on the amount of share capital and debentures that have been issued. Otherwise, it is said to be *over capitalized* when total of owned and borrowed capital exceeds its fixed and current assets i.e. when it shows accumulated losses on the assets side of the balance sheet.

If the owned capital of the business is much less than the total borrowed capital than it is said to be *undercapitalisation*. We may say that the owned capital of the company is disproportionate to the scale of its operation and the business is dependent more upon borrowed capital.

RESTRUCTURING OF UNDER-CAPITALISED COMPANY

An under-capitalized company may restructure its capital by taking one or more of the following corrective steps:

i. injecting more capital whenever required either by resorting to rights issue/preferential issue or additional public issue
ii. resorting to additional borrowings from financial institutions, banks, other companies etc
iii. issuing debentures, bonds, etc. or
iv. inviting and accepting fixed deposits from directors, their relatives, business associates and public

RESTRUCTURING OF OVER-CAPITALISED COMPANY

If a company is over-capitalized, its capital also requires restructuring by taking following corrective measures:

i. Buy-back of own shares.
ii. Paying back surplus share capital to shareholders.
iii. Repaying loans to financial institutions, banks, etc.
iv. Repaying fixed deposits to public, etc.
v. Redeeming its debentures, bonds, etc.

RESEARCH METHODOLOGY

The present study is based on only secondary data. This secondary data has been collected from the websites of different banks and from reputed journals. The paper consists of a case study on Aditya Birla Group's merger and demerger of their three different subsidiaries. The whole data is taken from the website of their respective websites.

THE ADITYA BIRLA GROUP: A PREMIUM GLOBAL CORPORATION

A US $41 billion (Rs. 2,50,000 crore) corporation, the Aditya Birla Group is in the League of Fortune 500, Anchored by an extraordinary force of over 120,000 employees, belonging to 42 nationalities. Over 50 per cent of its revenues flow from its overseas operations spanning 36 countries.Over 50% of the Group's revenues flow from its overseas operations.

The Aditya Birla Group has been ranked fourth in the world and first in Asia Pacific in the 'Top Companies for Leaders' study 2011, conducted by Aon Hewitt, Fortune Magazine and RBL (a strategic HR and leadership Advisory firm). The Group has topped the Nielsen's Corporate Image Monitor 2014-15 and emerged as the Number one corporate, the 'Best in Class', for the third consecutive year.

LIST OF COMPANIES OF ADITYA BIRLA GROUP	
ABOF.Com-All About Fashion	Aditya Birla Capital Advisors Pvt. Ltd
Aditya Birla Chemicals (India) Ltd.	Aditya Birla Chemicals (Thailand) Ltd.
Aditya Birla Finance Ltd.	Aditya Birla Fashion And Retail Ltd.
Aditya Birla Financial Services Group	Aditya Birla Grasun Chemicals (Fangchenggang) Ltd.
Aditya Birla Insurance Brokers	Aditya Birla Money
Aditya Birla Nuvo	Aditya Birla Retail Ltd.
Aditya Birla Science And Technology Company Pvt. Ltd.	Alexendria Carbon Black (Birla Carbon)
AV Group NB Inc	Birla Jingwei Fibers Company Ltd.
Birla Lao Pulp And Plantations Co. Ltd.	Birla Sun Life Asset Management
Dahej Harbour & Infrastructure Ltd.	Domsjo Fabriker
Essel Mining And Industries Ltd.	Grasim Bhiwani Textile Ltd.
Grasim Industries Ltd.	Idea Cellular Ltd.

Indo Phil Cotton Mills	Indo Phil Textile Mills
Indo Thai Synthetics	Liaoning Birla Carbon Company Ltd (Birla Carbon)
Mahan Coal Ltd	Novelis INC
Pan Century Surfactants Inc	PT Indo Bharat Rayon
PT Elegant Textile Industry	PT Indo Liberty Textiles
PT Indo Raya Kimia	PT Sunrise Bumi Textiles
SKI Carbon Black (India) Pvt. Ltd (Birla Carbon)	Swiss Singapore Overseas Enterprises PTE Ltd
Tanfac Industries Ltd	Thai Acrylic Fibre
Terrace Bay Pulp Mill	Terrace Bay Pulp Mill
Ultratech Cement Lanka Pvt. Ltd	Ultratech Cement Ltd
Ultra Tech Subsidiaries	Utkal Alumina International Ltd

GLOBALLY, THE ADITYA BIRLA GROUP IS:

A metals powerhouse, among the world's most cost-efficient aluminium and copper producers, Hindalco-Novelis is the largest aluminium rolling company. It is one of the three biggest producers of primary aluminium in Asia, with the largest single location copper smelter.

- No.1 in viscose staple fibre
- No.1 in carbon black

- The fourth-largest producer of insulators
- The fifth-largest producer of acrylic fibre
- Among the top 5 cement producers globally
- Among the best energy-efficient fertiliser plants
- The largest Indian MNC with manufacturing operations in the USA, wherein 95 per cent of the workforce comprises of Americans

ADITYA BIRLA GROUP – THE INDIAN SCENARIO

- A top fashion and lifestyle player
- The second-largest player in viscose filament yarn
- The largest producer in the chlor-alkali sector
- Among the top three mobile telephony companies
- A leading player in life insurance and asset management
- Among the top two supermarket chains in the retail business
- Reaches out annually to 7.5 million people through the Aditya Birla Centre for Community Initiatives and Rural Development, spearheaded by Mrs. Rajashree Birla.
- Works in 5,000 villages globally.
- Focuses on: health-care, education, the girl child, sustainable livelihood, women empowerment projects, infrastructure and espousing social reform.
- Runs 42 schools which provide quality education to 45,000 children. Of these 18,000 students belong to the underprivileged segment. Merit Scholarships are given to 24,000 children from the interiors.
- Its 18 hospitals tend to more than a million villagers.
- Set up the Aditya Birla India Centre at the London Business School.
- The Aditya Birla Group transcends conventional barriers of business because we care. We believe it is our duty to facilitate inclusive growth as well.

A MARQUEE OF EXCELLENCE

The name "Aditya Birla" evokes all that is positive in business and in life. It typifies integrity, quality, performance, perfection, and above all, character. Our corporate logo, 'The Rising Sun', symbolises these traits. ('Aditya' is the Sanskrit word for sun).
The logo consists of an inner circle, symbolising the internal universe of the Aditya Birla Group, an outer circle, symbolising the external universe, and a dynamic meeting of rays converging and diverging between the two.
Our Group anthem Aditya Vandana, our Group's corporate anthem is a sequel to our corporate logo. The beautiful Sanskrit hymn extols the greatness of the sun and its never-ending journey towards excellence.

CREATING A PREMIER PLAY ON INDIA'S GROWTH

Merger of **ABNL** into **Grasim** and the Subsequent Demerger & Listing of the **Financial Services Business**creates one of India's largest and well-diversified companies with a combination of cash generating and high growth businessescreates a portfolio of manufacturing and services businesses with a leading presence across cement, financial services, telecom, textiles and chemicals.
Achieves consolidation of common businesses as well as of stakes in different group companies
Merger to be followed by demerger and listing of financial services business, providing value unlocking for shareholders.
The Boards of Directors of Grasim Industries Limited ("Grasim"), Aditya Birla Nuvo Limited ("ABNL") and Aditya Birla Financial Services Limited ("ABFSL") at their respective meetings held today, approved the

merger of ABNL into Grasim and the subsequent demerger & listing of its financial services business through a composite scheme of arrangement (“Scheme”).
Says Mr. Kumar Mangalam Birla, Chairman, Aditya Birla Group, “The proposed restructuring will create one of India’s largest, well-diversified companies with a healthy mix of businesses with steady cash flows and long-term growth opportunities. With diverse businesses spanning manufacturing and services, the combined company provides a play on India’s growth story. The demerger and listing of the financial services business will unlock value for shareholders.”
The transaction, subject to regulatory approvals, entails implementation of the scheme through two steps:

Merger of ABNLInto Grasim; And**Demerger of Its Financial Services Business**
Upon implementation of the merger, demerger of its Financial Services business resulting in a listed financial services company with 57% owned by post-merger Grasim and the balance being held by post-merger Grasim shareholders on a proportionate basis.
With an aggregate turnover of approximately Rs. 59,766 crore and EBITDA of approximately Rs. 11,961crore for the year ended March 31, 2016, Grasim becomes:

- 1st cement company in India with the largest selling brand
- Among the top 10 diversified private NBFCs in India
- Top 4 private sector life insurers and asset management companies in India
- 3rd telecom operator in India
- Leading global producer of viscose staple fibre
- Largest Chlor-Alkali manufacturer in India
- 1st manufacturer and exporter of viscose filament yarn in India
- 4th producer of insulators globally

Remarks Mr. Dilip Gaur, Managing Director of Grasim: “This merger provides the shareholders of Grasim with exposure to fast growing sectors including telecom and financial services.”
Mr. Lalit Naik, Managing Director of ABNL avers: “We believe this transaction provides significant benefits to our shareholders, through direct exposure to seasoned, strong cash flow generating businesses. Further, shareholders will benefit from a larger free float and better liquidity of the combined company.”
The Boards have approved the following exchange ratios based on the recommendations of the joint independent valuers (as mentioned below):

For Merger of ABNL with Grasim, each shareholder of ABNL will get 3 new equity shares of Grasim for every 10 equity shares held in ABNL i.e. a shareholder holding 100 shares in ABNL will receive 30 shares in Grasim
For demerger of Financial Services business into ABFSL, each shareholder of Grasim (post-merger) will receive 7 equity shares in ABFSL for every 1 equity share held in Grasim i.e. a shareholder holding 100 shares in Grasim will receive 700 shares in ABFSL
In aggregate, each shareholder of ABNL holding 100 shares will receive 30 shares in Grasim and 210 shares in ABFSL.

The Board of Grasim has also recommended sub division of its equity shares of Rs. 10 each into 5 equity shares of Rs. 2 each. The exchange ratio as stated above would be adjusted accordingly to take into account the effect of such sub division.

The transaction is subject to the customary statutory and regulatory approvals including approvals of the respective High Courts, the Stock Exchanges, CCI, the respective Shareholders and creditors of each of the companies. The demerger will become effective subsequent to the effectiveness of the merger. The transaction is expected to be completed by Q4 FY17 / Q1 FY18.

ADVISORS:	
Financial Advisor to Grasim	DSP Merrill Lynch Limited
Joint Independent Valuers	Price Waterhouse & Co LLP & Bansi S Mehta & Co
Independent Fairness Opinion (Grasim)	JM Financial Institutional Securities Limited
Independent Fairness Opinion (ABNL)	Kotak Mahindra Capital Company Limited
Legal Advisors to the transaction	Khaitan & Co (for overall transaction)

ABOUT GRASIM

ADITYA BIRLA GRASIM

Grasim is a US$ 5.6 bn conglomerate comprising of businesses in cement, chemicals and viscose staple fibre. It is a leading global player in viscose staple fibre and is the largest manufacturer of chlor-alkali and epoxy resins in India. Its subsidiary UltraTech is the largest manufacturer of cement in India with a capacity of 69.3 MTPA and offers a complete range of building products.

ABOUT ABNL

ADITYA BIRLA NUVO

Aditya Birla Nuvo is a US 3.6 bn conglomerate with leadership position across its businesses. Its Financial Services business ranks among the top 5 fund managers in India. Its Telecom venture, Idea Cellular, ranks among the top 3 cellular operators in India. It is a leading player in Linen, Agri, Rayon and Insulators businesses. ABNL has recently ventured into the Solar Power businesses. It has also received an in-principle approval from RBI to set up a Payments Bank in joint venture with Idea Cellular. For further information, please visit the company's website at www.adityabirlanuvo.com About Aditya Birla Group: A ~US$ 41 bn Indian multinational, Aditya Birla Group operates in 36 countries with ~120,000 employees. The Group major businesses include aluminium, copper, cement, viscose staple fibre (VSF), telecom, carbon black, financial services, fashion, retail, textiles and insulators, among others. Over 50% of the Group's revenues flow from its overseas operations.

A BRAND NEW JOURNEY: A NEW MARK FOR NEW MILESTONES

A major step that our iconic Group has taken under the stewardship of our Chairman, Mr. Kumar Mangalam Birla, is to introduce a brand new avatar of our Aditya Birla logo. To set the context, one thought it worthwhile to bring you excerpts from our Chairman's address to all of us – 120,000 colleagues globally, given that the new mark is reflective of his vision, first and foremost, and from there it plays down the organization.

"Our new mark, for new milestones - It's all about us, our glorious past, our unmatchable legacy, our ongoing success and our exciting journey into the future. The Aditya Birla logo in its brand new avatar that crystalizes our fascinating story of change and transformation. We have changed and how. What we were two decades ago when we launched our first Aditya Birla logo and what we are today, is phenomenal. These 20 years have seen us evolve and scale new heights. It has been truly a transformative journey.

We have grown:
FROM US $2 BILLION TO $41 BILLION
FROM 8 COUNTRIES TO 36 COUNTRIES
FROM 60,000 TO 120,000 COLLEAGUES
FROM 8 NATIONALITIES TO 42 NATIONALITIES
FROM AN AVERAGE AGE OF 56 YEARS TO 36 YEARS
FROM 0.4% WOMEN IN THE MANAGERIAL CADRE TO 14% TODAY

In essence, we are a much more dynamic, vibrant, youthful Group across five continents. In keeping with this change, I felt the need to refresh our earlier logo. Contemporising it made sense. It has served its time and helped build our Group identity and lent heft to our Group's business identity.

Their new corporate mark is a fine blend of continuity and change. So it admirably captures our legacy and moves on with modernity.

Their energy derives from the sun, termed Aditya in our mythology, and so closely linked with the name of our legendary leader and my father, Aditya Vikram Birla. His persona evoked all that is positive in business and in life" – Mr. Kumar Mangalam Birla, Chairman.

The name Aditya Birla exemplifies integrity, quality, performance, perfection and above all character. Our logo is the symbolic reflection of these traits. It is the cornerstone of our Corporate Identity. It helps us leverage the unique Aditya Birla brand and endows us with a distinctive visual image.

ON THE IMAGERY AND THE NUANCES OF THE NEW MARK

The bright colourful sun at the base forms its solid foundation in a bolder and more forceful global version. The crisscrossing sunbeams connote the vibrant internal and external movement of energy. Like a prism, it refracts the multi-dimensional facets of their group. The new logo of the company shows the deep sense of simplicity, solidity, permanence, vim, vigour, hope and their timeless values and boundless optimism. And all these culminate in the dramatic ascension of our Group, rising in perpetuity, reaching higher peaks.

To sum up, their new mark embeds a sense of pride, unity and belongingness in all of us. In our Chairman's words again: "I look upon it as our best calling card as we move onto a brave new horizon, big on growth, based on strong fundamentals, and as OneABG family".

- Dr. Pragnya Ram, as the Chief Custodian of the Aditya Birla logo

CONCLUSION

Thus the paper shows the importance of the corporate restructuring and financial restructuring in improving the financial position of the company. Whenever a company is in the position of liquidation, the company can resort to corporate restructuring by adopting one or another method such as merger, demerger, etc. This can be studied in the case study of leading company Aditya Birla Group where the company adopted two methods of corporate restructuring together by merging ABNL into Grasim; and Demerging of its financial services business. Thus this can be concluded as a profit earning activity.

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