



CORPORATE RESTRUCTURING PATTERN

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rebuild or re-arrange.”Corporate restructuring thus implies rearranging the business for increased efficiency and profitability. It is basically a process undertaken by business enterprise for the purpose of bringing about a change for the better and to make business competitive. 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.

Restructuring is basically the corporate management term for the act of reorganizing the legal, ownership, operational, or other structures of a company for the purpose of making it more profitable, or better organized for its present needs. Alternate reasons for restructuring include a change of ownership or ownership structure, demerger, or a response to a crisis or major change in the business such as bankruptcy, repositioning, or buyout. Restructuring may also be described as corporate restructuring, debt restructuring and financial restructuring.

Executives involved in restructuring often hire financial and legal advisors to assist in the transaction details and negotiation. It may also be done by a new CEO hired specifically to make the difficult and controversial decisions required to save or reposition the company. It generally involves financing debt, selling portions of the company to investors, and reorganizing or reducing operations.

The basic nature of restructuring is a zero sum game. Strategic restructuring reduces financial losses, simultaneously reducing tensions between debt and equity holders to facilitate a prompt resolution of a distressed situation.

Corporate Restructuring is a tool that is used by corporate to meet the challenges passed by a dynamic business environment. The dictionary meaning of the word restructuring is “to give new structure to, rebuild or re-arrange. Corporate restructuring thus implies rearranging the business for increased efficiency and profitability.

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