

# Convertibles 360°

TAXTONIC WEBINAR |  
TAXSUTRA

**Binoy Parikh**

Partner, Katalyst Advisors

*Use Cases, Many Hats, and the CRT Lens*

## THE CRT LENS

### **C** COMMERCIAL

*What was negotiated*

Funding, acquisition, restructuring, succession, exit.  
The deal driver

### **R** REGULATORY

*What the rulebook permits*

Companies Act, FEMA, SEBI ICDR, Takeover Code, Ind AS, IBC

### **T** TAX

*What substance and the deeming fiction taxes*

Conversion exemption, 50CA, 56(2)(x), thin cap, GAAR, capital reduction, DTAAA interplay post Tiger Global

## EIGHT COMMERCIAL PROBLEMS, EIGHT HYBRID SOLUTIONS

01	02	03	04	05	06	07	08
<b>Quasi-Equity Funding</b>	<b>Valuation Gap Bridging</b>	<b>Cross-Border Equity + Floor</b>	<b>Differential Merger Consideration</b>	<b>Capital Loss Crystallisation</b>	<b>Listed Co Stake Build-up</b>	<b>Stressed Subsidiary Funding</b>	<b>Re-domiciliation to India and Cost Step Up</b>
<i>Perpetual NCD</i>	<i>CCD / CCPS with formula</i>	<i>CCPS + Put</i>	<i>OCRPS + Put</i>	<i>Sec 66 + Perp Debt</i>	<i>CCD / OCD (SAST defer)</i>	<i>OCRPS / CCPS</i>	<i>Cross-border merger + CCDs</i>

## THE DISCIPLINE

**01**

### MAP ALL HATS

One instrument, multiple legal identities across frameworks

**02**

### RECONCILE PARALLEL VALUATIONS

Commercial, regulatory and tax valuations apply simultaneously

**03**

### DESIGN THE EXIT AT ISSUANCE

Conversion itself triggers fresh implications. Sequence at day one

**THE COMPOUNDING EFFECT** *Commercial, regulatory and tax disciplines are not independent. Reconcile at issuance, or the failure compounds.*