

The Mergers and Acquisitions of Indian companies in 2015 are from 1st Jan 2015 to 14th March 2015.

- Anil Ambani's Mumbai based **Reliance Infrastructure** acquires India's largest ship building and heavy industries company **Pipavav Defence and offshore Engineering Company Ltd** (March)
- Bengaluru based online cab aggregator **Ola Cabs** acquires **TaxiforSure** (March)
- Rupert Murdoch owned Newscorp inc acquires VCCircle Network (March)
- Mumbai based **Star India Pvt Ltd** owned by 21st century Fox acquires **Screenentertainment** weekly from Indian Express Group (March)
- German speciality chemicals manufacturer **Evonik Industries AG** acquires Mumbai based catalyst supplier **Monarch Catalyst Pvt Ltd** (March)
- Thomas cook owned Quiz Coro Ltd acquires Indian arm of American MNC **Aramark**(Hospitality and healthcare facility management) (Feb)
- New Delhi based online marketplace **Snapdeal** acquires **Exclusively.com** (Feb)
- Star India acquires telugu language based **MAA network** (Feb)
- **BookMyShow** acquires Bangalore based Eventifier (Feb)
- Malaysia based **Foodpanda** acquires food ordering portal **Just Eat India** (Feb)
- New Delhi based online restaurant based **Zomato** buys Turkish rival **Mekanist** (Feb)
- Kolkata based FMCG company **Emami Ltd** acquires Australian personal care firm **Fravin Pty Ltd** (Jan)
- **Temasek Holdings Pte Ltd**, the Singapore govt's investment arm acquires Punj Llyod stake in **Medanta** super speciality hospital owned by Global Health Pvt Ltd (Jan)
- Mumbai based Piramal MNC's **Piramal Enterprises Ltd** acquires **Coldstream Laboratories Inc** (Jan)
- **Hike**, messenger app by a Joint Venture of Bharati enterprises and SoftBank acquires US-based **Zip Phone** (Jan)
- Mumbai based conglomerate's division **Godrej Consumer Products Ltd** acquires South Africa's **Frica Hair (Pty) Ltd** (Jan)
- Chennai based hospital chain, **Apollo Hospital** acquires **Nova Speciality** (Jan)
- Pune based Bharat Forge Ltd MNC's, German arm **CDP Bharat Forge Holding GmbH** acquires **Mecanique Generate Langroise (MGL)**, A French oil and gas machining company (Jan)
- Gurgaon based Refrigerants manufacturer **SRF Ltd** acquires global pharmaceutical propellant business from chemicals maker **DuPont** (Jan)

TOP MERGER & ACQUISITION DEALS IN INDIA

1. **TATA STEEL-CORUS:** Tata Steel is one of the biggest ever Indian's steel company and the Corus is Europe's second largest steel company. In 2007, Tata Steel's takeover European steel major Corus for the price of \$12.02 billion, making the Indian company, the world's fifth-largest steel producer. Tata Sponge iron, which was a low-cost steel producer in the fast developing region of the world and Corus, which was a high-value product manufacturer in the region of the world demanding value products. The acquisition was intended to give Tata steel access to the European markets and to achieve potential synergies in the areas of manufacturing, procurement, R&D, logistics, and back office operations.
2. **VODAFONE-HUTCHISON ESSAR:** Vodafone India Ltd. is the second largest mobile network operator in India by subscriber base, after Airtel. Hutchison Essar Ltd (HEL) was one of the leading mobile operators in India. In the year 2007, the world's largest telecom company in terms of revenue, Vodafone made a major foray into the Indian telecom market by acquiring a 52 percent stake in Hutchison Essar Ltd, a deal with the Hong Kong based Hutchison Telecommunication International Ltd. Vodafone main motive in going in for the deal was its strategy of expanding into emerging and high growth markets like India. **Vodafone's** purchase of 52% stake in Hutch Essar for about **\$10 billion**. Essar group still holds 32% in the Joint venture.
3. **HINDALCO-NOVELIS:** The Hindalco Novelis merger marks one of the biggest mergers in the aluminum industry. Hindalco industries Ltd. is an aluminum manufacturing company and is a subsidiary of the Aditya Birla Group and Novelis is the world leader in aluminum rolling, producing an estimated 19percent of the world's flat-rolled aluminum products. The Hindalco Company entered into an agreement to acquire the Canadian company Novelis for \$6 billion, making the combined entity the world's largest rolled-aluminum Novelis operates as a subsidiary of Hindalco.
4. **RANBAXY-DAIICHI SANKYO:** Ranbaxy Laboratories Limited is an Indian multinational pharmaceutical company that was incorporated in India in 1961 and Daiichi Sankyo is a global pharmaceutical company, the second largest pharmaceutical company in Japan. In 2008, Daiichi Sankyo Co. Ltd., signed an agreement to acquire the entire shareholders of the promoters of Ranbaxy Laboratories Ltd, the largest pharmaceutical company in India. **Ranbaxy's** sale to Japan's Daiichi at the price of **\$4.5 billion**.
5. **ONGC-IMPERIAL ENERGY:** Oil and Natural Gas Corporation Limited (ONGC), national oil company of India. Imperial Energy Group is part of the India National Gas Company, ONGC Videsh Ltd (OVL). Imperial Energy includes 5 independent enterprises operating in the territory of Tomsk region, including 2 oil and gas producing enterprises. Oil and Natural Gas Corp. Ltd (ONGC) took control of Imperial Energy UK Based firm operating in Russia for the price of \$1.9 billion in early 2009. This acquisition was the second largest investment made by ONGC in Russia.
6. **MAHINDRA & MAHINDRA- SCHONEWEISS:** Mahindra & Mahindra Limited is an Indian multinational automobile manufacturing corporation headquarters in Mumbai, India. It is one of the largest vehicles manufacturer by production in India. Mahindra & Mahindra acquired 90 percent of Schoneweiss, a leading company in the forging sector in Germany. The deal took place in 2007, and consolidated Mahindra's position in the global market.
7. **STERLITE- ASARCO:** Sterlite is India's largest non-ferrous metals and mining company with interests and operations in aluminum, copper and zinc and lead. Sterlite has a world class copper smelter and refinery operations in India. Asarco, formerly known as American Smelting and Refining Company, is currently the third largest copper producer in the United States of America. In the year 2009, Sterlite Industries, a part of the Vedanta Group signed an agreement regarding the acquisition of copper mining company Asarco for the price of \$ 2.6 billion. The deal surpassed Tata's \$2.3 billion deal of acquiring Land Rover and Jaguar. After the finalization of the deal Sterlite would become third largest copper mining company in the world.
8. **TATA MOTORS-JAGUAR LAND ROVER:** Tata Motors Limited (TELCO), is an Indian multinational automotive manufacturing company headquartered in Mumbai, India and a subsidiary of the Tata Group and the Jaguar Land Rover Automotive PLC is a British multinational automotive company headquarters in Whitley, Coventry, United Kingdom, and now a subsidiary of Indian automaker Tata Motors. **Tata Motors** acquisition of luxury car maker **Jaguar Land Rover** was for the price of **\$2.3 billion**. This could probably the most ambitious deal after the Ranbaxy won. It certainly landed Tata Motors in a lot of troubles.
9. **SUZLON-REPOWER:** Suzlon Energy Limited is a wind turbine supplier based in Pune, India and RePower systems SE (now Senvion SE) is a German wind turbine company founded in 2001, owned by Centerbridge Partners. Wind Energy premier **Suzlon Energy's** acquisition of **RePower** for **\$1.7 billion**.
10. **RIL-RPL MERGER:** Reliance Industries Limited (RIL) is an Indian Conglomerate holding company headquartered in Mumbai, India. Reliance is the most profitable company in India, the second-largest publicly traded company in India by market capitalization. Reliance Petroleum Limited was set up by Reliance Industries Limited (RIL), one of India's largest

private sector companies based in Ahmedabad. Currently, **Reliance Industries** taking over Reliance Petroleum Limited (RPL) for the price of 8500 crores or **\$1.6 billion**.

GOOD IMAGES ON MERGERS

Tech Mahindra and Satyam merged to form Mahindra Satyam.

The diagram illustrates the merger of Tech Mahindra and Satyam. On the left is the Tech Mahindra logo with the tagline 'IT Services and Telecom Solutions'. In the center is a green plus sign. On the right is the Satyam logo with the tagline 'What Business Demands.'. Below these is an equals sign, followed by the Mahindra Satyam logo.

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Examples of Horizontal Merger

- Lipton India and Brooke Bond.
- Bank of Madura with ICICI Bank.
- BSES Ltd with Orissa Power Supply Company.
- Associated Cement Companies Ltd with Damodar Cement.

The slide lists four examples of horizontal mergers with corresponding logos: Brooke Bond (red and white), Lipton (yellow and red), BSES Limited (red and white), Damodar Cement (blue and white), and ACC (white and grey).

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Vertical integration and horizontal integration are business strategies that companies use to consolidate their position among competitors.

What is vertical integration?

Vertical integration is a competitive strategy by which a company takes complete control over one or more stages in the production or distribution of a product.

A company opts for vertical integration to ensure full control over the supply of the raw materials to manufacture its products. It may also employ vertical integration to take over the reins of distribution of its products.

A classic example is that of the Carnegie Steel Company, which not only bought iron mines to ensure the supply of the raw material but also took over railroads to strengthen the distribution of the final product. The strategy helped Carnegie produce cheaper steel, and empowered it in the marketplace.

What is horizontal integration?

Horizontal integration is another competitive strategy that companies use. An academic definition is that horizontal integration is the acquisition of business activities that are at the same level of the value chain in similar or different industries.

In simpler terms, horizontal integration is the acquisition of a related business: a fast-food restaurant chain merging with a similar business in another country to gain a foothold in foreign markets.

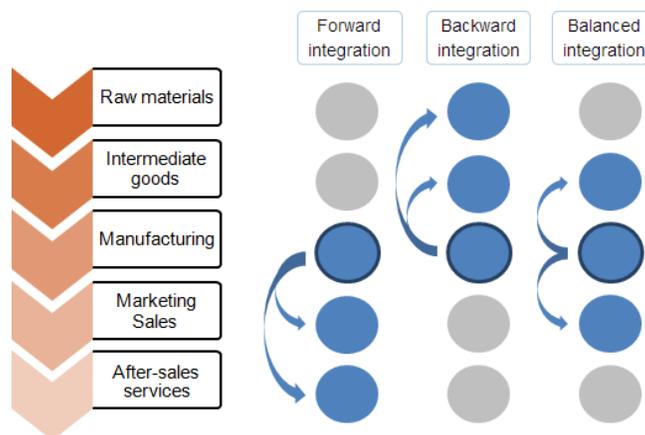
Types of vertical integration strategies

As we have seen, vertical integration integrates a company with the units supplying raw materials to it (backward integration), or with the distribution channels that carry its products to the end-consumers (forward integration).

For example, a supermarket may acquire control of farms to ensure supply of fresh vegetables (backward integration) or may buy vehicles to smoothen the distribution of its products (forward integration).

A car manufacturer may acquire tyre and electrical-component factories (backward integration) or open its own showrooms to sell its vehicle models or provide after-sales service (forward integration).

There is a third type of vertical integration, called balanced integration, which is a judicious mix of backward and forward integration strategies.



Quick examples of horizontal expansion are Standard Oil’s acquisition of about 40 other refineries and the acquisition of Arcelor by Mittal Steel and that of Compaq by HP.

Horizontal Integration				
General Stages of oil production	Companies			
	Company A	Company B	Company C	Company D
Drilling				
Transportation				
Refining				
Sales & Distribution				

EXAMPLES OF HORIZONTAL INTEGRATION

Examples of Horizontal Mergers

Following are the important examples of horizontal mergers:

- The formation of Brook Bond Lipton India Ltd. through the merger of Lipton India and Brook Bond
- The merger of Bank of Mathura with ICICI (Industrial Credit and Investment Corporation of India) Bank
- The merger of BSES (Bombay Suburban Electric Supply) Ltd. with Orissa Power Supply Company
- The merger of ACC (erstwhile Associated Cement Companies Ltd.) with Damodar Cement

RETRENCHMENT STRATEGY

Definition: The **Retrenchment Strategy** is adopted when an organization aims at reducing its one or more business operations with the view to cut expenses and reach to a more stable financial position.

In other words, the strategy followed, when a firm decides to eliminate its activities through a considerable reduction in its business operations, in the perspective of customer groups, customer functions and technology alternatives, either individually or collectively is called as Retrenchment Strategy.

The firm can either restructure its business operations or discontinue with it, so as to revitalize its financial position.

There are three types of Retrenchment Strategies:



1. Turnaround
2. Divestment
3. Liquidation

To further comprehend the meaning of Retrenchment Strategy, go through the following examples in terms of customer groups, customer functions and technology alternatives.

1. The book publication house may pull out of the customer sales through market intermediaries and may focus on the direct institutional sales. This may be done to slash the sales force and increase the marketing efficiency.
2. The hotel may focus on the room facilities which is more profitable and may shut down the less profitable services given in the banquet halls during occasions.
3. The institute may offer a distance learning programme for a particular subject, despite teaching the students in the classrooms. This may be done to cut the expenses or to use the facility more efficiently, for some other purpose.

In all the above examples, the firms have made the significant changes either in their customer groups, functions and technology/process, with the intention to cut the expenses and maintain their financial stability.