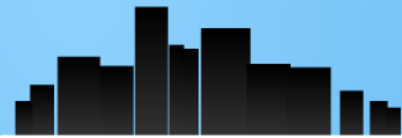
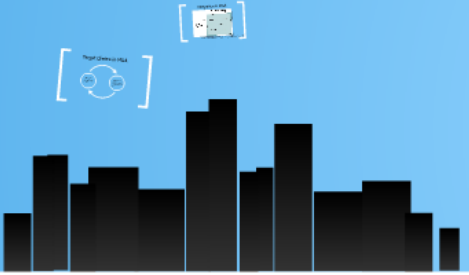


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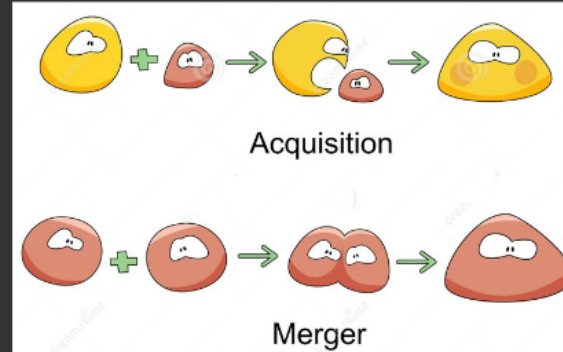
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Merger and Acquisition Thecasesolutions.com

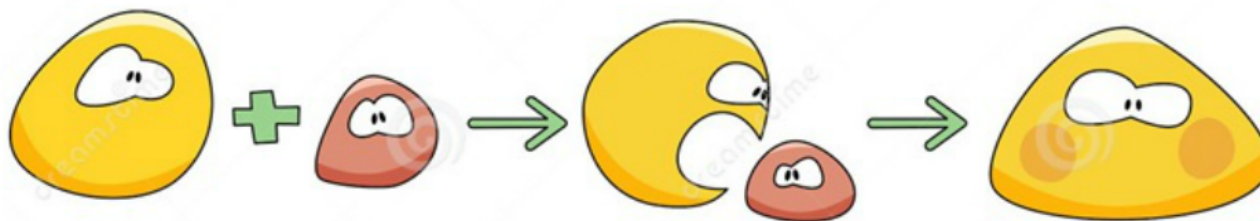


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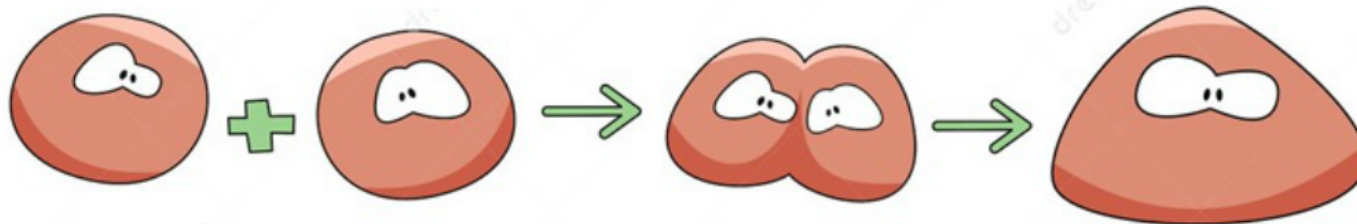


Merger and Acquisition

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Acquisition



Merger



What is Merger?

A *merger* is the combination of two previously separate organizations, typically as more or less equal partners.

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What is Acquisition?

An *acquisition* involves one firm taking over the ownership ('equity') of another, hence the alternative term 'takeover'.

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Merger and Acquisition Process



History of M & A

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- The concept of merger and acquisition in India was not popular until the year **1988**.
- The key factor contributing to fewer companies involved in the merger is the regulatory and prohibitory provisions of **MRTP Act, 1969**. According to this Act, a company or a firm has to follow a pressurized and burdensome procedure to get approval for merger and acquisitions.

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- The year 1988 witnessed one of the oldest business acquisitions or company mergers in India. It is the well-known ineffective unitary takeover bid by Surala Paul to overpower DCM Ltd. and Escorts Ltd. Further to that many other Non-Residents Indians had put in their efforts to take control over various companies through their stock exchange portfolio.
- As for now the scenario has completely changed with increasing competition and globalization of business. It is believed that at present India has now emerged as one of the top countries entering into merger and acquisitions.

Different Types of Mergers



Laws Governing Merger and Acquisition in India

- Mergers and Acquisitions in India are governed by the Indian Companies Act: 1956, under Sections 291 to 294.
- Indian anticompetitive law permits the utmost time period of 210 days for the companies for going ahead with the process of merger or acquisition.
- The entry limits for companies merging under the Indian law are considerably high. The entry limits are allocated in context of asset worth or in context of the company's annual incomes.
- The Indian M&A laws also permit the combination of any Indian firm with its international counterparts, providing the cross-border firm has its set up in India.
- There have been recent modifications in the Competition Act, 2002. It has replaced the voluntary announcement system with a mandatory one.

Different Types of Acquisitions



Provisions under Mergers and Acquisitions Laws in India

- Section 191 of the Companies Act, 1956, provides that a company shall not acquire the shares of another company if the acquisition would result in the company becoming a subsidiary of the other company, unless the acquisition is approved by the shareholders of the company.
- Section 192 of the Companies Act, 1956, provides that a company shall not acquire the shares of another company if the acquisition would result in the company becoming a subsidiary of the other company, unless the acquisition is approved by the shareholders of the company.
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