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Corporate Mergers and Takeovers in India

AUTHOR

Dr. Ashish Agrawal
Director, Kishan Institute of Business Management, Meerut (U.P.)

ABSTRACT

In India, the process of Economic Reforms in the shape of economic Liberalisation, Globalisation and Privatisation has created it's own momentum now. Due to these economic reforms, the business environment in India has become more competitive and challenging. In India we find that the Mergers/Takeovers have passed through different phases/stages. Mergers between the same group companies have been in place for a long time but Mergers/Takeovers with companies out side the group is of recent origin. In the emerging scenario the following Types of Business Combinations are becoming very popular in India and abroad - Joint Ventures, Collaborations, Strategic Alliances, Amalgamations, Acquisitions, Mergers and Takeovers. This research study was conducted with the objectives - to understand the Historical developments in the area of Corporate Restructuring, Business Restructuring, and Financial Restructuring, in India and Abroad, to analyse some of the famous Mergers and Takeovers in India of the recent past and to analyse their pre-merger and post-merger performance.

1. CONCEPT

India of the recent past and to analyse their pre-merger and post-merger performance. In India, the process of Economic Reforms in the shape of economic Liberalisation, Globalisation and Privatisation has created it's own momentum now. Due to these economic reforms, the business environment in India has become more competitive and challenging. The companies in India have started restructuring their businesses to meet the new challenges and to grab the opportunities thrown open to them by the multilateral trade program of the World Trade Organization. Most of the multi-product companies are restructuring their business operations to achieve the synergy in their operations. This restructuring will involve the transfer of business from one company to another company (Mergers and Takeovers) or Restructuring involves strategic planning to deal with the multifaceted changes in the ownership and control (equity shareholders) pattern of a company. It also involves closely monitoring a variety of business and corporate laws (Income Tax Act, Companies Act, Foreign Exchange Management Act, Monopolies and Restrictive Trade Practices Act) of a country like India. The fundamental subject of Corporate Restructuring relates to the efficient conduct of business through increasing - The Business Market Share, The Brand Power, and The Synergies.

2. TYPES OF BUSINESS COMBINATIONS

In the emerging scenario, the following types of Business Combinations are becoming very popular in India and abroad - i) Joint Ventures; ii) Collaborations; iii) Strategic Alliances; iv) Amalgamations; v) Acquisitions; vi) Mergers, and vii) Takeovers.

3. CONSIDERATIONS IN CORPORATE RESTRUCTURING

Mergers and Takeovers, the way in which they are being understood in the other parts of the world, have started taking place in India now. Business combinations, which may take the form of Merger, Takeover, Acquisition, Amalgamation or any other form, are important features of Corporate Structural Changes. In fact they have played an important role in the external growth of

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leading companies the world over. In India about 1180 proposals for amalgamation of corporate bodies involving about 2400 companies were filed with the different High Courts during 1976-1986.

In simple words a Corporate Restructuring is a very detailed process through which a company can consolidate it's business operations and strengthen it's position for achieving the desired objectives like - staying Strategic, Competitive and Successful etc. And this exercise involves an approach having three considerations –

a) Business Restructuring – Joint Ventures and Collaborations; Strategic Alliances; Mergers and Takeovers.
b) Financial Restructuring – Deciding Appropriate Debt-Equity Mix; Ensuring a Competitive Cost Structure; Optimizing Return on Investment.
c) Organizational Restructuring – Retention of Efficient and Skilled Manpower; Continuous Training and Development; Parting away with the Dead Wood.

4. TIME LINE OF MERGERS AND TAKEOVERS IN INDIA

In India we find that the Mergers/ Takeovers have passed through different phases. In India Mergers between the same group companies have been in place for a long time. This used to happen because the capacities for the production were fixed during license / permit raj and the group having the licenses, used to merge the loss making companies with the profit making companies. This help them to lower the income tax burden, as the losses on the Balance Sheets of the loss making company can be written off against the profits of profit making company and also the licenses of the loss making company could also be utilized by the profit making company.

However the first wave (1980-1990) of the hostile takeovers in India started in the early eighties. The best case for this was the bids for the Escorts and DCM by Mr. Swaraj Paul of the Capro group of Industries. He at that time tried to acquire these companies with the help of the Mrs. Indira Gandhi Government. The bids were unsuccessful but a number of people following his path made an industrial empire through these ways. The foremost names, which come to mind, are of Mr. R.P. Goenka and Mr. Manu Chhabria. Mr. R.P. Goenka acquired CEAT, CESC and a lot of other companies. And similarly Mr. Manu Chhabria also acquired Shaw Wallace, Dunlop and Bengal Chemicals etc. These were the days when these people were able to acquire companies through hook or crook. But then these were not great promoters as such. When today we see the position of the Shaw Wallace and Dunlop they have been stripped of the assets by these promoters and these companies are either loss making or on the verge of closure. They have sold companies like Remington Rand and Murphy. Through the early eighties we saw that the Government of that time, instructed the Financial Institutions to help or not help the takeover artists, according to its convenience. But in the late eighties the government of that time came up with a policy, keeping distance from the takeover struggles. This ruling had an effect that the Ambanis trying to takeover Larsen and Toubro were not able to take over that company.

The second wave (1991-1996) marked across a couple of years after the 1991 reforms started taking place. This was the phase the controls were withdrawn/ broken and a whole lot of areas were open for the companies to expand. In this time period mergers like HLL & TOMCO took place. Also during this time a new kind of takeover started - that is the selling of their BRANDS by the companies in the FMCG/ Consumer Durable Segment, to the foreign companies coming into India. The most famous is the case of Mr. Ramesh Chauhan of Parle selling its soft drink brands to the Coca-

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Cola. Also, the Heinz purchased the OTC brands of the Glaxo for Rs. 210 crores. At this time also the consumer durable manufacturer like Kelvinator sold out the brand to Electrolux and the manufacturing facilities were sold to the Whirlpool.

The third wave (1997-2009) has been started in 1997-98 and this round of Mergers and Takeovers is different from the earlier ones and the experts have given three reasons for this: (1) Slower growth & thinner margin is forcing the companies to perform or sell out. (2) Banks willing to finance the takeover tycoons. The Financial Institutions have changed the earlier policy of remaining distant during takeover struggles. (3) The takeover code being implemented which has somewhat taken away the need for the political muscle, required in the hostile takeover. Since 1986 onwards, both friendly takeover bids on negotiated basis and hostile bids through hectic buying of equity shares of select companies from the stock market have been reported frequently. There are many instances of corporate raids by Non-resident Indians as well as Indian Industrial entrepreneurs on domestic corporate undertakings. For example, during the year 1988 the following raids by NRIs were made on Indian corporate undertakings. (1) Swaraj Paul and Sethia groups attempted raids on Escorts Ltd and DCM Ltd but did not succeed. (2) NRIs Hindujas raided and took over Ashok Leyland and Ennore Foundries and secured strategic interests in IDL Chemicals and Astra IDL. (3) NRI Chhabria Group acquired crucial stake in Shaw Wallace, Mather & Platt, Hindustan Dock Oliver, Dunlop India, Gordon Woodroffe and Falcon Tyres. Chhabria brothers had acquired controlling interest in Genlec at Rs. 65 a share.

5. COMPETITIVE COMPULSIONS vs. MARKET LEADERSHIP

While the first wave of mergers and joint ventures was driven primarily by competitive compulsions and as an outcome of business restructuring, of late, the larger and more aggressive companies have been buying out the smaller ones to assume market leadership. Till 1999, the biggest Mergers and Takeovers deals were in the FMCG industries that are traditionally intensely competitive and have become more so with the entry of well-known international brands. A classic example of the extension and consolidation of market power is the Hindustan Lever's acquisition and restructuring spree over the last few years. By 1998, it wrapped up five acquisitions (Tomco, Dollop's, Kwality, Milkfood, and Kissan) and affected a host of mergers - Doom Dooma Tea with Brooke Bond, Brooke Bond with Lipton, Pond's with Quest International, and finally Brooke Bond Lipton India Ltd with Hindustan Lever. Recently it acquired a 74% stake in Modern Foods and turned it into a profitable venture. Mergers and Takeovers also took place in Cement, Aluminium, Steel, Chemicals and Pharmaceuticals. Incidentally, the biggest merger in India Inc took place in the Telecom sector with BPL Communications and the Birla-Tata-AT&T combine, two of the nation's biggest cellular players, announcing an agreement to merge operations.

During the second/third wave some joint ventures between Indian and Foreign partners also took place in India but unfortunately, most of these joint ventures did not last long. Some of the prominent joint ventures between Indian and Foreign partners, particularly in the high technology and high capital intensity Automobile sector, failed to mature, and the foreign partners assumed full control. These include DCM-Daewoo, Tata-Mercedes, Mahindra-Ford, Birla group-General Motors, and PAL-Peugeot. The main reason for these failures was the inability of the Indian companies to bring in the additional Funds needed for expansion and the poor Corporate Governance. Despite the Churning and

Change that has taken place over the past decade, the Indian corporate sector has still to go a long way in improving its image and become globally competitive.

6. REVIEW OF LITERATURE

The literature on Mergers/Takeovers in India is very rich. One can find a lot of information/data on Mergers/Takeovers of the recent past. Some of the views of some renowned authors are as follows:-

"In India, despite unfavourable economic environment that had existed before early 1992's opening up of economy, Takeover / Mergers / Amalgamations have not been uncommon. It has been reported in the press that during the period 1988-92, there had been about 121 takeovers and mergers and in addition thereto 37 takeover bids were found unsuccessful. But from 1991, the number of mergers has speeded up. Mostly these mergers had been amongst the firms within the same industry which are known as Horizontal Mergers. During 1988, such horizontal mergers occupied one-fourth or 25% place which increased to one-half or 50% in 1991 and 65% in 1992 in total number of mergers. Mostly, mergers have been in the spirit of the law, as Companies Act, 1956 provides the procedure for friendly Amalgamations and the Income-tax Act, 1962 carries incentive of carry forward losses under section 72A to the merged company. These legal aspects may be discussed separately at relevant place, but the main stress here is to point out that Corporate Raiders have remained quite active in India and have compelled target company to surrender to the raider company. There have been three peculiar circumstances in India which discourage takeover viz. (1) stake of financial institutions in the companies as predominant portion of capital employed hails from financial institutions in the form of term loans giving rise for their large equity stake also, arising out of direct subscription to equity capital, conversion of part of loan into borrower company's equity, and equity holdings on account of devolvement against underwriting commitments. Financial institutions, generally, do not encourage takeovers but arrange mergers with suitable partners under packaged deals for revival of sick units. (2) Obtaining of industrial license has been a problem in India. Industrial licensing has served both ways to discourage mergers and encourage takeovers for example, industrial entrepreneurs had been desirous to merge with such companies having license so that pooled resources could be used for mutual benefits. Now industrial licensing has been abolished since economic liberalizations followed in 1991. (3) Another important aspect in India's corporate scene has been the existence of restrictive provisions in the laws which do not encourage takeovers. For example, sections 372 and 108 of Companies Act put limits on the extent of equity purchase-able by a company of other companies and refusal to register transfer of shares by the Board of Directors of the target company for reasons "in the interest" of the company".

"It's no secret that there is an intensifying rush to consolidate within the legal profession. In recent years, we've seen more than 85 law firm mergers in the United States alone. And of course, we expect the future to bring larger and increasingly complex mergers to the legal profession. Those are likely to include transatlantic combinations—such as the one reported in May between London's Clifford Chance and New York's Rogers & Wells—and even multidisciplinary ones. Our experience is that for every proposed law firm merger that results in a union, seven to ten do not. Naturally, the specific reasons that merger discussions dissolve are unique to each situation. Knowing what they are and taking steps to avoid them can save time and help ensure success".

"SEBI has endeavoured to provide a

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regulatory (Takeover Regulations 1997) framework which is based on fairness, transparency, protection of minority shareholders and providing equal opportunities to the shareholder. In the takeover process the price offered to the shareholders should be fair and just. Data on offered price, material dates and other information should be accessible. In exercising option to surrender shares in response to takeover bid, the opportunity should be equal to all the shareholders. Takeover process must not be hostage to the incumbent management but should aim at protecting the interests of investors and advancing capital market development. The legal route for takeover is obtaining approval/sanction from Securities and Exchange Board of India (SEBI) in respect of offer document and under section 108A and 372 of the Companies Act 1956 from the Government. The consideration in the case of takeover is in the form of cash/shares or both."

"Mergers can get bogged down in the Federal Antitrust Laws. The most important statute here in USA is the Clayton Act 1914, which forbids an acquisition whenever in any line of commerce or any section of the country the effect may be substantially to lessen competition, or to create monopoly. Antitrust law can be enforced by the federal Government in either of two ways – by a civil suit brought by the Justice Department or by proceedings initiated by the Federal Trade Commission (FTC). The Hart-Scott-Rodino Antitrust Act of 1976 requires that these agencies be informed of all acquisitions of stock amounting to $15 million of 15% of the target's stock, whichever is less. Thus, almost all large mergers are reviewed at an early stage. Both the Justice Department and the FTC then have the right to seek injunctions delaying a merger. Often this injunction is enough to scupper the company's plans."

"Activities related to expansion or contraction of a firm's operations or changes in its assets or financial or ownership structure are referred to as 'corporate restructuring'. The most common form of corporate restructuring is Mergers/ Amalgamations and Acquisitions/Takeovers, Financial Restructuring, Divestitures/ Demergers and Buyouts. Profitable growth constitutes one of the prime objectives of most of the business firms. It can be achieved 'internally' either through the process of introducing/developing new products or by expanding/enlarging the capacity of existing products. Alternatively, the growth process can be facilitated 'externally' by acquisition of existing business firms. The acquisition may be in the form of Mergers / Acquisitions / Amalgamations / Takeovers / Absorption / Consolidation and so on. Although the legal procedures involved in these are different, in view of the perspective of economic considerations these terms are used interchangeably".

"Economic reforms and deregulation of the Indian economy has brought in more domestic as well as international players in Indian industries. This has caused increased competitive pressure leading to structural changes of Indian industry. Merger and Acquisition is a part of the restructuring strategy of Indian industry. The first Merger and Acquisition wave in India took place towards the end of 1990s. The data reveal that substantial growth in the Merger and Acquisition activities in India occurred in 2000-01. The total number of Merger and Acquisition in 2000-01 was estimated at 1,177 which are 54% higher than the total number of deals in the previous year. The amount involved in these deals has shown variation, after falling to Rs.23,106 crores in 2002-03 the amount increased to Rs.35,980 crores in 2003-04."

"Valuation of a target in an acquisition is an important part of the process of determining the consideration to be offered to the target shareholders. The value that the bidder places on the target sets the maximum or 'walk away' price that the bidder can afford to offer the target shareholders. The value of the target from the bidders' point of view is the sum of the pre-bid stand-alone value of the target and the incremental value the bidder expects to add to the target's asset. The latter may arise from improved operation of the target or synergy between the two companies. Added value may also come from profitable target asset disposals, as in the bust-up takeover. Valuation of the target requires valuation of the totality of the incremental cash-flow and earnings. The expected incremental value may be reflected in the earnings and cash flows of both the target and the bidder in the post-acquisition period".

7. THE SAMPLE SIZE

The twenty four most common and well known Mergers and Takeovers in India during the last four decades as considered for this research work/study are - Brook Bond – Lipton, BPL Technologies – BPL Refrigeration – BPL Utilities – BPL Ltd., Dr. Reddy's Labs – Krishna Alchemy, Electrolux – Kelvinator, Eveready – McLeod Russell, Hindustan Lever – TOMCO, Hindustan Lever – Brook Bond Lipton, Hindustan Computers – Hindustan Instruments – Indian Reprographies, IFCI – Punjab National Bank(never materialised), ITC – Tribeni Tissues, Jindal Iron & Steels – Navin Alloys/ JSW Steels, Jindal Vijay Nagar Steels – Jindal Iron & Steels, Mahindra & Mahindra – Allwyn Nissan, Nestle India – Nutritional Food Products, Pond's – Quest International India, Sundram Clayton – TVS Suzuki, TATA Chemical – TATA Fertilizers, Universal Luggage – Blow Plast, Videocon Electronics – Videocon International, Reliance Petro – Reliance Industries, Reliance Industries – IPCL, Hutchison Essar – Vodafone, Mittal Steels – Arcelor, Tata Steels – Corus.

8. OBJECTIVES OF RESEARCH

This research study was conducted with the objectives - to understand the Historical developments in the area of Corporate Restructuring, Business Restructuring, and Financial Restructuring, in India and Abroad, to analyse some of the famous Mergers and Takeovers in India of the recent past and to analyse their pre-merger and post-merger performance, to find out the 'Real Motives' behind the camouflage of Strategic Alliance, Joint Ventures, Collaborations, Acquisitions, Mergers and Takeovers, to observe the defenses created by some of the Target companies against the threats of Mergers and Takeovers, to evaluate the adequacy or otherwise of the 'Regulations' on Mergers and Takeovers in India as made by the Securities and Exchange Board of India Act, the Monopolies and Restrictive Trade Practices Act and by the Foreign Exchange and Management Act and the Competition Act and finally to evaluate the Success or the Failure of recent Mergers and Takeovers on the basis of some criteria like Changes in Shareholders Wealth after Merger/Takeover, Post Merger performance of the company and the Employees Growth after Merger/ Takeover etc.

9. THE WORLDWIDE PICTURE

As far as the worldwide picture of Mergers/Takeovers is concerned, some of the Tables and Graphs as given below show the real picture of the volume and value of such Mergers/Takeovers worldwide. These tables/graphs are self explanatory -i) Total Value of Worldwide Mergers and Takeovers, 1980 – 1999; ii) Number of Worldwide Mergers and Takeovers, 1980 – 1999; iii) Average Value of Mergers and Takeovers, 1980 – 1999; iv) Cross-border Mergers' Share of Total Mergers, 1980 – 1999; v) Value of Mergers and Takeovers by Industry, 1988 – 2004; vi) 25 Largest Cross-border Merger/Takeovers, Deals Completed during 87-99; vii) Mergers & Takeovers -

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Purchases (Value in US$ Million); viii) Mergers & Takeovers - Sales (Value in US$ Million); ix) Mergers & Takeovers - Purchases (Number of Deals); x) Mergers & Takeovers - Sales (Number of Deals); xi) Largest Global Merger & Takeovers Advisors - Deals during Jan.-June 2000; xii) Worldwide Mergers & Takeovers - 1980-1999.

10. INDIAN GOVERNMENT'S ECONOMIC POLICY REFORMS IN 1991

The internal and external liberalisation measures (introduced over the last two decades) and the dramatic changes that have taken place in the international business environment have had a far-reaching impact on the business of Indian companies. The face of Corporate India has changed more over the past two decades than in the preceding four decades. Thanks to the U-turn in the Indian Government's economic policy in 1991. The major policy changes introduced since July 1991 include: - a) Abolition of industrial licensing; b) Lifting of restrictions on the size of companies; c) Drastic reduction in the areas reserved for the government/public sector; d) Disinvestments of Government equity in Public Sector Undertakings; e) Liberalization of Foreign Direct Investment Regulations; f) Substantial liberalization of import tariffs; g) Removal of all quantitative restrictions on imports; h) Abolition of the office of the Controller of Capital Issues; i) Freedom to companies to raise capital abroad through GDRs; j) Rationalization and lowering of Excise and Customs duties; and k) Substantial reduction in corporate and personal Income-tax rates.

In large measure, these reforms met the longstanding demands of the Indian industry to free it from the excess of controls and regulations, extraordinarily high rates of direct and indirect taxes and rigorous restrictions on foreign exchange transactions. All the internal liberalisation measures provided greater freedom and opportunities to the Indian companies and entrepreneurs to expand their existing businesses and enter new areas till now reserved exclusively for the public sector. However, the corporate sector was not quite prepared for the other-side of reforms, namely, the external liberalisation and the movement towards globalisation, which opened the Indian economy to competition from abroad. Although India was not strictly a closed economy even before the launch of the reforms process, Indian industry was generally insulated from external competition, thanks to a variety of import restrictions and high tariff walls, the peak level import duty being some 300%. Because of the strong pull of the highly protected domestic market and the virtual absence of external competition, the industry was never under pressure to cut costs, improve quality or develop an export culture. However, all this has changed, post liberalization era.

11. CHALLENGES EMERGING BY GLOBALISATION

Our economy has demonstrated resilience in meeting the challenges posed by globalisation. In the last two decades, our industry, both large and small, has also restructured and become globally competitive. India is emerging as net exporter of investments, led by the Tata group, India's largest business house that paid $12.1 billion to acquire Anglo-Dutch steel maker Corus, even though the country itself sought large doses of overseas capital. In fact, it is estimated that the total value of Private equity and Mergers, Takeovers and Acquisitions deals in India during 2007 was $68.32 billion, up $40bn over last year's $28.16 billion. The average Merger and Acquisition deal size was close to $77 million and that for private equity was $44 million in 2007. The total number of Mergers, Takeovers and Acquisitions alone stood at 661 in 2007, with a total value of $51.17 billion, against 480 deals with a value of $20.30 billion last year. Steel and Telecom sectors were the clear leaders as far as sectoral values were concerned, reflecting on which areas attracted the maximum merger deals. The large volume of outbound deals is indicative of the current mind-set of many Indian companies - grow, acquire and utilise debt facilities to the full. The hunted are becoming the hunters now.

12. THE COMPETITIVE ADVANTAGES FOR INDIA

It is not surprising that the Indian corporate sector is undergoing a process of Churning and Restructuring. As the Indian companies stand on the threshold of the next phase of growth, it is inevitable that several of them would find themselves in a position to make more decisive choices in respect of the portfolio of their businesses. In this process, Indian companies (public sector as well as private sector) would be increasingly called upon to pursue focused growth through Mergers and Takeovers on the one hand, and Divestiture and Demerger on the other hand. The chances of Churning and Restructuring are more in India than any other country due to the following -

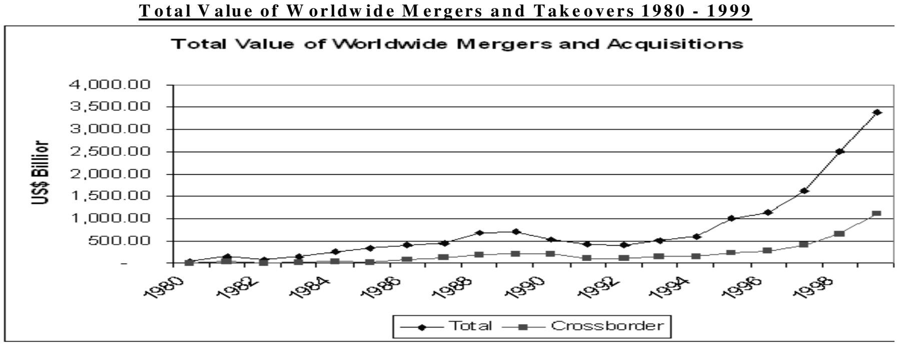
- Conducive environment for foreign investments.
- Current and Capital Account Convertibility for foreign investors.
- Declining share of agriculture and allied industries in the GDP.
- Deregulation of interest rates with a greater freedom to banks to assess credit.
- Increase in the number of joint ventures or wholly-owned subsidiaries.
- Increased investments in the priority and high growth sectors such as software.
- Information Technology base, in terms of both Software and Hardware.
- Large and solid infrastructure throughout the country.
- Largest resources of untapped natural resources.
- Legal protection for Intellectual Property Rights.
- Lower tariffs for trade means a Gateway to international markets.
- Offers a large consumer market of middle class population of over 35 crore.
- Over 9,000 listed companies in the stock exchanges.
- Simplified systems for administration in Government departments.
- Special investment and tax incentives for certain sectors such as power.
- Technical and marketing expertise.
- The largest supplier of cost-effective technical Land non-technical manpower.
- Transparent approach for promoting domestic and foreign investment.
- Vibrant capital market with 25 stock exchanges.
- Well-developed Research and Development infrastructure.
- Well-organized Banking System with a network of 63,000 branches.
- Well-organized judicial system with a hierarchy of courts.
- World's largest democracy and English as the preferred business language.

13. CONCLUDING REMARKS

India's economy is set to turn 2008 on the wings of an desirable GDP growth of 9% with the Indian Government keeping its faith with reforms. A takeover-hungry corporate India is distinguishing itself with record number of Mergers and Takeovers in 2008. And with the country's agriculture sector which had been a major drag on India's overall economic performance earlier, now starts giving positive signals. Policy-makers in India under the leadership of Dr. Manmohan Singh feel that the country can step up its GDP growth rate further at 9%. It is also possible that with correct set of policies and dedicated effort by both the Central and State Governments, will not only maintain this momentum of high GDP growth but may be able to raise it to 10% in the next year to come.

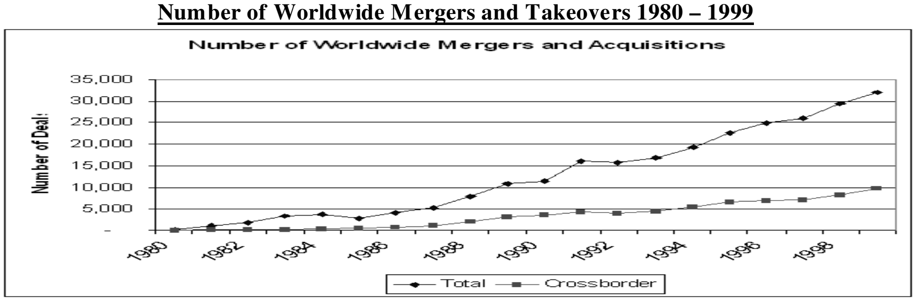
According to a study conducted by a consultancy firm "of the four major emerging economies - Brazil, Russia, India and China (BRIC) - India recorded the largest number of merger deals in 2007. From large business groups such as the Tatas, Essars and the Aditya Birla group to mid-sized and smaller firms with turnovers of less than $1 million, an unprecedented effort was made for global integration and economies of scale. Many Indian firms have slowly and surely embarked on the global path, leading to the emergence of Indian Multinationals. Indian industry has crossed domestic frontiers and established a credible presence in markets abroad. In fact, the flow of money for corporate sector was also at a record high, estimating the figure at $8.3 billion, through 95 initial public offerings in 2007 to rank India seventh and fifth in the world, respectively. Even inflows from Foreign Institutional Investors in the Indian equities markets touched a record level of $16.995 billion during 2007, as against $7.993 billion in 2006. Little wonder, the United Nations Conference on Trade and Development, in its World Investment Report, 2007, rated India the second hottest destination for foreign investment, next to China and ahead of Russia and Brazil.

Table No.1
Total Value of Worldwide Mergers and Takeovers 1980 - 1999



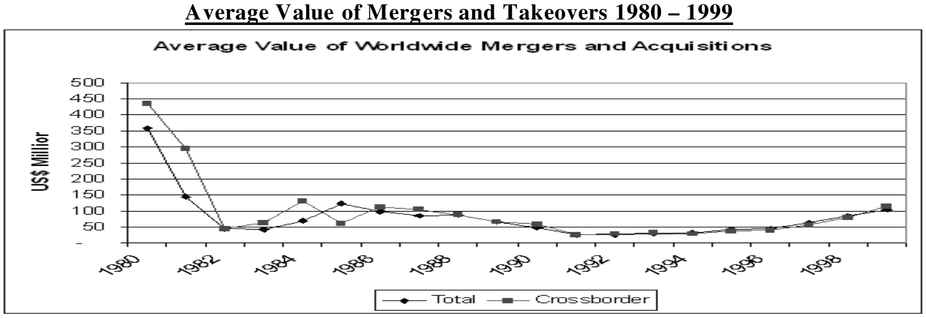
Source: Worldwide Mergers & Acquisitions by Michael Renner, World Watch Institute, New York, USA

Table No.2
Number of Worldwide Mergers and Takeovers 1980 – 1999



Source : Worldwide Mergers & Acquisitions by Michael Renner, Worldwatch Institute, New York, USA

Table No.3
Average Value of Mergers and Takeovers 1980 – 1999



Source : Worldwide Mergers & Acquisitions by Michael Renner, Worldwatch Institute, New York, USA

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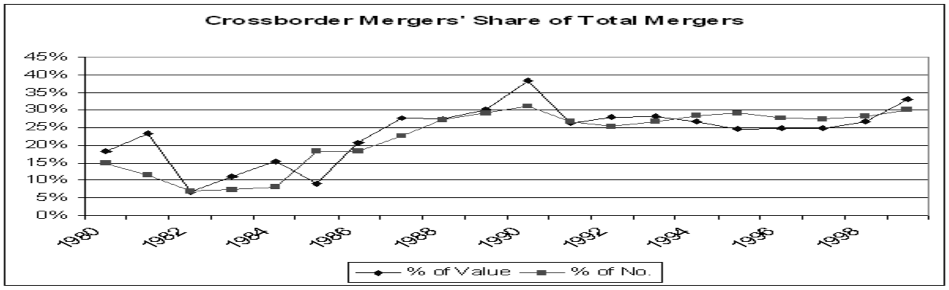
Table No.4

Cross-border Mergers' Share of Total Mergers 1980 – 1999



Source : Worldwide Mergers & Acquisitions by Michael Renner, Worldwatch Institute, New York, USA

Table No.5

Value of Mergers and Takeovers by Industry 1988 – 2004

Mergers and Acquisitions, Purchases by Industry (US$ Millions)

	1988	1990	1992	1994	1996	1998	2000	2002	2004
Agriculture, hunting, forestry and fishing	2,078	47	204	154	962	1,497	1,472	37	648
Mining, quarrying and petroleum	2,320	2,084	2,775	4,878	4,723	3,958	7,496	9,272	4,119
Primary Total	**4,398**	**2,131**	**2,978**	**5,032**	**5,684**	**5,455**	**8,968**	**9,309**	**4,766**
Food, beverages and tobacco	19,774	13,523	6,383	7,872	9,684	16,922	60,189	20,996	22,735
Textiles, clothing and leather	608	3,363	406	332	778	3,062	3,741	549	256
Wood and wood products	3,115	6,717	1,743	2,483	3,143	13,131	18,342	5,258	3,916
Publishing and printing	8,951	2,363	5,022	4,866	7,829	12,050	9,365	5,731	4,578
Coke, petroleum and nuclear fuel	15,360	7,051	1,442	3,499	12,994	67,665	40,701	28,201	13,138
Chemicals and chemical products	4,332	15,260	5,142	31,473	18,555	34,822	24,085	20,958	31,290
Rubber and plastic products	3,528	1,904	710	176	659	2,790	1,214	819	747
Non-metallic mineral products	1,865	6,183	3,939	5,232	4,585	8,823	12,881	2,186	6,032
Metals and metal products	2,729	3,076	2,308	2,475	13,395	7,947	12,713	9,015	4,541
Machinery and equipment	2,288	1,906	671	2,416	2,463	4,553	12,938	3,432	4,722
Electrical and electronic equipment	6,474	7,190	5,057	4,822	6,660	29,062	68,284	8,678	18,216
Precision instruments	1,251	2,861	619	1,135	3,033	7,209	6,195	2,689	4,799
Motor vehicles and other transport equipment	1,470	8,369	1,633	5,271	4,411	48,904	30,852	6,516	4,010
Other manufacturing	3	143	214	497	633	280	1,007	432	696
Manufacturing Total	**71,747**	**79,908**	**35,287**	**72,549**	**88,821**	**257,220**	**302,507**	**115,460**	**119,674**
Electricity, gas and water	1,034	332	1,012	830	16,616	27,527	84,409	57,866	17,596
Construction	2,740	257	316	1,350	6,955	1,336	2,921	1,041	610
Trade	4,109	5,502	2,740	4,695	14,286	17,102	19,184	22,886	13,087
Hotels and restaurants	3,561	3,769	453	1,937	2,603	5,320	2,335	1,433	1,266
Transport, storage and communications	1,062	4,785	1,596	10,480	11,424	30,165	368,954	37,115	24,634
Finance	13,218	43,671	30,406	24,268	61,304	142,066	241,282	90,787	174,096
Business services	9,888	6,377	3,298	3,972	17,084	22,889	82,790	29,805	22,387
Public administration and defence	1,952	667		0			17	318	
Education					1	30	107	0	88
Health and social services	14	530	221	154	265	738	513	710	321
Community, social and personal service activities	1,640	2,469	835	1,332	1,857	19,887	29,784	1,809	2,066
Other services	3	66	88	500	20	1,426	7	0	
Services Total	**39,221**	**68,423**	**40,965**	**49,519**	**132,414**	**268,486**	**832,303**	**243,771**	**256,156**
Unknown	**258**	**114**	**50**	**10**	**104**	**488**	**38**	**1,248**	**2**
Total	**115,623**	**150,576**	**79,280**	**127,110**	**227,023**	**531,648**	**1,143,816**	**369,789**	**380,598**

Source: UNCTAD Foreign Direct Investment Interactive Database at UNCTAD.org

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Table No.6

25 Largest Cross-border Merger & Takeovers Deals Completed during 1987-99

Year	Value US $ bn	Acquiring Company	Industry	Acquired Company	Industry
1999	60.3	Vodafone Group PLC,UK	Telecom	AirTouch Com, US	Telecom
1998	48.2	British Petroleum Co, UK	Oil & Gas	Amoco Corp, US	Oil & Gas
1998	40.5	Daimler-Benz AG, Germany	Motor Vehicles	Chrysler Corp, US	Motor Vehicles
1999	34.6	Zeneca Group PLC, UK	Drugs	Astra AB, Sweden	Drugs
1999	34.6	Mannesmann AG, Germany	Metals	Orange PLC, UK	Telecom
1999	21.9	Rhone-Poulenc SA, France	Chemicals	Hoechst AG, Germany	Chemicals
1998	18.4	Zurich Veriche GmbH, Switzerland	Insurance	BAT Industries, UK	Insurance
1999	13.6	Deutsche Telekom AG, Germany	Telecom	One 2 One, UK	Telecom
1999	13.2	Repsol SA, Spain	Oil & Gas	YPF SA, Argentina	Oil & Gas
1999	12.6	Scottish Power PLC, UK	Utilities	PacficiCorp, US	Utilities
1998	10.9	Texas Utilities Co., US	Utilities	Energy Group, UK	Utilities
1999	10.8	Wal-Mart Stores, UK	Retail Trade	ASDA Group, UK	Retail Trade
1999	10.8	Aegon NV, Netherlands	Insurance	TransAmerica, US	Insurance
1998	10.2	Universal Studios Inc.,US	Motion Pictures	PolyGram NV, Netherlands	Electronics
1998	10.2	Roche Holding AG, Switzerland	Drugs	Corange Ltd., Bermuda	Drugs
1999	10.1	Global Crossing Ltd., Bermuda	Telecom	Frontier Corp., US	Telecom
1999	9.8	ABB AG, Switzerland	Electronics	ABB AG, Swden	Electronics
1998	9.3	Nortel Networks Corp., Canada	Communications Equipment	Bay Networks, US	Computer & Office
1999	9.1	Deutchse Bank AG, Germany	Banking	Bankers Trust, US	Banking
1999	8.4	Mannesmann AG, Germany	Metals	Ing C Olivetti-Te, Italy	Telecom
1999	8.2	Suez Lyonnaise de Ea, France	Utilities	Tractebel SA, Belgium	Utilities
1997	8.0	ICI PLC, UK	Chemicals	Quest Internation, Netherlands	Chemicals
1989	7.9	Beecham Group PLC,UK	Drugs	SmithKline Bee, US	Drugs
1987	7.9	BP America, US	Oil & Gas	Standard Oil Co, US	Mining
1987	7.8	Japan Tobacco Inc., Japan	Tobacco	RJ Reynolds Int., Netherlands	Tobacco

Source: World Investment Report 2000, United Nations Conference on Trade & Development.

Table No.7

Mergers & Acquisitions Purchases (Value in US$ Million)

	Developed Economies			Developing Economies				
Year	Europe	America	Other	Africa	Latin America and the Caribbean	Asia and Oceania	Countries in Transition	World
1987	33,068	32,138	6,353	415	142	2,372	8	74,509
1988	49,690	38,577	25,122	24	100	2,080		115,623
1989	74,271	47,862	13,655	5	992	2,998		140,389
1990	92,567	30,766	19,736	146	1,597	5,438		150,576
1991	42,486	20,702	14,260	430	387	2,441		80,713
1992	49,753	17,190	6,052	1,746	1,895	2,624	22	79,280
1993	43,104	25,534	3,603	406	2,507	7,871	26	83,064
1994	76,004	33,610	2,848	4,221	3,653	6,486	269	127,110
1995	92,597	69,833	10,767	645	3,951	8,326	451	186,593
1996	110,915	69,501	16,606	2,148	8,354	19,103	257	227,023
1997	156,029	99,709	15,531	2,800	10,720	19,809	163	304,848
1998	325,331	173,039	11,219	2,678	12,640	6,399	335	531,648
1999	540,016	138,881	22,681	5,762	44,767	12,804	852	766,044
2000	854,058	198,915	35,988	6,659	18,614	23,202	391	1,143,816
2001	350,571	135,019	50,395	3,041	27,380	25,266	424	593,960
2002	231,284	91,419	18,845	1,999	11,701	13,849	691	369,789
2003	129,371	98,436	29,128	1,067	11,460	18,533	8,992	296,988
2004	176,095	144,068	19,636	2,718	16,487	20,604	991	380,598

Table No.8

Mergers & Acquisitions Sales (Value in US$ Million)

	Developed Economies			Developing Economies				
Year	Europe	America	Other	Africa	Latin America and the Caribbean	Asia and Oceania	Countries in Transition	World
1987	13,209	57,918	1,660	160	1,305	256		74,509
1988	34,274	72,641	5,834		1,305	1,569		115,623
1989	48,976	79,233	7,123	1,039	1,929	2,089		140,389
1990	67,596	60,427	6,442	485	11,494	4,073	59	150,576
1991	38,861	31,884	3,644	47	3,529	2,210	539	80,713
1992	47,619	18,393	4,125	388	4,196	3,614	945	79,280
1993	41,241	22,291	4,732	1,806	5,110	7,340	545	83,064
1994	58,245	49,093	4,277	342	9,950	4,738	436	127,110
1995	84,608	64,804	20,032	840	8,636	6,567	1,005	186,593
1996	91,832	78,907	20,197	1,805	20,508	10,193	3,580	227,023
1997	123,635	90,217	20,320	4,346	41,103	19,211	6,018	304,848
1998	197,983	225,980	22,829	2,607	63,923	15,965	1,698	531,648
1999	377,980	275,884	32,879	3,117	41,964	28,876	3,182	766,044
2000	625,499	401,429	43,983	3,199	45,224	22,080	2,402	1,143,816
2001	237,764	226,798	40,365	15,524	35,837	34,395	3,277	593,960
2002	215,453	89,549	17,499	4,684	22,433	17,293	2,877	369,789
2003	142,152	74,827	27,448	6,427	12,085	21,654	12,395	296,988
2004	185,809	101,574	28,467	4,595	25,284	24,820	10,047	380,598

Table No.9

Mergers & Acquisitions Purchases (Number of Deals)

	Developed Economies			Developing Economies				
Year	Europe	America	Other	Africa	Latin America and the Caribbean	Asia and Oceania	Countries in Transition	World
1987	398	332	89	5	12	23	1	862
1988	811	434	192	2	7	31	1	1480
1989	1169	700	236	4	22	67		2201
1990	1284	712	372	8	23	96	1	2503
1991	1664	735	275	15	23	134	3	2854
1992	1529	840	159	16	45	124	7	2721
1993	1389	946	178	20	61	231	6	2835
1994	1752	1125	183	33	103	287	7	3494
1995	2118	1435	232	43	105	301	7	4247
1996	2107	1598	299	52	113	364	22	4569
1997	2251	1843	288	61	138	378	14	4987
1998	2607	2165	272	68	197	265	17	5597
1999	3847	2135	359	91	203	333	24	6994
2000	4398	2235	437	100	217	452	42	7894
2001	3436	1604	352	62	182	342	45	6035
2002	2310	1259	270	58	165	387	44	4493
2003	2050	1396	332	32	138	540	74	4562
2004	2140	1729	386	41	145	631	41	5113

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Table No.10

Mergers & Acquisitions Sales (Number of Deals)								
	Developed Economies			Developing Economies				
Year	Europe	America	Other	Africa	Latin America and the Caribbean	Asia and Oceania	Countries in Transition	World
1987	353	421	36	7	19	26		862
1988	691	613	101	4	35	35	1	1480
1989	1082	863	129	8	56	63		2201
1990	1231	929	149	8	72	108	6	2503
1991	1743	664	179	27	81	145	15	2854
1992	1670	585	122	28	124	132	59	2721
1993	1615	562	191	36	165	225	41	2835
1994	1941	673	220	67	240	289	62	3494
1995	2226	902	275	100	316	343	84	4247
1996	2233	973	345	153	368	399	97	4569
1997	2507	1067	332	112	439	423	105	4987
1998	2771	1207	410	92	572	453	88	5597
1999	3599	1482	446	138	512	648	163	6994
2000	3925	1795	557	140	581	689	205	7894
2001	3052	1302	421	108	419	588	145	6035
2002	2204	965	291	59	284	523	167	4493
2003	2055	915	358	58	281	706	189	4562
2004	2211	1129	401	90	294	867	121	5113

Table No.11

Largest Global Merger & Takeovers Advisors (Deals Completed during January-June 2000)

Advisor	Home Country	Value of Deals (US$ billions)	No. of Deals
Goldman Sachs	USA	901	168
Morgan Stanley Dean Witter	USA	808	195
Merril Lynch	USA	757	124
Credit Suisse First Boston	Switzerland	386	173
JP Morgan	USA	359	107
UBS Warburg	Switzerland	345	105
Rothschild	Luxembourg	255	73
Salomon Smith Barney	USA	227	156
Lazard	USA	214	77
Chase Manhattan	USA	208	82
Bear Stearns	USA	206	37
Lehman Brothers	USA	184	97
Donaldson, Lufkin & Jenrette	USA	118	157
RBC Dominion Securities	Canada	77	12

Source: World Investment Report 2000, United Nations Conference on Trade & Development.

The top 10 acquisitions made by Indian companies Worldwide

Acquirer	Target Company	Country targeted	Deal value-million $	Industry
Tata Steel	Corus Group plc	Anglo-Dutch	12,000	Steel
Hindalco	Novelis	Canada	5,982	Steel
Videocon	Daewoo	Corp. Korea	729	Electronics
Dr. Reddy's	Betapharm	Germany	597	Pharmaceutical
Suzlon Energy	Hansen Group	Belgium	565	Energy
HPCL	Kenya Petroleum	Kenya	500	Oil and Gas
Ranbaxy Labs	Terapia SA	Romania	324	Pharmaceutical
Tata Steel	Natsteel	Singapore	293	Steel
Videocon	Thomson	France	290	Electronics
VSNL	Teleglobe	Canada	239	Telecom

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