

PRESENTATION ON MERGER

*Presented By:
Iliasov E
Sarbasov A*

MERGER

- ✓ A merger is a transaction that result in the transfer of ownership and control of a corporation.
- ✓ When one company purchases another company of an approximately similar size. The two companies come together to become one.
- ✓ Two companies usually agree to merge when they feel that they can do something together that they can not do one their own.



EXAMPLES:

- ❑ Rajasthan bank and ICICI bank
 - ❑ Arcelor Mittal
 - ❑ Renault and Nissan

TYPES OF MERGER

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graph TD; A[TYPES OF MERGER] --- B[CONGLOMERATE]; A --- C[VERTICAL]; A --- D[HORIZONTAL]
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CONGLOMERATE

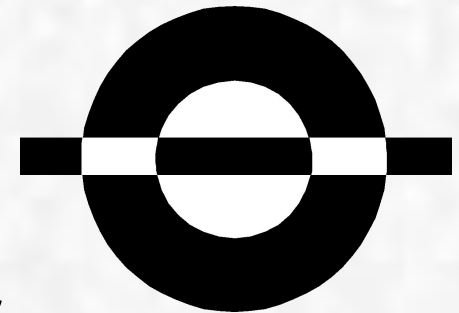
VERTICAL

HORIZONTAL

HORIZONTAL MERGER

✓ A merger occurring between companies producing similar products, goods and offerings similar services.

✓ This type of merger occurs frequently as a result of larger companies attempting to create more effective economies of scale.



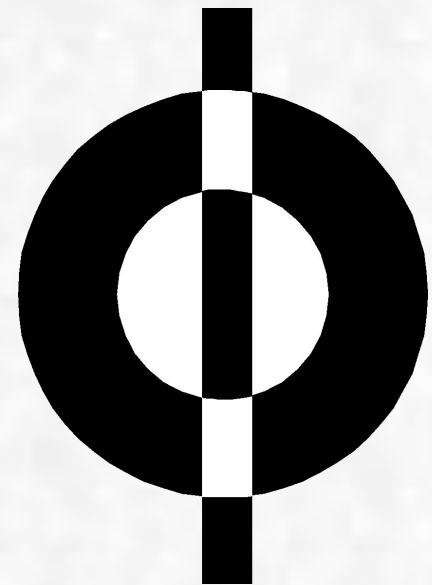
Example- Boeing-McDonnell Douglas

VERTICAL MERGER

✓ A merger between two companies producing different goods and services for one specific finished products.

✓ The merger of the firm that have actual or potential buyer-seller relationship.

Example- Car manufacture purchasing a tire company.



CONGLOMERATE MERGER

A merge between firms that are involved in totally interrelated business activity.

Two types of conglomerate merger are:

- ✓ **Pure conglomerate merger**- It involve firms with nothing common.
- ✓ **Mixed conglomerate merger**- It involves firms that are looking for product extensions or market extensions.

Example- PepsiCo-Pizza Hut; Proctor & Gamble-Clorox.



Ways of merger – A merger can take place in following ways:

- ❖ By purchasing of assets
- ❖ By purchase of common shares
- ❖ By exchanging of shares for assets
- ❖ By exchanging of shares for shares

□ By purchase of assets

The assets of company Y may be sold to company X. Once this is done company Y is then legally terminated and company X survives.

□ By purchase of common shares

The common share of company Y may be purchased by company X. When company X holds all the share of company Y, it is dissolve.

THANK YOU