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A study of merger & acquisition on the performance of a firm: An evidence of Indian companies across diversified industries

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ABSTRACT

Merger and acquisition is not a new concept in the business world. The first wave of mergers took place between 1803-1904. India has appeared as one of the most favored emerging market destinations for M&A deals over the last decades(Gupta,2014) due to the growing opportunities and availability of resources. In the past two years, the Indian market witnessed a lot of turbulence due to GST (Good and Service tax), demonetization, and presently due to the outbreak of global pandemic Covid-19. In India, mergers and acquisitions are being governed by the Companies Act, 2013 for the general framework, Indian Contract Act, 1872 for contract and rights of the parties, the Specific Relief Act, 1963 for remedies on breach of contract. In this paper, five companies were chosen from different industries to check the effect of mergers using six financial parameters which are: Current Ratio, Net Profit Ratio, Price to Earnings Ratio, Earnings per Share, Debt to Equity Ratio, and Asset Turnover Ratio. The study period ranges from 2011 to 2021. Shapiro-Wilks test was done to check the normality of the data and Wilcoxon Paired Sign-Rank Test was computed for dataset not following a normal distribution. Paired sample T-test was used to check the existence of positive or negative impact post-merger. This paper strives to find out the prevailing scenario of M&A worldwide and also to know the overall performance of the selected companies post-merger. Through this paper, we come to know that merger and acquisition is not always a good option. The majority of the companies faced a significant amount of loss after the merger. The findings directed varied results.

KEYWORDS: Mergers and Acquisition, Performance, Industry, Ratios, Emerging Market.

1. INTRODUCTION

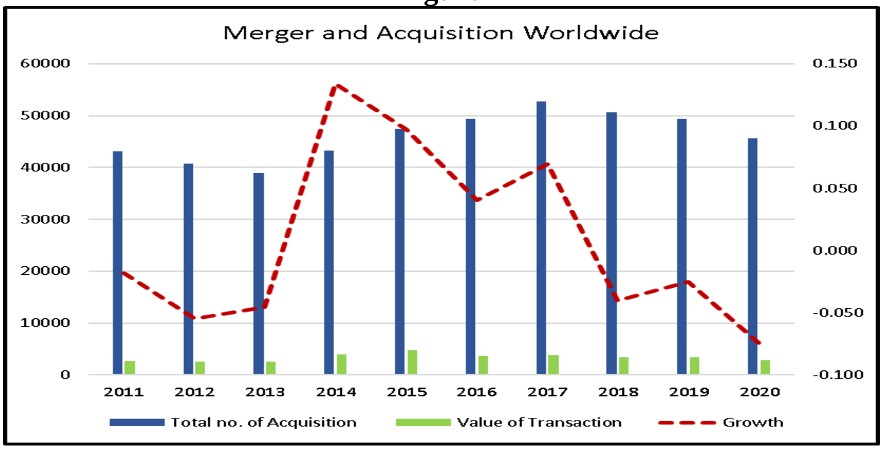
In the present era, the main concern for business tycoons is on the growth opportunities which will help their firms to reach new heights to gear up their organization. Growth is driven by several factors like technology, digital transformation, innovation, and M&A. The listed factors bring continuous improvement in the organization but M&A comes with a set of special add cons like increased growth potential and market share, economies of scale, diversification, and increased employment (Calipha, Tarba & Brock, 2010).

Merger & Acquisition are the two broad concepts. A merger is a process in which two different companies join together and form a new company, whereas an acquisition happens when one company buys the stake of another company and acquires the same (Majaski & Anderson, 2021).

M&A began in the late 19th century in the United States (Gaughan, 2018) but in India, M&A came into the picture since the introduction of Indian Economic reform in 1991 (Pandya, 2018). Due to M&A a company can either grow or shrink (Gitasari & Rokhim, 2020). The purpose of M&A is to have a positive influence on the company's performance and diversification (Renneboog & Vansteenkiste, 2020). It plays a dynamic role in creating a way through which companies are capable of getting returns on their investment (Kengelbach, Gell, Keienburg, Degen & Kim, 2020). However, few of the mergers are found to have no significant impact on the company's growth and development (Singla, 2019). Some of the reasons for the failures include integrated risk, Overpayment, and Culture Clash (Picardo & Smith, 2021).

To maximize the shareholder's value and profit, the companies keep analyzing the opportunities for M&A which leads to internal expansion of the business and increases the overall health of the organization (N V & Shetty, 2020) (N V & Shetty, 2020). Over the last three decades, M&A has piqued the interest of a diverse range of management disciplines (Cartwright & Schoenberg, 2006). In 2019, India has practiced 1925 deals with $128 billion values, but in 2020, due to the outbreak of global pandemic Covid-19, the M&A deals have declined to 1756 with $82 billion in value (Zachariah, 2020). Figure no. 1 depicts the overall Mergers and Acquisitions taken worldwide. In the current scenario, M&As are practiced in various industries which include FMCG, telecommunications, IT, pharmaceuticals, hospitality, and many more (Joshi, Saxena & Prakash, 2020).

Figure 1



Source: Self-Compiled

2. OBJECTIVES AND RESEARCH GAP

The purpose of this research is to ascertain the financial health of the Indian companies across different industries post M&A. Therefore, the objective of the study includes :

- To know the current prevailing scenario of M&A worldwide.
- To determine if mergers and acquisitions have an impact on the overall performance of the selected companies.

Hypothesis:

- **H_{01}:** There is no true difference in the company's current ratio post-merger.
- **H_{02}:** There is no true difference in the company's net profit ratio post-merger.
- **H_{03}:** There is no true difference in the company's price to earning ratio post-merger.
- **H_{04}:** There is no true difference in the company's earning per share post-merger.
- **H_{05}:** There is no true difference in the company's debt to equity ratio post-merger.
- **H_{06}:** There is no true difference in the company's Asset turnover ratio post-merger.

The present study strives to portray the difference between pre-merger and post-merger companies. Prior studies have focused on the merger and acquisition of specific industry whereas this paper constitutes companies from diversified industries with different backgrounds, cultures, and working styles. The current study is based on Indian firms using up-to-date data from 2011 to 2021. Most prior studies have collected only five years of data but this study uses five years pre-merger and post-merger each. The main purpose of the study is to analyze five Indian companies based on six different financial parameters.

3. REVIEW OF LITERATURE

Table no. 1: A summary of prior studies

Author/ Year	Objective	Sample Size	Finding/ Result
Ghosh & Dutta (2014)	Assessing mergers and acquisitions' strategic effect on the telecommunications sector and assessing the post-merger performance levels of the companies involved.	10 M& A deals of telecommunication industry (2000-2010)	The post-merger era showed a substantial shift in the HCROI. The ratio of employee pay to PAT was the only measure where performance increased after the merger, while the others showed no meaningful improvement.
Ansari & Mustafa (2018)	To examine the effect of mergers and acquisitions on a company's financial performance.	6 companies (2012-2017)	There was no substantial difference in post-merger operational performance, while pre-merger operating performance was determined to be superior.
Rani (2017)	To examine the trends of M&A in corporate sectors	5 M&A deals(2008-2010)	Mergers and acquisitions had a beneficial impact on the economy, including the increase of the gross domestic product (GDP), interest rates, and monetary policies, as well as the global markets, which are impacted by M&A trends.
Gupta & Banerjee (2017)	Intended to examine how mergers and acquisitions affect operational performance, liquidity, and profitability of companies both before and after the transaction	7 M&A deals (2001-2015)	The performance of the firm deteriorated post-merger. The profitability ad liquidity position also showed insignificant improvement. The leverage indicators significantly deteriorated post-merger. The overall result indicated the existence of a differential effect on profitability and solvency position in different industries.
Kumara N.V & Satyanarayana (2013)	To analyze the comparative difference in the financial analysis of the firms during pre and post-merger.	10 firms (2010-2012)	The financial performance, the liquidity position and the profitability position of the firms have improved post-merger. ROCE, return on long-term funds, ROA, current ratio, liquidity ratio, but the return on net worth declined. Financial performance is not just a measure for assessing the success of mergers and acquisitions.

Aggrawal & Garg (2019)	To examine the growth and impact of M&A transactions in India.	68 firms (2007-08-2011-2012	The firm had a positive impact on profitability and liquidity. However, no significant impact was there on the solvency position. The service sector had performed better compared to the manufacturing sector.
Tripathi & Prajapati (2015)	To examine how M&A helped the Indian pharmaceutical industry in improving global competitiveness	8 firms (2009-2013)	Mergers and acquisitions have a beneficial effect on the financial performance of the companies involved. A significant improvement is seen in the efficiency, competitiveness and, value chain which is reflected in the huge number of acquisitions of foreign firms abroad. It has helped the Indian pharmaceutical companies to enter the new untapped market.
Mantravadi & Reddy (2008)	Several sectors will be examined to see how mergers affect the operational performance of acquiring businesses.	6 firms (1991-2003)	Increasing profitability was achieved as a consequence of the banking and finance industry. Pharmaceutical companies saw a slight decrease in operational performance, as did the textile and electrical equipment sectors. As a consequence of mergers in the chemical and agri-products sectors, profit margins, as well as returns on investment and assets, have all suffered significant declines in recent years.
Singh (2020)	To conduct a post-merger analysis of the profitability and performance of acquirers in India's high-technology sectors.	5 comanies (1999-2011)	The drug and pharmaceuticals, chemical, and electronics sectors have fared better than the electrical and non-electrical machinery categories in the post-merger era.
Vanza & Namkum (2020)	It is necessary to undertake an investigation into the issues and consequences of merger and acquisition activity on the operational and financial performance of the healthcare sector.	1 company (2007-2012).	The result showed that Piramal impacted positively on Earning Per Share (EPS) and has operational benefit post-M&A.
Tripathi (2020)	To gain knowledge about the effects of M&As on the FMCG sector in India.	2 companies (2000 and 2010)	M&As have positively affected the productivity of firms. The Return on Net Worth has seen an improvement. However, the Net Profit Margin Ratios have not improved post-merger.

Smita(2011)	To investigate the patterns, financial performance, and effect of mergers and acquisitions in Indian companies.	10 firms (2005-2007)	M&A has impacted the companies negatively leading to liquidity problems for few years. But later these M&A's will surely give a good return in the longer period.

4. METHODS

Research design:

The study is empirical in nature. The current research conducts an in-depth examination of selected companies.

Sampling design:

The study is based on M&A activity taking place in the year 2015. The Indian M&A activity witness a total of 930 deals in 2015 (NDTV PROFIT, 2016). Five publicized non-overlapping mergers and acquisitions were chosen as the sample for our research from among those 930 transactions. Judgemental sampling techniques were used to select the sample firms for the study. The selected company under the study includes:

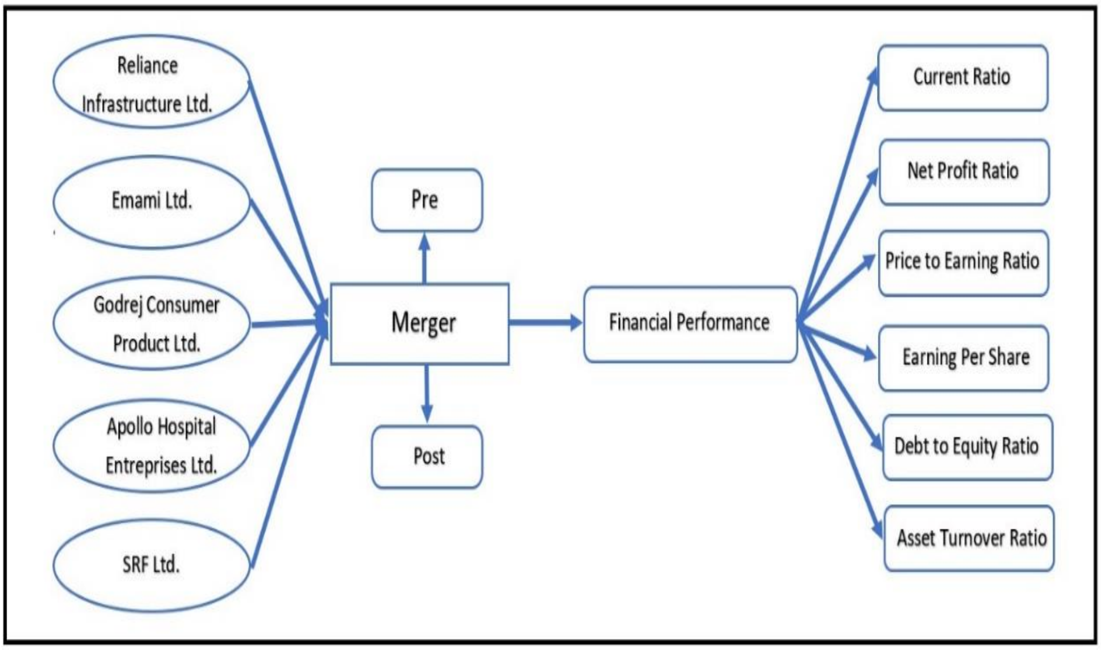
a. Reliance Infrastructure Ltd. and Pipavav Defense And Offshore Engineering – Construction Services (2015)
b. Emami Ltd and Fravin Pty Ltd – Personal Care (2015)
c. Godrej Consumer Product Limited and Frica Hair Pty Ltd – Personal Care (2015)
d. Apollo Hospital Enterprises Ltd. and Nova Speciality – Health care Facilities (2015)
e. SRF Ltd. and Dupont – Chemicals (2015)

Data Collection:

The study has used secondary data collected from the financial websites – BSEIndia, Money Control, and Yahoo Finance. The study period ranges from 2011 to 2021. It is divided into two periods- five years before the merger and five years after the merger.

Conceptual Framework:

Figure no: 2 Framework of the study



Source: Self Compiled

Statistical methods:

There are six financial measures that are used to assess a company's financial health: current ratio, net profit ratio, price to earnings ratio, earnings per share, debt-to-equity ratio, and asset turnover ratio. The data were analyzed using SPSS v20. A study's quantitative description and measurements are provided by the descriptive statistics shown in Table no. 2. It was determined by Shapiro-Wilks that the data was normal, and by Wilcoxon Paired Sign-Rank Test that it was non-normal. Paired sample T-test was used to check the existence of positive or negative impact post-merger.

5. RESULTS AND DISCUSSION

Descriptive and inferential analyses were conducted on secondary data and presented in Table no. 2. The table showed mean, median, SD, minimum, and maximum.

Table No. 2
Descriptive Statistics

RELIANCE INFRASTRUCTURE	Current Ratio	Net Profit Ratio	Price to Earning Ratio	Earning Per Share	Debt To Equity Ratio	Asset Turnover
Mean	1.404	0.082	0.916	42.968	0.464	19.140
Median	1.380	0.139	6.978	53.650	0.470	18.250
Std. Deviation	0.212	0.414	18.067	35.139	0.198	12.305
Minimum	1.090	-0.930	-48.080	-34.730	0.050	2.800
Maximum	1.850	0.780	15.910	76.030	0.750	41.270
EMAMI LTD.						
Mean	1.819	0.174	27.319	13.727	0.088	112.969
Median	1.680	0.184	25.436	14.650	0.070	111.710
Std. Deviation	0.915	0.042	17.292	4.616	0.080	18.288
Minimum	0.490	0.120	7.920	6.370	0.010	90.610
Maximum	3.630	0.230	59.520	20.780	0.270	141.240
GODREJ CONSUMER LTD.						
Mean	1.099	0.169	31.050	15.084	0.032	85.968
Median	1.155	0.172	29.005	14.845	0.015	84.230
Std. Deviation	0.252	0.077	19.004	2.738	0.038	8.507
Minimum	0.720	0.000	8.610	11.540	0.000	77.050
Maximum	1.550	0.310	60.960	19.220	0.090	106.090
APOLLO HOSPITAL LTD.						
Mean	1.906	0.058	79.566	20.382	0.521	85.208
Median	1.885	0.062	46.674	21.130	0.430	83.555
Std. Deviation	0.556	0.028	108.454	6.966	0.218	9.672
Minimum	1.190	0.010	32.140	7.510	0.240	73.900
Maximum	2.900	0.090	386.500	33.800	0.790	98.910
SRF LTD.						
Mean	1.190	0.104	16.675	84.357	0.508	76.532
Median	1.205	0.094	17.447	71.795	0.455	73.010
Std. Deviation	0.166	0.033	11.078	44.931	0.149	12.214
Minimum	0.950	0.060	3.750	37.710	0.350	62.990
Maximum	1.450	0.160	34.090	169.480	0.780	97.320

Reliance Infrastructure Ltd

Table no. 3 Paired sample T-test

Ratio		Mean	Standard Deviation	t-value	df	Sig.
Current Ratio	Pre	1.368	0.041	-0.461	9	0.669
	Post	1.44	0.31			
Debt to Equity Ratio	Pre	0.582	0.133	1.735	9	0.158
	Post	0.346	0.188			
Asset Turnover Ratio	Pre	28.988	8.08	5.598	9	0.005
	Post	9.292	5.738			

- The null hypothesis for the current ratio and debt to equity ratio gets accepted. However, we reject the null hypothesis of asset turnover ratio.
- The Asset Turnover Ratio is substantially high before the merger. So the merger stands otiose because of some systematic and deliberate cause.

Wilcoxon test

Table no. 4
Rank

Ratio			N	Sum of Ranks	Mean Rank
Net Profit Ratio	Post Merger - Pre Merger	Positive Ranks	3^b	7	2.33
		Ties	0^c		
		Negative Ranks	2^a	8	4
		Total	5		
Price to Earnings Ratio	Post Merger - Pre Merger	Positive Ranks	0^e	0	0
		Ties	0^f		
		Negative Ranks	5^d	15	3
		Total	5		
Earning per share	Post Merger - Pre Merger	Negative Ranks	4^g	14	3.5
		Positive Ranks	1^h	1	1
		Ties	0^i		
		Total	5		

a. Post Merger < Pre Merger
b. Post Merger > Pre Merger
c. Post Merger = Pre Merger
d. Post Merger < Pre Merger
e. Post Merger > Pre Merger
f. Post Merger = Pre Merger
g. Post Merger < Pre Merger
h. Post Merger > Pre Merger
i. Post Merger = Pre Merger

Table no. 5
Test Statistics

	Post Merger – Pre Merger (Net Profit Ratio)	Post Merger - Pre Merger (Price to Earning Ratio)	Post Merger - Pre Merger (Earning per share)
Z	-.135[b]	-2.023[b]	-1.753[b]
Asymp. Sig. (2-tailed)	.893	.043	.080

a. Wilcoxon Signed Ranks Test b. Based on positive ranks.

The negative mean rank of Net Profit Ratio, Price to Earnings Ratio, and Earnings per share exceeds the positive mean rank. This suggests that these ratios are expected to be lower post-merger than they were pre-merger. The merger has did not affect these characteristics.

Emami Ltd.

Table no. 6
Paired sample T-test

Ratio		Mean	Standard Deviation	t-value	df	Sig.
Current Ratio	Pre	2.422	0.848	5.455	9	0.005
	Post	1.216	0.508			
Net Profit Ratio	Pre	0.207	0.024	5.025	9	0.007
	Post	0.140	0.026			
Price to Earning Ratio	Pre	13.486	6.487	-5.265	9	0.006
	Post	41.152	12.341			
Earning per share	Pre	16.920	2.544	2.990	9	0.040
	Post	10.534	3.997			
Debt to Equity Ratio	Pre	0.102	0.109	0.638	9	0.558
	Post	0.074	0.046			
Asset Turnover Ratio	Pre	127.688	11.980	5.472	9	0.005
	Post	98.250	8.209			

- The null hypothesis gets rejected for current ratio, net profit ratio, Price to earning ratio, earning per share, and asset turnover ratio.
- We discovered that the pre-merger mean of the current ratio, net profit ratio, earnings per share, and asset turnover ratio is substantially higher after the merger. As a result, the occurrence of mergers did not increase these ratios post-merger.
- The post-merger mean price-to-earnings ratio is substantially higher than it was before the merger. Thus, we may conclude that the merger enhanced the company's profit margin.
- The debt-to-equity ratio has a p-value of 0.558. We accept the null hypothesis and conclude that the company's debt-to-equity ratio did not change significantly after the merger.

Godrej Consumer Products Ltd.

Table no. 7
Paired sample T-test

Ratio		Mean	Standard Deviation	t-value	df	Sig.
Current Ratio	Pre	0.938	0.223	-2.483	9	0.068
	Post	1.260	0.170			
Net Profit Ratio	Pre	0.161	0.028	-0.273	9	0.799
	Post	0.176	0.111			

Price to Earning Ratio	Pre	14.008	4.789	-8.842	9	0.001
	Post	48.092	7.974			
Earning per share	Pre	16.606	2.355	1.868	9	0.135
	Post	13.562	2.352			
Asset Turnover Ratio	Pre	91.572	8.643	2.344	9	0.079
	Post	80.364	3.099			

- The null hypothesis is accepted for the Current ratio, Net profit ratio, Earning per share, and Asset turnover ratio.
- The null hypothesis is rejected for the price-to-earnings ratio. The post-merger mean is statistically significantly greater than the pre-merger mean, according to our findings. So the merger has significantly improved the price-to-earning ratio of the company post-merger.

Wilcoxon test

Table no. 8
Ranks

Ratio			N	Mean Rank	Sum of Ranks
Debt to Equity Ratio	Post Merger - Pre Merger	Positive Ranks	1[b]	2	2
		Ties	1[c]		
		Negative Ranks	3[a]	2.67	8
		Total	5		

a. Post Merger < Pre Merger b. Post Merger > Pre Merger c. Post Merger = Pre Merger

Table no. 9
Test Statistics

	Post Merger - Pre Merger
Z	-1.105[b]
Asymp. Sig. (2-tailed)	.269

a. Wilcoxon Signed Ranks Test b. Based on positive ranks.

Table no. 8 tells the debt to equity ratio is lower after the merger than before. As a consequence, this parameter was not supported by the merger.

Apollo Hospital Entreprises Ltd.

Table no. 10
Paired sample T-test

Ratio		Mean	Standard Deviation	t-value	df	Sig.
Current Ratio	Pre	2.162	0.535	1.186	9	0.301
	Post	1.650	0.495			
Net Profit Ratio	Pre	0.082	0.007	8.225	9	0.001
	Post	0.034	0.014			
Earning per share	Pre	20.698	4.345	0.135	9	0.899
	Post	20.066	9.490			
Asset Turnover Ratio	Pre	76.602	2.533	-11.232	9	0
	Post	93.814	4.349			

- We accept the null hypothesis of the Current ratio and Earning per share.
- The null hypothesis for Net Profit Ratio and Asset turnover Ratio gets rejected. We observe that the pre-merger mean of net profit ratio is greater than post-merger. So the merger was not purposeful whereas in asset turnover ratio, the post-merger mean was significantly greater than pre-merger. Hence it proved to be prolific.

Wilcoxon rank test

Table no. 11
Ranks

Ratio			N	Mean Rank	Sum of Ranks
Price to Earnings Ratio	Post-Merger - Pre-Merger	Positive Ranks	4[b]	3.5	14
		Ties	0[c]		
		Negative Ranks	1[a]	1	1
		Total	5		
Debt to Equity Ratio	Post-Merger - Pre-Merger	Positive Ranks	4[b]	3.5	14
		Ties	0[c]		
		Negative Ranks	1[a]	1	1
		Total	5		

a. Post-Merger < Pre-Merger b. Post-Merger > Pre-Merger c. Post-Merger = Pre-Merger

Table no. 12
Test Statistics

	Post Merger - Pre Merger (Price to Earning Ratio)	Post Merger - Pre Merger (Debt to Equity Ratio)
Z	-1.753[b]	-1.753[b]
Asymp. Sig. (2-tailed)	0.08	0.08

a. Wilcoxon Signed Ranks Test b. Based on positive ranks.

Table no. 11 suggests that the P/E ratio and the debt-to-equity ratio are likely greater after the merger than they were before the merger. As a result, we may deduce that the merger phenomena enhanced this performance metric.

SRF Ltd.

Table no. 13
Paired sample T-test

Ratio		Mean	Standard Deviation	t-value	df	Sig.
Current Ratio	Pre	1.268	0.104	3.641	9	0.022
	Post	1.112	0.189			
Net Profit Ratio	Pre	0.098	0.037	-0.465	9	0.666
	Post	0.110	0.031			
Price to Earning Ratio	Pre	7.911	6.402	-5.723	9	0.005
	Post	25.438	6.568			
Debt to Equity Ratio	Pre	0.514	0.163	0.097	9	0.927
	Post	0.502	0.153			
Asset Turnover Ratio	Pre	85.740	10.353	3.191	9	0.033
	Post	67.324	4.061			

- We accept the null hypothesis for the Net Profit and Debt to Equity Ratios.
- We reject the null hypothesis for the Current Ratio, Price Earnings Ratio, and Asset Turnover Ratios. The pre-merger mean of the current ratio and asset turnover ratio is

substantially higher than the post-merger mean, while the post-merger mean of the price to earnings ratio is greater than the pre-merger mean.

Wilcoxon Test

Table no. 14
Ranks

Ratio			N	Mean Rank	Sum of Ranks
Earning per share	Post Merger - Pre Merger	Positive Ranks	4[b]	3.25	13
		Ties	0[c]		
		Negative Ranks	1[a]	2	2
		Total	5		

a. Post Merger EPS < Pre Merger EPS
b. Post Merger EPS > Pre Merger EPS
c. Post Merger EPS = Pre Merger EPS

Table no. 15
Test Statistics

	Post Merger EPS - Pre Merger EPS
Z	-1.483[b]
Asymp. Sig. (2-tailed)	.138

a. Wilcoxon Signed Ranks Test   b. Based on negative ranks.

Table no.14 suggests that the earnings per share are higher after the merger than they were before. As a result, we may deduce that the merger phenomena enhanced this performance metric.

Hypothesis Testing

Table no. 16
Test of Hypothesis

Null Hypothesis	P-value	Null hypothesis Accept / Reject
H_{01}: There is no true difference in the company's current ratio post-merger.		
a) Reliance Infrastructure Ltd.	0.669	Accept
b) Emami Ltd.	0.005	Reject
c) Godrej Consumer Product Ltd.	0.068	Accept
d) Apollo Hospital Entreprises Ltd.	0.301	Accept
e) SRF Ltd.	0.022	Reject
H_{02}: There is no true difference in the company's net profit ratio post-merger.		
a) Emami Ltd.	0.007	Reject
b) Godrej Consumer Product Ltd.	0.799	Accept
c) Apollo Hospital Entreprises Ltd.	0.001	Reject
d) SRF Ltd.	0.666	Accept
H_{03}: There is no true difference in the company's price to earning ratio post-merger.		
a) Emami Ltd.	0.006	Reject
b) Godrej Consumer Product Ltd.	0.001	Reject
c) SRF Ltd.	0.005	Reject
H_{04}: There is no true difference in the company's earning per share post-merger.		
a) Emami Ltd.	0.040	Reject
b) Godrej Consumer Product Ltd.	0.135	Accept
c) Apollo Hospital Entreprises Ltd.	0.899	Accept

H_{05}: There is no true difference in the company's debt to equity ratio post-merger.		
a) Reliance Infrastructure Ltd.	0.158	Accept
b) Emami Ltd.	0.558	Accept
c) SRF Ltd.	0.927	Accept
H_{06}: There is no true difference in the company's Asset turnover ratio post-merger.		
a) Reliance Infrastructure Ltd.	0.005	Reject
b) Emami Ltd.	0.005	Reject
c) Godrej Consumer Product Ltd.	0.079	Accept
d) Apollo Hospital Entreprises Ltd.	0.000	Reject
e) SRF Ltd.	0.033	Reject

6. CONCLUSION

Mergers and acquisitions were utilized in almost every business setting as a successful strategic company restructuring strategy for millennia. They tend to be an essential tool to achieve superior proficiency by utilizing various growth prospects. Different companies use this tactic to improve their competitiveness and enter into international markets. But M&A is not always fruitful for the acquirer companies.

We came to know that mergers did not prove to be a great decision for most of the companies. Many of the firms were in better condition before the merger but post-merger, the firms became unstable, and some of the organizations also faced a significant amount of loss. A merger does not always fetch profit, sometimes it is more of a negative statement rather than a positive. Many reasons can be blamed for unsuccessful M&A like limited ownership involvement, Poor integration process, negotiation error, or external factors. Hence based on the above investigation, a firm should analyze all the facts and figures before drilling down into M&A.

7. RECOMMENDATION

It is advised to different industries that they should consider M&A as teamwork and effectively implement the acquisition strategy. Whenever any merger takes place, there is a precondition of change in the structure, customer, product as well as employees. So, to achieve this aim all the concerned departments should be informed on time. Also for a successful M&A, the business must run smoothly. The company should also consider other growth strategies as well such as market penetration, market expansion, product expansion, diversification before directly jumping into M&A as it turns out to be a costly affair. M&A does not ensure guaranteed improvement in the working and operative performance of the companies. So before adopting it in long run the company should try to measure both the pros and cons post-merger.

8. LIMITATIONS

- The study is only restricted to the companies merged in the year 2015.
- The period is a constraint as it only constitutes 10 years.
- The study only includes BSE listed companies
- This research only examines six financial measures: the current ratio, the net profit ratio, the price-earnings ratio, the per-share earnings, the debt ratio, and the asset turnover ratio.
- EPS is affected by several other parameters also like net profit, dividend per share, and, outstanding share.

9. SCOPE FOR FURTHER STUDY

- The study can be extended nationwide so that foreign firms can also be included

- The researchers can target single-sector industries (niche) to know more about the particular sector.
- The study period can also be further extended to get more accurate results.
- Upcoming studies can include other financial parameters also like ROCE, Return on Net Worth, Dividend payout ratio, Inventory turnover ratio.

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