Cahoots: An Impact Study of Mergers and Acquisitions in India

Dr Divya Khatter, Ms Priyanka Yadav

Dyal Singh College (M), University of Delhi, Delhi, India

ABSTRACT

"Synergy is better than my way or your way. It's our way". – Stephen Covey

Now a days, mergers and acquisitions are gaining momentum as a part of strategy for corporate restructuring. The major consensus that companies form before entering into merger and acquisitions is the achievement of synergy through stimulating growth, gaining competitive advantage, increasing share, influencing market share etc. This leads us to believe that mergers should route the combined companies being better off after the merger compared to before merger. In case this does not happen, resorting to them becomes unjustified. Stating this, it becomes imperative to mention here that previous researchers have presented mixed results by showing some significant positive, negative or no improvement at all after/post M&A. Based on this background, the present study is conducted as an effort to identify the impact of mergers and acquisitions on the financial performance of selected Indian firms. The Study is conducted on a sample of 50 companies that got merged in the financial year 2014-2015. These companies belong to various industries. Study is mainly based on secondary data collected using CMIE database, BSE, NSE and financial statements of the companies. The study tests the hypothesis by making a comparison between the pre-merger and post- merger financial performance of the merged companies using paired sample t-test after checking test assumptions. For pre-merger period the data from the financial years 2011-2014 (i.e. 3 years) and for post- merger period data from financial years 2015-2018 (i.e. 3years) has been considered.

Keywords- Synergy, Mergers and Acquisitions, Financial Performance, Post -Merger performance

 ISBN: 978-81-942709-2-8 (eBook), 978-81-942709-1-1 (Print); DOI: 10.21467/abstracts.82