

UNITING CAPABILITIES AND EXPERIENCES: DOES IT REALLY HAPPEN IN M&A?

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ABSTRACT

“When it comes to merger, hopes triumphs over Experience”

- Inrwin Stelzer, US economist and writer

Mergers and acquisitions (M&A) are an essential vehicle for corporate evolution and therefore are an inevitable phenomenon. India has emerged as one of the top countries with respect to merger and acquisition deals. Indian companies have been actively involved in acquisitions in India domestically as well as internationally, as India increases its participation in M&A deals. We have evaluated the impact of Mergers financial performance of selected Indian companies. For the analysis purpose the Domestic mergers between 10 companies, merged in the year 2007, have taken as a sample. All the companies in the sample represent eight Industries in the entire economy. By using the ratio analysis approach, the effect of merger on long term performance of the acquirer companies has been analysed. Five years pre and five years post M&A data has been used. Various statistical tools are used for the purpose of analysis like mean, standard deviation, t test; probability value approach (p value).The analysis shows the mixed results. The performance has increased in case of some companies and vice a versa. But it is very clear from the analysis that almost all the acquirers are leaders in their sector, having effective control over the market. So the performance of the merged company may turnaround successfully in due course of time.

KEYWORDS: Mergers and Acquisitions, Corporate Performance, Financial Analysis, Ratio Analysis.