A STUDY ON EFFECT OF MERGERS AND ACQUISITIONS ON PROFITABILITY OF FIRM AND SHAREHOLER'S WEALTH

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DECLARATION

I declare that the thesis titled "**A Study on Effect of Mergers and Acquisitions on Profitability of Firm and Shareholder's Wealth "**has been prepared by me under the supervision of **Dr. SupriyaAwasthi**, Associate Professor, Department of Commerce and Management, Maharishi University of Information and Technology, Lucknow. No part of this thesis has been previously submitted in part or full for the award of any degree or diploma to this or any other university.

Further I declare that all the matter presented by me in this thesis is original research work and use of another's work is duly acknowledged in the correct way at the relevant places. I also declare that my research work is free from all essential plagiarism.

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ABSTRACT

We can see that from the history that for the survival every king has to strengthen his powers and to expand his empire they have to either win the other state in war or they followed the strategy of sending marriage proposals to king's of other state to expand their empire. These strategies in the modern world are known as consolidations .These consolidation activities are bifurcated into mergers, acquisitions, strategic alliance and joint venture.

If any company wants to survive in business so they have to either develop their strength or by the time have to upgrade himself to fight with the prevailing competition in the market otherwise they have to bear continuous loss which may result in sale of the business.

These selling and buying of business is known as mergers and amalgamations. These consolidations activities have different synergies due to which the companies consolidates on the basis of synergies these mergers and acquisitions can categorized as vertical and horizontal and conglomerate mergers. In this work I had tried to identify whether these mergers and acquisitions play a significant role in the development of the company because after mergers and acquisitions also some of the companies not able to survive.

I had tried to evaluate the effect of mergers and acquisitions on the profitability of the company and the wealth of the shareholders to check it I had gone through the literature review and traced out that similar sort of work is done by many researchers but the method of evaluation and use of tools, context and selection of the companies differentiated my work.

It is a combination of purposeful work with some effective outcomes to be taken into consideration for future.

LIST OF ABBREVIATIONS

Short Forms	Descriptions
GPM	Gross Profit Margin
NPM	Net Profit Margin
ROI	Return on Investment
ROE	Return on Equity
ROCE	Return on Capital Employed
EPS	Earning Per Share
P/E	Price to Earning
IBM	International Business Machine
M& A	Merger and Acquisition
MNC	Multi National Company
FI	Financial Institutions
FDI	Foreign Direct Investment
FII	Foreign Institutional Investments
MTPA	Millions Ton Per Annum
MHZ	Mega Hertz
TRAI	Telephone Regulatory Authority of India
BFSI	Banking Financial Service and Insurance

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CHAPTER 1: INTRODUCTION (HISTORY OF MERGERS AND ACQUISITIONS)

Consolidation activities are considered as strategic tools for creating wealth of stakeholders, growth of business from ancient times. In today's dynamic business environment .Speedy pace of Acquisitions and mergers changing the size of the industries resulting in growth in GDP and minimization of underperforming companies , increasing the portfolio of companies and taking advantage of economies of scale. The life is the only thing that is present on the earth since the formation of earth and it will remain till end of this earth. It is the rule of the jungle that one who is powerful and a good strategist (which means who can take right decision at right time may survive for long time).Dinosaurs were the strongest creatures at a time on earth but they were notable to survive as they were not strategist. Homosapiens developed themselves in a systematic manner and invented so many tools and techniques from time to time to survive, grow and flourish their timely better decisions and inventions converted the Stone Age man into the civilized human beings.

'The Art of war was explained" was written by Sun Tzu two thousand Five hundred years back.he wrote in the book that thestrategistlooks forthestateofshih. This means the strategistsplace the force in such a position that he can have strategic advantage over his opponents. (Engineerin, 2008).Around 2500 year back,theGreekhistorianThucydides wrotethat the history repeats itself and the incidents those happened in past repeats in future also some of its examples can be seen in the form of prevailing fashion and trends of clothing.This pattern is known as trend reversal.In the biography of Napoleon Bonaparte it is mentioned that he can have a clear picture of any situation by a single view only, his predictions, experiences,decision making and intelligence, referencing and forecasting was so sharp that he can easily understand, interpret and respond in any situation in the fraction of seconds we can say that he was such a strategist that he easily adopt and adapt to any situations in wars. Intheancienttimes,thestrategieswere mainlyused As the journey of man started form barbaric to stone age then to fire age and then moderns age with this increase in the growth of humans the man become the social animal and he learned how to be social similarly his strategies of war also converted into different civilized styles. Similar strategies are followed in business where business people or entrepreneurs either kook for ways to their businessesand design strategies for developing sustainable and successful businesses. Today, doing a business and make it successful is somewhat like winning a battle. Napoleon'sbattle strategies have some noteworthy implications in business,e.g. Competitioninbusiness is like anEnemyina war; on the other hand, the business environment is somewhat like a battle landscape in a war; on the other hand, as the warfronts change constantly depending on how the enemies are tackled or what kinds of weapons are used, the business environment is equally dynamic with the changing marketing or operational policies for the sake of higher market penetration. That means, both war and business need success; again, both can be better explained analyzing SWOT or what we know as Strengths, Weaknesses, Opportunities, and Threats.The main motive in both war and business is to continuously improve performance by timely information gathering and analysis of information then convert this information into meaningful opportunities and grab these opportunities by taking the right decision at right time.

In a layman's language, "Strategy" is a choice or certain decision or decisions to be well in the market having fierce competition or strategy is the planned process for sustaining in the competition.

Mergers & Acquisitions, absorptions and all other kinds of business strategies are aimed at attaining strength and growth. These processes are adopted for business expansion too. These kinds of strategic alliances were common in history too. Such incidents could be found during Maurya dynasty, especially when Chandragupta Maurya who ruled in India from 320BC to 298BC.

Hiskingdom was very wide which was fromAssam andBengal inEast and spread tillNepal and Kashmir in north,and extended till Deccan plateauin South. History states when Alexander came to India, he won maximum part of northernIndia of that time which is now parts of Afghanistan and Pakistan. At the bank of river Beas Alexander fought with king porus but in this battle his troops were badly injured so he returned back by handing over to one of his senapati. In India under the guidance of ChanakyaChandraguptaMaurya included the most part of northern India inhis empire which lead to stronghold on Alexander's commandar .SeleucusNicator was the commander who made an alliance with ChandraguptaMaurya by marrying his daughter to Chandragupta and in return Chandragupta had to give five hundred elephants to Seleucas.

The Rajputs of Mewar were famous for their gallantry and war strategies. They tool strategies were aimed at expanding their dynasty. One of those strategies were sending marriage proposals to their enemy kings.

The great Mughal emperor Akbar was known for his excellent war and kingdom expansion strategies. He married Jodha Bai, the daughter of King Bharmal of ofAmer (Jaipur). The empire of Akbar was quite big, perhaps bigger than the other Mughals. It was extended from Afghanistan to Bengal and from the Himalayas to Hindu Kush mountable region. However, the Rajputs were his toughest opponents for which he could not expand his emperor in Rajasthan and certain parts of now Uttar Pradesh and Madhya Pradesh. So, Akbar took a different strategy for this. He married Jodha Bai in order to strengthen his relationships with the Rajputs. Marrying Jodha Bai he developed a political alliance with some Rajput kings. Those kingly stats become part of his expanded dynasty without losing the autonomy.

These are some examples of strategies that have made histories in different parts of the world. Todays, mergers & acquisitions are considered the business strategies that business people have leant from history.

1.1 Mergers Activitiesin USA

Mergers during the period 1895 to 1904 in the USA

Most mergers took place during the phase is called horizontal mergers. Hundreds of manufacturing firms in different industries merged or acquired. This is the phase when economic expansion took place rapidly with industrial production increased almost 100%. A huge number of mergers changed the whole economic scenario of the USA (Bureau, 1955). The mergers & amalgamations included during that period was almost 20% of the total number of registered manufacturers un the country (Markham, 1955).

More than 80 percent of these combinations occurred in the very short period from 1897 to 1904. The major feature of this wave was that the companies were consolidated and the producers consolidated as industries, this consolidation resulted as horizontal consolidation.

The mergers also initiated some major changes in operational techniques and economic policies of the Federal Government. Some major infrastructural changes also accompanied this merger movement leading to increased number of roads and intensive rail and waterways connections. The electricity production increased substantially along with increased use of coal. Transcontinental railroad system also got a huge impetus for better management of import and expert. Interstate connectivity also enhanced the market demand of goods in other markets of the country and even other countries of the world. Thus, the localized manufacturers became national level manufacturers and some of them became multinational eventually (Bureau, 1955). Merger activities during the early days of the concept was not restricted to one or two industries but had impacts on several industries at a time. Horizontal merger did the changes fast. Correspondingly, the technological changes made their marks in the manufacturing process within a short span of time (Lynch, 1961). In this context, it's worth mentioning that the economies of scale that the USA achieved during that period didn't only due to such millstones in technology but also due to remarkable reduction in transportation and warehousing. The other noteworthy factor that also need special mention are "merging for monopoly" (Stigler, 1950). According to Moody (1904), 78 major companies in the country were controlling more than 50% of the market. Markham pointed out that "out of every five mergers ostensibly monopolistic in character only one resulted in considerable monopoly control." (Bureau, 1955)

Merger activities from 1922-1929

The second wave of mergers started with animprovement of business activities in1922 and ended with the inception of a brutal economic slowdown in 1929. (J.fred weston, 2009).Most of the mergers during this periodwere of the public utilities and banking industries. Approximate 60 percent of the mergers occurred in this period aresplitted into industries like food processing, chemicals and mining (Winhold, 1980). This wave resulted in the shift from monopoly to oligopoly due to the diversification of mergers in various industries. In 1920's a major portion of the mergers happened that is characterized by the synergy of product extensions, both forward backwardand vertical integrations can be seen in this period. The second wave can be summarized as a period of economic growth and boom in stock markets in the USA but later on crashed in the year 1929 with worldwide depression and economic downfall and resulted into bankruptcy of many companies.

Merger activities from 1940-1947

Post World War II and to some extent during the war period mergers & acquisitions processes upsurged. However, changes in technologies or upgradation of infrastructure were comparatively slower during this period (J.Fred Weston, 2009).

Merger activities from 1965-1969

Most of the mergers during this period was conglomerates in nature that were marked by enactment of a number of antitrust laws, high share values, and high interest rates. Interest, the companies who decided to acquire other companies were mostly smaller in size than the targeted companies. Finance mainly came from equities that made investment banks less important. Most prominent industries that went for merger activities were aerospace, tobacco, textiles, automotive, and railway equipment manufacturers. The merger activity reached to its pick during this period. Major acquirers in the period were conglomerate mergers.

Merger activities from 1981-1989

The consolidation activities revived in the late 1970s but this revival does not last for long time. Oil crisis of 1979 and the recession of the 80s were the cause of recession of the consolidation activities.A new hike of consolidation activities also immerged in the mid-1980s inthe US.The 4th of merger activitieswere comprised of acquisitions and divestitures.These two kinds of corporaterestructuringeventswere correlatedwithacorrelationcoefficientof0.95 that showed the connection was quite inherent (Sanam, 1995). About 20-40% of mergers and acquisitions established the divestitures in this period.Therefore, many of the US companies started working on identifying those companies which have the scope and good future prospects and adopted the strategy to shut down the less fruitful or profitable business and investing the funds in the profitable ventures.Several US manufacturers not only acquired exiting other companies to expand their businesses or improve their product lines but also focused on the core competence with especially focusing on the acquisitions that would improve their existing competitive advantage.

Merger activities from 1990-2000

The fifth wave was featured with acquiring competitive advantage to some degree and the consolidation activities were concentrated to attain the synergies and to fight with the prevailing competition. This wave can also be term as the wave of largest deals both in terms of deal sizes and the numbers also. Mergers & acquisitions were valued $1.8 Trillion Dollars in 2000 whereas in 1989 it was $324 Billion Dollars. This makes it clear how the market had moved during that period. The decade of 90’s was the witness of the evolution of new technologies like internet, satellite communication and cable technology, which lead to the evolvement of new industries and new technological advantage. Large numbers of companies were either acquired or merged to develop strength or due to their market share, patents and licenses, research and development facilities and customer base. It is clear that the corporate world had stressed remarkably on mergers. Several economic factors were beyond such a huge focus to this part of business expansion.

SIXTHWAVE (Year2003onwards)

In 2003, the sixth major wave of mergers and acquisitions were started with some distinct characteristics. Good funding from banks, low interest rates, rapid expansion of capital market, growth of imports and export, and high prices of raw materials were the major drivers of this sixth wave of merger and acquisitions (DePamphillias, 2010). Another interesting driver included was leveraged buyout operations. This is a process of acquiring another company with borrowed funds where the funds became available at low interest rates and easy payment options. The stock exchange was also excited in the process as it boosted the equity market remarkably. One more feature of this sixth wave is the strengthening of the private capital market that picked in 2007. The private funds made more than 20% of the total value of the operations made. The sixth wave also marked international mergers and acquisitions.

1.2 HistoricalPerspectiveof M&AinIndia

The merger and acquisitions as the strategy for business expansion was not popular due to the lack of knowledge and awareness about these concepts till 80s and the applicability of acts like monopolistic and restrictive trade practices act, 1969. Due to this act the companies have to go through the tough process and the activity of consolidation was not an easy task. This act also does not allow the consolidations which results in monopoly. Some of the mergers was took place in the post independence years Bengal Iron & Steel Co. Ltd. In 1936 and pukhuri Tea co. Ltd and Bishnauth Tea in 1965 were the major mergers. Prior to industrial policy of 1991 that is also termed as LPG (liberalization, privatization and globalization) policy some of the companies gone for the unrelated diversification on the basis of availability of licenses and allowed by MRTP act.We can say that first wave of mergers and acquisitions has started somewhere around 1980s Under the leadership of visionary prime minister Mr. Rajiv Gandhi who had saw a dream to make India a developed economy in his tenure major reforms were taken to develop the large-scale corporations. On of the oldest acquisitions in India was done by Mr. Swaraj Paul. His target was to gain competitive advantage over DCM Ltd. and Escorts Ltd. Other major acquirers were Goenka Group and Chabbaria Group. The target of mergers and acquisitions were always gaining market competence.

The policy of deregulation, liberalization and globalization lead to the acute competition since 1991 which took the giant shape due to recessionary resulted in fall in demand and excess production. The second wave of the merger and acquisitions was featured by corporate restructuring. In the period of 1992-1995 big groups like murugappa, chabbria and RPG build their empires by adopting the acquisitions these are basically conglomerate mergers .The effect of reforms due to new industrial policy lead to the very liberal attitude towards FDI.

The Government of India, in 1992 established the Security Exchange Board of India (SEBI) to control and regulate the capital market of the country and to look after investors' interests so that no one is cheated or misguided in this market. Another noteworthy step taken by the Government of India in the 1990s was minimizing the stronghold of FERA Act. These all efforts increased the pace of consolidation and it also paved new paths for restructuring processes to sustain in the global competition.

From the year 1997 to 2002, the third wave of mergers and acquisitions took place in India. This is period when maximum mergers took place in cement and telecommunication industries. In early 2000s Indian companies started moving for oversees mergers the major sectors were banking and finance companies. Indian managerial and corporate leadership capability has obtained global accolades. The attention that the Indian companies receive today is mostly due to the removal of trader and investment barriers that helped the Indian corporate world to expand worldwide.

Almost 250 national and international insurers and provident societies were merged to form the Life Insurance Corporation of India (LICI) in 1956. The Government of India acquired all these companies and formed the LIC Act 1956. LIC was the first of its kind fully Government owned company to offer national level insurance policies to the Indian population. Almost same types of activity took place in the general insurance sector as well. The National Textiles Corporation limited established in 1968 and fully under the conytol of Textile Ministry, Government of India owned hundreds of medium and small sick mills across the country. Several private and public companies took the path of M&A for expansion in domestic and international markets.

TheAjay Piramalgrouphasdeveloped due to mergers and amalgamations only.The Murugappa group in the southern Indian is also built the great empire by adopting merger and acquisition strategy. Murugapa Group acquired East India Distilleries Parry Limited, one of the oldest sugar manufacturers in

India. Beside, Murugappa Group also acquired Coromondol Fertilizers, Bharat Pulverizing Mills, Cut Fast Abrasives, and Sterling Abrasives. In pharma, Ranbaxy and Sun Pharmaceuticals went for massive acquisitions in the 1990s for expanding business and strengthening the manufacturing capacity. Today, M&A is happening in every sector and has become an inherent part of Indian corporate strategy for business expansion and strengthening business operations. Business houses like Reliance Group, Tata Group, Adani Group, and Birla Group have been engaged in M&A whenever they find scope opportunities in the process.

1.3 The Changing Indian Economic Environment and the Development of Systematic M&A

As India was on the path of liberalization after the industrial policy of 1991 the economy was facing the new challenges in the form of entering of new business houses in those business which were previously reserved for government sector .Before liberalization privatization and globalization policy the ways to do business were very less and based only on licensing this policy challenged the monopolies prevailing in the country were facing challenge by global companies, The LPG policy resulted in the availability of world class quality products and services, new technologies from the foreign competitors which lead to the shutdown of number of companies and to remain in the competition they have to either adapt to new technology or they have to merge with the other companies to survive. At every time the merging with new company and adapting to their culture,and adopting their technologies was not easy at any time. The changes in political, economic, and business activities of the country were literally prevalent.

The period 2004-2006 marked the fourth wave of mergers and acquisitions. There were remarkable international deals during that period. The foreign investors and multinationals were optimistic of Indian markets. Acquisitions of foreign companies by Indian business houses had also gained momentum during the fourth wave of M&A. In monetary value the acquisitions more than doubled from $4.5 Billion in 2002-03 to $9.30 Billion in 2003-04. During the same period the M&A activity increased by almost 155%. There were 136 outbound deals in 2005-06 with an increase of 103% from the previous financial year. These 136 outbound (Indian companies buying foreign companies) deals generated $4.3 Billion in 2005-06. Telecommunication was one of the major industries in mergers and acquisitions.

The noteworthy deals included, acquisition of BPL Communications by Essar Group, acquisition of Aircelby Maxis Group, investment of Vodafone in Bharti TeleVenture, and acquisition of Teleglobe by VSNL. The IT and ITES sector generated $2.9 Billion deals which was one of the largest sectoral deal values in India. However, the inbound (Foreign companies buying domestic companies) mergers and acquisitions didn't witness that much of success during the first few years of the current millennium. This indicates the strategic planning for internal expansion of domestic companies and enhanced capability of the Indian companies. The value of domestic mergers and acquisitions slipped in the financial year 2006-07 in comparison to 2005-06. When this was the trend, the M&A was almost gutted due to prevailing global recession in 2008-09. Heavy financial crisis dropped production and many companies went bankrupt. The capital market faced the maximum crisis. The global market started recovering in the year 2010 onwards. The financial year 2010-11 found $10 Billion deal in M&A. Forbs India (2017) reported that there were four major trendsinfluencing the M&A processes and strategies across the Industries, viz. the availability of funds, pertinent policy of the Government, slowly increasing cost debts, and maximum focus on energy and technology. The Government strategy was to decrease the supply chain uncertainties through backward and forward integration, easing the taxation processes, and strengthening the sales and marketing (PWC Annual Report, 2017). The year 2016, witnessed some of the most alluring mergers and acquisitions of the decade. Of course, the capital market and Government strategy played a key role in it. In that financial year, M&A of almost $56.2 Billion took place that was maximum since 2010. It was found that in the same financial year, the US and European markets didn't respond to mergers much mostly due to political instability or lacking of precise strategies from the Governments. It makes clear that Govern policies have much to initiate certain business strategy in the corporate world. In 2016 alone, 505 domestic deals took place worth $25.1 Billion. This was 5% growth over the previous financial year. The key sectors in this process were financial companies, pharma, real estate, and IT (Earnest & Young, 2017). The major reasons for this remarkable advance in mergers were debt reduction, easing the taxation process, and easing equity market. These three together developed a state-of-the-art financial synergy.

1.4 Challenges in the Liberalized Economy and the Need of Continuous Development

The MNCs that got into acquisitions of Indian companies helped the Indian subsidiaries to be informed about the international markets and how the changes have been taking place in the international trade and business. Indian subsidiaries got much needed technological backups and strategic advantages from their foreign mother MNCs. These changes corelated following aspects:

- The mother MNCs got high percentage of equities in their JVs with Indian companies.
- Some Indian companies found so much or mergers and acquisitions as a threat to their existence.
- The market competition between struggling domestic companies and much powerful MNCs become a matter of socio-political concern in India.

The prevailing competition

The domestic companies had competition with other domestic players, MNCs that were coming in good numbers from Europe and America, and importers.

- Availability of technology was easier than before since the internet started reaching in every nook and corner of the country that enabled the domestic players to shop for technology.
- The competition became global as the domestic players were not only competing with other domestic companies but also several MNCs of foreign and Indian origin.

The ever-changing demands of buyers' markets:

- The Indian economy transformed from deficit to surplus economy that created a new challenge to the companies in the form of price competition.
- As the market characteristics switched from sellers' market to buyers' market, a sharp change in the business style also took place.
- The markets witnessed a drastic change in products quality where the manufacturers did everything to make their products impeccable in every aspect.

Challenged in the technological aspects:

- Better technology became synonymous to core competence. Those having access to better technology gained market advantage.
- Companies started investing in R&D in higher amounts because they understood changes and innovation can keep them fit for the markets.

Corporate Vulnerability:

Indian companies started facing threats of losing grounds because of their limited capital and market reach. The availability of credit from the financial institutions was not adequate and sometimes tough.

- Lack of branding made domestic companies underprivileged in the market.
- Indian products were considered unsuitable for international markets.
- Public sectors companies could not stand strong due to poor management
- Technologies across the industries were mostly obsolete.
- Domestic companies had product shortage as most of the manufacturers were focused to one or two products in the product line.

Discontinuity of economic trends:

Ost-independence, the Government of India had taken somewhat socialistic stance in market. Existence of so many PSUs was the result of that strategy. Initially, the PSUs were developing as per the expectation but as the global market developing in capitalistic forms with more focus on the market-oriented growth, PSUs performances were nowhere with respect to international players. Naturally, India needed a new and different perspective for keeping pace with the developing and developed economies of the world:

- Business was different with drastic changes in business models, technologies, and markets.
- It was a huge challenge for the companies to go for re-engineering in most of the aspects of manufacturing or operation, finance management, and supply chain management.

- Management needs to be professional in initiating changes and inculcating these changes in organizational culture.
- Human Resource Management took more focus as the technology necessitated skilled people in the workplace.
- Organizational leadership took new dimension as market become competitive with many domestic and foreign players.
- Domestic companies started focusing on the product and service quality without which it was hard to survive.
- Perform or perish become the new corporate mantra. Companies needed to be growth focus.
- Companies had the two ways either develop to be sustainable with better product quality, more products in the product line, best possible management, skilled HR, state-of-the-art technology, and keep on investing in R&D or grow inorganically by acquiring companies.

In the inorganic path of growth, i.e., mergers and acquisitions, an existing firm acquire another firm. This method has a number of advantages:

- The speed of growth is unmatched – This is something takes much time, money, skills, and trial and error if a firm decides to grow organically.
- Market expansion becomes faster as the acquired company already has a market that adds up to the acquiring company.
- Merging also brings operational and financial synergies, developed technology, enhanced market share, and increase in product line.

In the corporate world, competition is everywhere. If a company wants to survive and expand, it must have sustainable growth. According to Michael Porter, a company can have two types of competitive advantages: competitive price and product differentiation. If a company decides to be “different” in the market, then must have a definite product strategy and comprehensive knowledge of the market. In the product is different from the competitors then price competitiveness doesn’t arise much. However, if the company decides to take the path of low-cost products, it must have the complete knowledge of the low-cost manufacturers or marketers in the market. In any case, the company must have a strategy from the very beginning. The basis of a company's strategy should be the generic strategy. It's the strategy that a company adopts to be followed throughout whereas all other strategies change or upgraded, the generic strategy remains the same. It's the strategy that provides competitive advantage to a company. Mergers, acquisition, or any other forms of restructuring or expansion are not strategies but the means to realize the strategy. Since, every business wants to expand, mergers and acquisitions are the parts of an organizational goal.

Organic growth is the growth by increasing production, penetrating the existing market, developing new market, embracing new technology, hiring skilled manpower, and many such things. In organic growth, the company may need more capital. Investors will look into the growth prospect while investing in such companies. Organic growth needs visionary leadership and all-out effort of the organization. On the other hand, in inorganic growth mergers and acquisitions takes a pivotal role.

CHAPTER2: CONCEPTUAL FRAMEWORK

Abusinessman may grow its business by expansion and diversification. These expansions may be internal or external. The internal expansion means the firm grows over the passage of time. This is characterized by introducing new assets, new and up-to-date technology, formulating new ways of operations, and starting new product line. The external expansion means when a business acquires another business that gives the acquirer space and strength to go faster than competitors who are trying to grow organically. External expansion can take various forms or a combination of several forms. Thecombinations can be in the form of takeovers, mergers, amalgamations,takeovers. Takeovers are the most happening form of consolidation and playing a vitalfunctionin the growth of a number of chiefcompanies across the globe. Takeover is a popular way of growing. The popularity of takeover has risen to an unprecedented height due to the removal trade barriers, changing taxation policies of the Governments, globalization, and rapid growth of capital market across the globe. In the period of “LPG”, the domestic companies started external expansion with mergers, acquisitions, takeovers.

Mergers and acquisitions (M&A) have been a prominent market entry and expansion strategy In the time of increasing competition companies are adopting mergers to minimize competition and sometimes it may lead to monopoly.CommercialIndia is now taking the help of mergers and acquisitions to reach resolve global challenges. As the trade barriers are lifting one by one, the unproductive and misuse of capital in post public and private sectors are exposed. Expansion through M&A has proved to be much better way of expansion and enhancing market competence. The concept of mergers and acquisitions is very much popular especiallyafter 1990s, where India getinto the adoption ofLiberalization, Privatization and Globalization (LPG). The effectsof LPG can be seen aboveall the sectors of the economybut its highest impact was seen in the industrial sector which resulted in highly competitive market. To sustain in the market and to cope up with the competition due to multinational companies the Indian companies have to move on the path of consolidations.Mergers and Acquisitions are the forms of corporate restructuring there are some other forms of corporate restructuring: Consolidation, Divestiture, Demerger, and Carve out, Joint venture, Reduction of Capital, Buy back of shares and delisting of securities.

2.1Meaning &Definition of Merger or Amalgamation

Merger is the one of the most frequently used forms of corporate restructuring around the world. Even in India every thousands of companies get merged into other companies but no one has mastered the art and science of mergers as has the reliance group. The Reliance Industries Limited (RIL) as we see today is the outcome of several mergers that has taken place over the decades. Merger refers to a fusion or two or more companies with one with an aim to gain some operational efficiency or market competence. The assets and liabilities of the merging company becomes the assets and liabilities of the mother company as per the terms and conditions between the two companies. The management of the merging company and the board of director are also decided on the basis of the agreement. The income tax act use the term amalgamation instead of merger and this term is used only in India which includes both – merger and acquisition.

Section 2(1B) of the Income Tax Act, 1969 has defined the term "Amalgamation" as the "merger of one or more companies with one company or merger of two or more companies to form one company." The companies so merged are known as amalgamating companies and the company with which they merged is called amalgamated company. This Section 2(1B) of the Income Tax Act, 1969 further explains that -

(i) "All the assetsand liabilities of the amalgamating company immediately before the amalgamation becomes the property of the amalgamated company by virtue of the amalgamation"

(ii) "Shareholders having minimum 75 percent in value of the share in the amalgamating company (other than shares already held therein immediately before the amalgamation by, or by a nominee for the amalgamated company or its subsidiary) become shareholders of the amalgamated company by the result of the amalgamation".

2.2Parties in a Contract

There are two parties involved in an amalgamation process that are given below:

Amalgamating Company

This is also known as "Transferor Company". This is the company whose assets and liabilities are transferred to another company as per the corporate acts in force the concerned country. Normally, it happens to be a dissolution of the board of directors at first followed by a new resolution of developing a new board of directors and transfer of all assets and liabilities to the amalgamating company.

Amalgamated Company

This is also known as “Transferee Company”. This is the company the accepts the assets and liabilities of another company and become a significant part in the board of directors of the amalgamating company.

2.3 Types of Mergers

HORIZONTAL MERGER:

“Horizontal integration refers to combinations between competitors those who have a buyer-seller relationship. It means buying or merging with your rivals. There are several reasons why companies might go for horizontal deals including gaining competitive advantages and market power over their rivals as well as seeking economies of scale. As with other types of M&A, we see that sometimes they yield great benefits and others leave the participants no better off and sometimes even worse. This latter possibility is somewhat surprising in light of the fact that horizontal deals do not have some of the inherent problems as other types of M&A, such as diversifying deals. With horizontal M&A, The two firms merge which are in the same industry. The result is the reduction of competition and the chance of success of such mergers is greater than other types of M&A but horizontal deals have its own challenges.” (Gaughan, 2013)

VERTICAL MERGER:

A combination of two or more firms that fall in the same industry but operate at different stages of production – distribution chain is termed as vertical merger. Such a merger involves combining with either a customer or a supplier. The vertical merger can be either forward merger or backward merger. When a company merge with a raw material supplying company it is called “Backward Merger” whereas when the company merges with the seller of their products the process is called “Forward Merger”.

The backward and forward mergers are alternatively referred to as upstream and downstream mergers respectively. A vertical merger is an important instrument available for the firms who want to move up or down the value chain. The purpose of such a merger may range from lowering the costs of inputs and distribution overheads to assured supplies of inputs posing entry barriers for potential competitors.

CONGLOMERATE MERGER:

Mergers of unrelated business are termed as conglomerate mergers. Such mergers involve firms that are neither competitors nor the part of the same supply chain that means if the merging units do not relate either horizontally or vertically the combination is known as conglomerate merger. The main synergy for such mergers is either market expansion or product extension. It generally involves diversification of business activities and therefore is considered to pose no threat of competition. Such a merger results in the broadening of business portfolio of merged company. Mitigation of risk is another motive behind such mergers as the firms are from diversified area and hence unrelated incomes.

REVERSE MERGER:

A public company acquisition of a private company through sale of more than 50% of its own shares. Reverse fusion is contrary to an ordinary fusion. In these fusions a stable corporation merges with one that is financially fragile or ill, and the former company dissolves.

INBOUND MERGER:

As the name suggests, when a foreign company doing business in the domestic market is acquired by a domestic company or the foreign company acquired the domestic company, the process is called inbound merger.

OUT BOUND MERGER:

A household corporation sells or merges one with another country through an outbound merger or takeover.

DOMESTIC MERGER:

In Domestic merger a company of one country purchases the company of same country.

ACQUISITION:

Acquisition is a process whereby an individual or a group of individuals, group of firms, or a firm with any types of legal entities as per the company's act gets control over the Target Company or Companies. Acquisition can be done in the following ways:

- Procuring a substantial part of equities and voting rights in the target company.
- Obtaining such voting tights through the power of attorney or through the proxy voting agreement as being agreed between the two companies in concern.

- Acquiring the investment company that has in turn has the legal right on the target company in any ways including the above two ways stat5ed above.
- Simply acquiring the control over the management through formal or informal agreement for a specific time period.

Rules for Successful Acquisitions

An acquisition is a process that comprises of several important and inevitable steps. But, an acquisition to be successful needs to be as per the business expansion strategy or inorganic business expansion strategy of the amalgamating company. Here have a look:

1. An acquisition to be purposeful when it is fulfilling or going to fulfill the necessities of the acquirer.
2. The acquisition becomes successful when the amalgamating company obtains some sorts of diversification in its operations and market activities such as a technological development or a state-of-the-art R&D wing or a readymade market.
3. The amalgamating company must try their level best to develop the existing products and markets of the amalgamated company.
4. The amalgamating company should improve the management of the amalgamating company.

2.4Process of Consolidation

The Process of consolidation is big area of worryfor all those companies which want to follow any of the methods of consolidation. It is because; the process to be followedis the only way on which the achievement of synergies of mergers will depend.Thereforethe Process of consolidation should be such that it would maximize the benefits of the deal.

The proper implementation of any consolidation process ensures its efficiency.

(i) **FIRST STAGE:**The processof consolidation begins with the tender offer, which is an intention by the acquiring company to purchase some or all shares of the target company.The offer contains a price that is usually at a premium to the market price this price is termed as “purchase consideration.” After the acceptance of offer the transferee company buys up the shares of the target company. But the buying of share should compliance the rules of SEBI. Which are framed to protect the interest of the investors of the target firm?

(ii) **SECOND STAGE:** The next phase is the exploration of prices. At this time, the corporation that wishes to purchase the other business determines a price it is ready to offer to its target company in collaboration with financial consultants and investment bankers. Following the price discovery, the purchasing corporation mostly announces its plans to buy the share of the target society through an open bid in leading news articles. The announcement shall cover the price of an offer, number of shares to be acquired by the public, identity of the purchaser, purpose of the purchase, future plans of the purchaser, changes of control of the target company, procedures for acceptance of the share by the acquiring share and the period for all the formalities related to the purchaser. Within four business days before a contract to purchase vote rights of Target Company is reached, the acquisition shall require this public statement from the merchant banker.This announcement is made in order to guarantee that the owners of the target company receive prompt notification on an opt-out. The discovered price is publicised along with a timetable for accepting/rejecting the plan by the target corporation.The period of time the actual close of the deal is usually associated with a process known as "due diligence."(it refers to an investigation and analysis of the price of the deal and the associate risk).

(iii) **THIRD STAGE:**targetcompany responds to the proposal made by the acquiring firm. The various options available for the target firm are to accept the offer or reject it or negotiate the terms of deal. Once deal is finalized, the deal requires the approval of the shareholders of the target firm who may either accept or reject the deal.

2.5 Motives & Synergies of Consolidations

Friedrich Trautwein, in his paper entitled "Merger Motives and Merger Prescriptions" has stated seven major theories or motives of M&A.

(a) Monopoly Motive
(b) Efficiency Motive
(c) Raider Motive
(d) Valuation Motive
(e) Empire Building Motive
(f) Process Motive
(g) Disturbance Motive

The first four motives in the list, viz. monopoly, efficiency, raider, and valuation motives are considered beneficial to shareholders while the fifth one is considered beneficial to the top management of the acquiring company.

MONOPOLY MOTIVE

This motivation notes that fusions and acquisitions are designed and implemented to gain market share and market control, even price power, at times. It functions in three different ways

Business leaders want to further consolidate their role, successful and cash-rich firms seeking market share and market access strategies.

EFFICIENCY MOTIVE

In most of the cases, mergers and acquisitions are strategic movement of the companies aimed at achieving synergies and adding values in different forms to the both organizations in concern. When an amalgamating company targets another company to acquire, the top management must have something in view that could add value to their organization. **Synergies are broadly categorized into two heads –**

- Revenue generating synergy
- Cost reduction synergy

Again, synergies can be achieved in any of the following areas:

- Manufacturing synergy

The combined manufacturing capacity gives authority in the market. That synergy is brought in the forms of technology, design, procurement of machinery and equipment, and manufacturing expertise.

- Operational Synergy

It involves common services, warehousing, accounting process, taxation, HT training and development, and transportation that result in avoiding duplication of jobs and cost saving to a great extent.

- Marketing synergy

Development of common sales force, distribution channels, advertising and promotion, and marketing strategy that ultimately reduces the cost of product distributions of both the companies. Marketing synergy also involves leveraging on the basis of brand values of one or both the organizations, i.e., amalgamating and amalgamated companies that ultimately push both the products in the market.

- Financial synergy

Combined accounting and balance sheet leveraging higher capital value and ROI, lower interest rate, and several other improvements in different financial parameters.

- Tax synergy

This is achieved in diverse ways. The loss-making company when merges with a profitable company, the losses becomes the losses of the amalgamating company that leads to tax cuts since the profit margin decreases to some extent. In case, a profit-making company merges with a loss-making company, same tax benefits are received on the accumulated abalance sheet. This is called “Reverse Merger”.

Valuation Motive

According to this motive, the merger and acquisition plan is being carried out by the amalgamating company that has better and updated knowledge of the market valuation of the targeting company. This market valuation is calculated on the basis of several parameters that is not just restricted to capital market or share market valuation but also includes market valuation on the basis of brand equity, customer base, product line, and product quality. In that condition, the company targeting another company for acquiring is ready to pay premium price over the market price in the capital market to get complete control over the targeted company.

Raider Motive

Raider motive prevails when a merger leads to lower valuation of the merging firm. When the amalgamating company acquires another company at lower price than the potential valuation of the company or the current valuation, it’s a raider motive. Dwelling deep it will be revealed that the target behind such merger was to acquiring the assets of the company. As far as the unlisted companies are concerned, in India, it is possible for the PE funds to acquire the equity shares at a price below the current market value of the company targeted to be acquired. In year 2000, SEBI has given a clear guideline where the formula for valuation is clearly mentioned with an aim to protect the investors interest of the investors of a targeted company. SEBI has mentioned that past twenty six weeks and past two weeks high and lows are to be considered while allotting shares to the PE funds.

EMPIRE BUILDING MOTIVE

The motive of this kind is aimed at developing the wealth of the management or board of directors rather than the wealth of the common shareholders.

2.6 Causes of Unsuccessful Mergers

The main reasons for failure of mergers is "autonomy, self-centeredness, cross culture management" these all aspects need to be managed by the adoption of proper strategy under the guidance of a effective leadership atboth implementation and negotiation stages. Lack of leadership qualities of managers may cause consolidations as a failure. Leadership plays a vital role in management making strategic restructuring feasible. Following are some reasons of failed mergers:

Personal Desires

- People love to enjoy authority but not fulfill the responsibilities attached to these authorities.
- The success of the mergers also depends on the leadership involve in the merger and the leadership who takes the business in future.
- The people, who are having the depressingviews on mergers.

There are some more reasons due to which the mergers fail:

- **Inaccurate data and mistakes in valuation**: sometimes the valuation of target firm is becomes inappropriate due to the insufficient data which leads to either idealistic or lofty valuation.

- **Less involvement of owners**: Mostly the deals and whole process of merger is conducted by the professionals, the involvement of owners of the company is very less but after the completion of deal when the business comes into existence these consolidation professionals become out of the scene so the real problems are to be faced by those who do not have the knowledge of deal and implementation of strategy for making the merger successful.

- **Integration Obstacles:** Merger and Acquisition is a big decision of any two companies taking part in the process. Paper works are not everything. In practice, bringing the operation, production, human resource, management, marketing channels, and supply chain in synergy is really tough and time-consuming. When a company having lots of debts and running in loss for a long time are acquired, keeping patient is a big challenge. The uncertainty often brings down ethics. The obstacles need to be evaluated beforehand and must be handled delicately.

- **Unexpected economic factors** - Some factors are unpredictable especially the external factors like the economic factors. Even the most easy-to-implement plans with will fail if the economy experience certain unexpected incidents like sudden share market crash, changes in economic policies, certain natural disaster that caused the Government to increase cess or taxes, etc. Of course, these kinds of changes will affect the mergers and acquisitions to some extent.

- **Lack of proper strategy -**In many incidents, it is found that even when all the other factors take place normally, the acquisition of a new company doesn't work as per the management's expectation. This happens mainly due to the lacking of proper strategy. There are several factors starting from operational to human resource or technological implementations to marketing that need right strategies. Lacking in this matter spoils the purpose of the acquisition.

2.7 Impact of Consolidations on Various Aspects of Companes

- **On shareholders of the acquired firm**

It is observed in mostof the consolidations theacquiring company usually pays a little excess than it what should. It is not easier to analyze the flaws of anything till then you use it.So that the shareholders losetheir shares, on the marginal mark up of the market price of the share. Buying a corporation at a higher price can prove to be favorablefor the economy.

- **On shareholders of the acquiring firm**

These people are largely affected in the process of consolidations. If anyone try to know the advantages enjoyed by the shareholders due to the consolidation. Most of the shareholders are of the view that once the company is sold out we will not get the same value in the new company that's why most of the shareholders try to sell off their share as and when they receive information about of the company.

- **On human resource and employees**

In merger and acquisition, the human resource management needs special attention. The HR of the company acquired remains in doubt and tension whether the acquiring company will restore the employees already working or fire some of them. The UNI Europe found that more than 13000 jobs has been lost die to merger over the last 10 years. M&A results in the retrenchment of many employees whom the acquirer finds redundant. If the new technology was the target of merger and the acquired company has it already, the jobs of some or many employees of the acquiring company could be at stake and vice versa. Downsizing and layoffs are part and parcel of merger and acquisition processes. Changes in the organizational processes that are natural after a merger makes some job positions unimportant or less important. In those situations the management might take hard decisions. Though jobs curtailed in this way, don't have any remarkable effects on the unemployment of an economy, local employment may be affected quite a bit.

- **ON CUSTOMERS**

For customers the consolidation activities a sort of beneficial state of affairs it is due to the availability of variety of products at very less price. The advantages can be seen in the banking consolidations. Banks try to reduce the cost of offering services by using the available networks of banks this all become possible due to the invention of new technology

- **ON THE NEW ORGANIZATION**

Consolidations activities have greater impact on new organizations due to changes in ownership, philosophy; these changes are reflected in working of the company.After consolidation cultural adjustment is critical issue in most of the time the improper management this issue may lead to the failure of the consolidation synergy. The change in the top management may not be able to retain the good quality of human resource of the merged company which may result in the loss of Human resource.

Despite all these things now the day's companies display their cultural, values, work culture but displaying and practicing is different. Most of the organizations do not practice what they try to portray the organsationalculture. If you want to know about any group of people so you cannot do it by asking its group members to identify the specific traits. Understanding organizational culture takes time. Employees of the acquired company may feel confused at first but over the passage of time, they start understanding what the organizational culture of the mother group.

ON TOP LEVEL MANAGEMENT

Clash of ego is quite normal at the top level. The management of the acquired company needs to abide by some rules and regulations of the acquiring company when the clash starts. Adapt the new organizational culture and way of management of the acquiring company may be "disrespectful" for some top people in the management. Under the new condition and in the new organizational culture the managers may be asked to follow and implement some newer types of organizational culture and leadership styles that the middle and lower level managers might not have been followed before. This may cause the clash of ego. When such situation arises, the maximum focus of the organization shifts to settling these matters first. However, mutual trust and understanding of the present condition may helpto get rid of the problem. Managers being in responsible position and being the agents to change must look at the broader needs of the system rather emphasizing on the smaller matters.

2.8 Acts Related to Consolidation Activity

Every consolidation and diversification activities have to comply with the various acts prevailing in the country some of the major acts are:

2.8.1COMPANIES ACT 2013

The companies act 2013 is the basis for the various consolidation and separation activities among the companies it provides guidelines for the whole process Chapter XV of the companies deals with compromises, arrangements and amalgamations. In this chapter section 232 to 240 provides guidelines to the reference.

Permission for Consolidations

Amalgamation is allowed when such facility or possibility in which condition amalgamation could be used is clearly written on the memorandum of association of the concerned company looking for amalgamation for survival. On the other hand the amalgamating company should also made a discussion in the board of directors and annual shareholders' meeting regarding this matter. They must have provisions for the same in the objective clause. If such provisions are not present of the amalgamated company's memorandum of association, the matter should be discussed in the board of directors' meeting and also in the annual shareholders' meeting. In case of urgency, such special meetings should be arranged before the scheduled times of such meetings.

Information to the stock exchange –Both the buying and selling company are required to communicate to therespective stock exchanges regarding the consolidation activity.

Approval of board of directors-The board of directors of buying and selling company should agree upon the terms and conditions of the agreement of consolidation and the agreement should be signed by the authorities of both the companies.

Application in the High Court-It is necessary that an application with a draft of proposal for amalgamation duly approved by the board of directors of both the companies involved in this process is produced before the high court.

Meetings with Shareholders' and creditors - It is mandatory that the acquiring company and to be acquired company arrange meetings with their shareholders and investors separately for the approval of the plan of amalgamation. They must obtain at least 75% vote for passing the plan of merger and amalgamation.

Approval by the high court- When a majority of 75% of votes is cast in favour, the motion for acceptance by a judge shall be submitted, and the court order to approve the amalgamation scheme shall then be granted after the petition has been filed and it shall be satisfied that the scheme is fair and equitable. The date of the meeting of the Court shall be reported in two journals and the director of the law board shall also be informed. Certified versions of the court order must be sent to the corporation registrar.

Property transition – The liabilities and assets of the target corporation are to be passed to the purchaser at a defined date as set forth in the amalgamation scheme.

Purchase consideration– As decided in the scheme of amalgamation the payment can be made by the buying company in the form of either cash or in the form of shares or debentures in the newly formed company the purchase consideration is required to be disclosed to the stock exchanges also.

2.8.2 LISTING AGREEMTS (Clause 40A & 40B of BSE & NSE)

Clause 40A – This clause speaks about “substantial acquisition of securities”:

The company need to come to an agreement regarding the continued listing as per SEBI act and provisions. Where an individual intends to buy more than 5% of the stock or voting rights of the new entity, the acquirer and the company shall comply with the Substantial Acquisition of Shares Takeovers Regulations (SEBI) 1997.

If a person holds or plans to acquire more than 10% of the overall share or right to vote in a business, that person shall not purchase or own shares exceeding 10% of the company's voting rights. The SEBI Substantial Share and Takeovers Regulations 1997 are to be implemented and applied in this respect.

Clause 40B

Rules related to Takeover

According to this clause, for getting listed up or continue to having that condition (if the company is already listed up) whatever is written or orally promised in the takeover offer, the person who secures the total or partial control of the management of the acquired company or shoes shares are acquired shall abide by the provisions given in the SEBI (Substantial Acquisition of Shares and Take-over) Regulations, 1997 through and through.

2.8.3 THE COMPETITION ACT 2002

The Monopoly and Restricted Trade Practices Act 1969 was replaced with the Competition Act 2002. It took a new look at the competitions in the corporate world. The Competition Act 2002 basically covers the following:

Section 3: anti-competitive agreements

Section 4: Abuse of dominance

Section 5, 6, 20, 29, 30, and 31 – Other factors related to competitions in different perspectives.

Anti-competitive Agreements: The competition act takes into account both horizontal and vertical combinations. These combinations are called anti-competitive and implemented to control the effects of competition in India.

Abuse of Dominant Position:"An entity is considered to be in a dominant position if it is able to operate independently of competitive forces in India, or is able to affect its competitors or consumers or the relevant market in India in its favor. The Competition Act prohibits an entity from abusing its dominant position. Abuse of dominance would include imposing unfair or discriminatory conditions or prices in purchase/sale of goods or services".(india C. a., 2002)

Regulation of Combinations:"The Combination Regulations are the key regulations through which the CCI regulates combinations such as mergers and acquisitions. Under Section 32 of the Competition Act, the CCI has been conferred with extra-territorial jurisdiction. This means that any acquisition where assets / turnover are in India (and exceed specified limits) would be subject to the scrutiny of the CCI, even if the acquirer and target are located outside India".

In some kind of mergers and acquisitions, CCI governs the mix rules which are the main regulators. The Competition Act states in Section 32 that extra-territorial authority has been granted to CCI. Accordingly, the purchase of any kind or turnover of any sum inside or outside India, but with head office and register office in India, will still be subject to the inspection of the CCI, even if the purchaser and aim is somewhere outside India.

2.8.4 INCOME TAX ACT, 1961

"Income Tax Act,also have due consideration to finalize the agreement of consolidation there are various pointswhich affect the merger of firms from the point view of tax savings/ liabilities. However, the benefits under this act are available only if the following conditions mentioned in Section 2(1B) of the Act are fulfilled:

- All the amalgamating companies should be companies within the meaning of the section 2(17) of theIncome Tax Act, 1961.
- All the properties of the amalgamating company (i.e., the target firm) should be transferred to the amalgamated company (i.e., the acquiring firm).
- All the liabilities of the amalgamating company should become the liabilities of the amalgamated company,
- The shareholders of not less than 90% of the share of the amalgamatingcompany should become the shareholders of Amalgamated Company.

In case of mergers and amalgamations, a number of issues may arise with respect to tax implications. Some of the relevant provisions may be summarized as follows:

Depreciation: The amalgamated company continues to claim depreciation on the basis of written down value of fixed assets transferred to it by the amalgamating company. The depreciation charge may be based on the consideration paid and without any re-valuation. However, unabsorbed depreciation, if any, cannot be assigned to the amalgamated company and hence no tax benefit is available in this respect". (India, 1961)

Capital Expenditures: "If the amalgamating company transfers to the amalgamated company any asset representing capital expenditure on scientific research, then it is deductible in the hands of the amalgamated company under section 35 of Income Tax Act, 1961". (India, 1961)

Exemption from Capital Gains Tax: "The transfer of assets by amalgamating company to the amalgamated company, under the scheme of amalgamation is exempted for capital gains tax subject to conditions namely (i) that the amalgamated company should be an Indian Company, and (ii) that the shares are issued in consideration of the shares, to any shareholder, in the amalgamated company. The exchange of old share in the amalgamated company by the new shares in the amalgamating company is not considered as sale by the shareholders and hence no profit or loss on such exchange is taxable in the hands of the shareholders of the amalgamated company". (India, 1961)

Carry Forward Losses of Sick Companies: "Section 72 A (1) of the Income Tax Act,1961 deals with the mergers of the sick companies with healthy companies and to take advantage of the carry forward losses of the amalgamating company. But the benefits under this section with respect to unabsorbed depreciation and carry forward losses are available only if the **following conditions are fulfilled:**

- The amalgamating company is an Indian company.
- The amalgamating company should not be financially viable.
- The amalgamation should be in public interest.
- The amalgamation should facilitate the revival of the business of the amalgamating company.
- The scheme of amalgamation is approved by a specified authority, and
- The amalgamated company should continue to carry on the business of the amalgamating company without any modification." (India, 1961)

Amalgamation Expenses: "In case expenditure is incurred towards professional charges of Solicitors for the services rendered in connection with the scheme of amalgamation, then such expenses are deductible in the hands of the amalgamated firm". (India, 1961)

2.8.5 SEBI (substantialacquisitionof shares and takeover) regulations act, 1997

"On the basis of recommendations of the Committee, the SEBI announced on February 20, 1997, the revised takeover code as Securities and Exchange Board of India (Substantial Acquisitions of shares and Takeovers), Regulations, 1997. The objective of these regulations has been to provide an orderly framework within which substantial acquisitions and takeovers can take place".

The main features of this new code for takeover can be mentioned as follows (Regulation, 1997):

i. Any shareholder of a company who holds more than 5% of the total shares of the company or voting rights shall notify his status to the appropriate authority that in turn shall notify all stock exchanges where those shares are enlisted.

ii. Any acquirer that acquires new voting rights along with the previous voting rights that entitles him to be more than 5% of the total shares or voting rights of the company in the following ways – (a)The consolidated shareholder or voting rights of that corporation shall disclose to the company within four working days after the purchase of the share or voting rights, as the eventuality may be, in the public question or (b) through aggregation of one or more transactions or (c) in a manner that is not covered by the provisions of points(a) or (b) above.

iii. Every individual having more than 10% of shares of any company or voting rights of same amount shall within 21 days from the end of a financial year should submit the yearly disclosure to the company as of 31st March of the last financial year.

iv. No acquires should have the right to acquire voting rights or shares in any manner taken together along with the voting rights or shares of the person working of his behalf or working along with him that make more than 10% of the shares or voting right of the company unless he publicly announces the whole matter according to the regulations in this behalf.

v. While holding more than 10% but less than 25% of the shares or voting rights of the company can hold additional shares or voting rights of the acquired company anything more than 2% in any 12 months' period unless the acquires makes a public announcement of that matter according to the regulations of the system.

vi. (a) the price as negotiated in accordance with this Agreement (b), the average price that the buyer has agreed to pay in a public allocation and in rights matters, if applicable, during the period of 12 months before the date of such a public announcement, (c) in respect of the preferential allotment transaction, shall be the minimum offer price, at any time, paid by the purchaser. (d) the average weekly high and low trading rates of the goal company's shares sometime during the 26 weeks prior to the public notice date.

vii. The target company's investor shall receive a public bid to buy at least 20% of voting capital from them.

viii. Every person not being an acquirer and who intends a bid must make a public declaration of the first offer within 21 days of the public notice. The deal is acknowledged as a competitive offer. During the bid time no official disclosure is made for the offer, except for the first 21 period after public notification of the first offer.

ix. The purchaser or purchaser who had made public announcements of the preceding bid shall receive the option of revising or cancelling the offer only if the SEBI is given previous approval after the public declaration of the competition announcement.

x. Regardless of a competitive proposal is received, if a bid is to be revised upwards either in prices or in the amount of securities, any buyer who has made public disclosure of the offer can do so at any period up to 3 work days prior to closing the offer.

xi. a sudden competitive offer not in force at the time of the public notice (b) there was not minimal acceptance of the public offer that expected (c) statutories are approved by the purchaser, who is natural, who died (d) some other coondition that SEBI finds relevant to wit.

xii. In the Escrow account, the purchaser shall invest at least 25% of the gross payable consideration under the offer, up to Rs. 100 corers, and 10% of that payment subsequently. Where a minimum approval threshold is stated by the acquirer and the acquisitor does not want to acquire a min. 20%, 50% of the payable shall be deposited in the Escrow Account.

xiii. If, as a result of a fair auction or otherwise, an upward adjustment of the bid occurs, the amount for the Escrow Account shall be raised to at least 25% of the compensation owed after the revision.

xiv. If the financially weak company's share acquisitions are substantial and not sick industrial enterprises, the scheme established by a financial institution which provide for the purchase in the form a) of shares of an underlying financial institution in either of the following ways:

xv. A individual purchasing stock of the promoter shall make public announcements of an intention to acquire the shares from the owners of the business to manages the financially vulnerable company or financial institutions. Such public disclosure shall provide the related data on the bid, including the name and background information of the acquirer of the stock, the amount and percentages of shares offered for acquisition, the offer price, the date indicated and the time of opening of the offer.

xvi. If the lead institution has reviewed and approved the bid from a buyer who has public announced the bid purchase of shares from the action holders other than proponents, nobody can allow a competitive bid on the procurement of shares of a financially vulnerable firm. xvi.

xvii. On 28,1998 a change to the 1997 Significant Stock Acquisitions and Acquisitions Regulations was communicated. SEBI agreed to up to 5 percent from the 25 and to 215 percent from 10 percent from the threshold to 215 percent. The rationale for SEBI's decision to increase the creeping limit and the threshold limit is difficult to understand. The decision to increase the creeping to 5% and threshold limit to 15% appears to be working against the basic spirit of the takeover code. The increase in creeping acquisition will bring in quiet acquisition without the trigger of making a minimum offer of 20%. In fact the 20% offer was to facilitate the market Activitiesand competitive process and also to keep the management on their toes. The decision to increase the creeping acquisition from 2% to 5% disregards the objective of protection of small shareholders. The decision to increase the threshold limit from 10%to15% is also difficult to be justified.

Effective and Appointed Date

"Effective date is the last of the dates by which the Company in relation to which the order is made shall file a certified copy of order with the Registrar of Companies and all other required statutory authorities if any. As per Section 232(5) the order is to be filed within 30 days of the receipt of the certified copy of order. When the order has so filed, the amalgamation or arrangement becomes effective or having come into force from the 'Appointed Date'". (India, 1961)

Taxable or Tax-free Transactions

These restructuring operations can be tax-free and tax-free. Both the buyer and the targeted company can have an impact on the valuation of the tax of a sale. The properties of the target company are revalued in a taxable purchase. "A depreciation deduction is also going to increase (assets are not revalued in a tax-free acquisition). However, the vendor owners continue to pay capital benefit tax and may thus choose to charge extra for their shares. The capital gain result is defined as this. The results of capital benefit and write up appear to be nullified.

Any stock exchanges are called tax-free organisations that enable one business owners to swap their securities for the acquirer's stock without having to pay tax. Tax-free entities have three basic categories. It has to be organised in a certain manner to allow a transaction to register as a tax-free category A corporation. The category A deal requires the customer to use voting or non-voting shares, as opposed to A type B organisation. The statute therefore allows the purchaser to spend additional cash not stipulates a limited sum of cash that may be spent. However, in the purchasing company at least 50% of the consideration must be stock. Furthermore, in Form A, the purchasing company can not decide to buy all the properties of the target.

If the transaction is issued in respect of at least 50% of the bidder's stock—but other consideration is still included, such as currency, debt or equity security—it can be partly taxable. Capital gains taxation on securities traded without regard for equity shall be charged.

A Category B association allows a company to use its own voting common stock to buy the common stock of the goal company. Cash shall not exceed 20% of the gross payment, and at least 80% of the goal stock shall be paid by vote stock by the purchaser.

CHAPTER 3: LITERATURE REVIEW

When a firm is acquired and there is a considerable statistical wealth loss in the M&A deal, the particular acquisition does not seem to enhance any value for the shareholders. Levine and Aaronovitch (1981) mentioned that no proof was found regarding a considerable difference between acquisition and target organizations for profit-associated factors and their development. Ikeda and Do (1983) did operations on the factors like progress, effectiveness, productivity and research and development only to observe that financial performance of profitability was more in the duration after the merger.

Managers who wanted to maximize the value for the shareholders should give out free cash flow to the shareholders. This compelling free cash flow from the shareholders will lead to managers not using capital markets if new capital is required, that is, it can let them neglect the evaluation related to new equity problems (Easter brook, 1984).

Ravenscrafl and Scherer (1987) used operating earnings to evaluate the target line of business performance. There was no compelling proof observed regarding the performance enhancement of the target lines of the post-merger organization.

The examination of the merger impact on relapse of benefits to standard shows that relapse to standard exists and is speedier for combining firms when contrasted with non – blending firms. They reasoned that acquisition movement brings down benefit and that; some portion of this was because of relapse to standard from invalidly high pre-merger execution. Scherer (1988) uncovered that the majority of the organizations didn't show a huge improvement in long haul productivity after mergers and acquisitions.

The majority of these researches for post-merger performance are on the basis of one of the two methods, that is, share price analysis or operating performance analysis. The studies of share price performance have shown that the estimated merger profits are non-exemplary. The acquiring firm often gets positive returns before the declarations although they are lower in comparison to the market portfolio during post-merger (Seavaes, 1994, Bhaget, Shleif and Vishny 1990). Healy, Palepu and Ruback (1992) combined stock return and accounting information consistently so the tests of corporate control concepts can be done. A positive relation was found between post-merger growth in cash flows and unusual stock returns during the merger announcements, which comprised of the economic enhancements discussing a considerable part of equity revaluation of merging organization. There were different organizations with different reasons for participating in mergers and acquisitions but still, the primary reason was creating the value of shareholders which was more than those of the two organizations.(Sundarsanam, 1995). Anup Agrawal Jeffrey F. Jaffe (1999) worked on a paper titled “The post-merger performance puzzle” where literature about long-run unusual returns during the post-mergers was evaluated. This literature evaluated the discussions of outcomes of the poor run in the post-merger period.

The acquisition can expand the wealth of shareholders. At the time of announcement of acquisitions, the shareholders of these companies can get considerable unusual mergers where the acquisitions can demonstrate positive unusual returns to shareholders of both the organizations (Mulherin& Boone, 2000);

There are combined outcomes of stock-market and accounting-based methodologies. Pre-merger and post-merger productivity and effectiveness of acquiring organizations are analyzed and a differential influence of the mergers can be seen for varying ratios and sectors (Paul, et al., 2001);

Saple V.(2000) conducted a study with the title “Diversification, Mergers and their Effect on Firm Performance: A Study of the Indian Corporate Sector” where it is seen that the target company had a superior average while acquiring the company’s average productivity was lesser. The majority of the acquirers were high development companies having enhanced performance in the recent years before the mergers with increased liquidity.

Ramaswamy and Waegelein (2003) Published the paper on, **“Firm Financial Performance Following Mergers,”** did research on the pre-merger financial operation of 162 merging organizations which took place in the period of 1975 and 1990 in the United States. The industry-adjusted operating cash flow returns on the market value of assets were used to determine the operation. The companies which did not undergo the merger through the course of the research were used as a sample as the perception was that can make the outcomes even stronger. Through the research, there was a considerable growth observed which was 12.7% in the firm performance in the post-merger.

According to, Berger, Demsetz and Strahan, the technological innovations, liberalism of the monetary facilities, improvement in intermediation along with an enhanced highlight of shareholder value, privatization and global competition are the inspirations behind the consolidation.

(Bello Bello YA (2005) thought that the cycle of consolidation has been contended to improve bank effectiveness through cost decrease and expansion in income over the long haul. It likewise lessens industry hazard by dispensing with more vulnerable banks and obtaining the more modest ones by greater and more grounded banks to open doors for bigger expansion and monetary intermediation. He further expressed that the example of banking framework consolidation could be seen from two alternate points of view, market-driven and government-drove consolidation. The previous is more articulated in the created nations as a method of widening intensity with added relative benefit in this manner taking out overabundance limit all the more proficiently, while the last emerges from the need to determine issues of monetary trouble to stay away from fundamental emergencies just as rebuilt ineffective banks.

Jose Manuel Campa& Ignacio Hernando (2005) studied "M&A Performance in the European Financial industry" and informed on shareholders returns of mergers. Merger declarations carried positive overabundance returns to the investors of the objective organization around the date of the declaration. Returns to investors of the securing firms were basically zero around the declaration. One year after the revelation abundance returns were not essentially unique in relation to zero for either targets or acquirers. The paper likewise gives proof on changes in working execution for the subsample of mergers including banks.

PramodManatravadi& A Vidyadhar Reddy (2008) Conducted research on "Post Merger Performance of Acquiring firms from different industries in India" intended to consider the effect of mergers on the working execution of securing association in various businesses, by insightful some pre-merger and post-merger monetary proportions, with the example of firms picked as all merger including public ltd organizations in India during the period of 1991 and 2003. The outcomes propose that there are minor varieties as far as the effect on working execution following mergers, in various enterprises in India.

Dr. Salma Ahmed & Yasser Mahfooz (2009) conducted research on "Consolidation in the sky- A Case Study on the Quest for Supremacy between Jetlite and Kingfisher Airlines", tried to evaluate the paper and the fluctuations in business which made an impact on airlines.

Nonstop development and endurance are definitive targets of any association and M&A are one of the types of endurance techniques. Quite possibly the main practices to develop beneficially and augmenting investors' abundance is nuptials of Companies in the Corporate World. Corporate Mergers and Acquisitions are exceptionally significant for any nation's economy. It is because of the aftereffect of business Mergers and Acquisitions which may bring about the huge rebuilding of the ventures and can add to the fast development of enterprises by creating Economies of Scale, expanded rivalry on the lookout and raise the weakness of the investors as of the worth of stocks experience good and bad times after a consolidation or obtaining (Gupta, 2012).

Numerous techniques for measurement of acquisition performance can be found where all of them have their different pros and cons. Selecting a proper technique to measure is important for the outcomes and thus a method for measuring the performance should be selected with great care. (Muhammad Faizan Malik, 2014)

Decline in profitability during the period after merger is applicable to India as well as cross border the reason behind it may be due to the cost of mergers due to acquiring of loss making entities, improper integration and heavy payments in the form of purchase considerations.(Saraswathy, 2015)

Liargovas (2011) provides research for investigating how mergers can influence the performance of the Greek banking sector and find out that there is no influence of the mergers held in the banking sector the financial of the banks going for mergers as compared to non merged banks were not so prominent and industrial banks in greek is medium and have low market shares.

Cosh et al (1998) endeavoured to distinguish fruitful mergers on the basis of premerger qualities, the effect of monetary foundations as shareowners on the merger result, lastly the impact of mergers in the structure of the relapse to standard. They found that size was altogether unique for the acquirers and the procured firms. The examination of the industriousness of benefits shows that relapse to standard exists without mergers and supported by their essence.

Ghemawat and Ghadar (2000) conducted researches and observed in their examinations that the surge towards enormous mergers depends on a defective comprehension of financial matters and that there are better methods of tending to globalization. Venkiteswaran (1997) dissected the arising situation with regards to rebuilding corporate India.

Yadav et al (1999) led an investigation on the productivity of mergers in some cases. In his investigation, pre and post mergers productivity proportions of chosen organizations and results demonstrate that mergers give positive cooperative energies to corporate associations.

Pawsaskar (2001) conducted research to know about the influence of mergers on the organizations through the comparisons between the post-merger performance of acquirer and pre-merger performance. Regression analysis led to the fact that there are only slight differences in financial features of two corporate organizations in mergers.

Swaninathan (2002) did research on two tests on five corporate mergers to know about the impact of mergers on the organizational performance of acquirer and pre-merger performance to know about mega-mergers of India. It was seen how the majority of these were successful in accomplishing the financial aims and concluded that many mergers and acquisitions achieve the operations synergies, but Economic Value Added (EVA) revealed that delivering returns matching market expectations the mega-mergers did not properly work out. Therefore, not every merger and acquisition led to the rise in shareholder returns.

Coontz (2004) conducted research on the economic influence of the corporate mergers on the acquiring company where the investors mentioned that organizations do not operate successfully in the post-merger period. Organizational efficiency is based on various industries where mergers and acquisitions occur.

Dubrovski (2005) conducted research on 'Rebuilding and Business Reengineering in Integrative Process' to mention that rebuilding is as important in the enhancement as the interior growth or growth through the help of partners, which goes contradictory of the emergency discussions where the estimations can lead to temporary constructive results.

Martynova, Ostging and Renneboog (2007) found that the acquiring and target firms essentially defeated the mediators in the business before takeover events, anyway the advantage of the joined firm lessened inside and out after the takeover.

Beena (2008) Conducted an assessment on examples and perspectives on Corporate Merges in contemporary India and found that the display of getting firms in 1990-2005 was modestly better when diverged from that of the Indian private corporate gathering territory. Regardless, the examination didn't find colossal confirmation of progress in their show the extent that various limits during the post-consolidation stage when stood out from the pre-merger period.

Sinha, Kaushik and Chaudhary (2010) studied ‘Measuring post Merger and Acquisition performance: A study of selected financial sector companies of India’ where it was seen that more than half of the merging companies made an improvement in financial efficiency of post-merger compared with the pre-merger. It was noticed that there are considerable growths in earnings of equity shareholders and debt-equity ratio during post-merger. Srinivas (2010) noticed an improvement in the long-term repayment ability of the banks after M&As which was also observed in the interest coverage ratio.

The examination construed that the reason for the merger isn't as expected accomplished in this period neither the collaboration is made nor are the economies of scale accomplished. So we can say that the consolidation doesn't show any beneficial outcomes on the monetary execution of banks (Taialli Fatima (Koi-akrofi, 2016).

Koi- Akrofi (2016) Martynova, Ostging and Renneboog (2007) found that the acquiring and target firms essentially defeated the mediators in the business before takeover events, anyway the advantage of the joined firm lessened inside and out after the takeover.

Acquisitions lead tothe growth of investors' money. At the time of acquisitions declarations, Shareholders of target firms procure huge positive aggregate unusual Mergers and acquisitions show positive total strange re-visitations of the investors of both securing firm and target firms Results are blended for financial exchange approach and bookkeeping based methodology. The investigation of pre and post-merger benefit and proficiency proportions for the securing firms shows that there is a differential effect of mergers for various proportions and various areas.

In the paper (ZuhaibAhemadDugga, 2018) the impact on capital performance, profitability, operating efficiency, liquidity and market value performance is measured by using paired T-test. Five parameters were researched regarding the organizational performance where there were no considerable fluctuations in the post-merger period. M&A is usually called corporate marriage which does not last for long although the opposite can happen in most cases. It can be seen that most of these could not enhance the organizational performance to accomplish financial and strategic aims. In the post-merger period, the financial performance of the bank was enhanced although this change does not reciprocate the standards until SBI does not make a recovery from a loan. SBI continues to stay at a loss if it would not reduce the operating cost. Objectives of monetary consideration and augmentation of topographical access of banking administrations by synergizing can be accomplished better with the consolidation of enormous public area banks and utilizing their aptitude.. (Farman Ali, 2019)

CHAPTER 4: RESEARCH METHODOLOGY

UNIVERSE:

The universe for the study is defined as the all the domestic mergers and acquisitions took place in the period of study.

SAMPLING FRAME:

The universe for the study is defined as the top 10 domestic mergers and acquisitions held in the financial year 2012-2013 to 2015-2016 year. The data is not gathered after 2016 because we need the two year post and pre merger/Acquisition for the purpose of study. Therefore the universe is of 30 companies. (i.e. 10 Largest Domestic mergers based on deal Value from each year)

SAMPLE

Sample should appropriately represent the universe with this assumption I has tried to make the assumption meaningful and the conclusions are drawn on the basis of analysis of universe. I had taken into consideration the 10 companies for study and analysis these companies are the representation of the top 10 domestic deals took place in that year the size is also dependent on the factors like availability and authenticity of data.

Basis of drawing of data from Universe:

- Cent Percent Mergers / Acquisitions(i.e. not involves minority /Majority stake)
- Merger should be Domestic only.
- Companies involve in Mergers / Acquisitions should be listed in Indian Stock markets.
- The Annual Reports of the companies should be available as per mandatory Disclosure.
- Volume based data
- Judgmental sampling

SAMPLE SIZE:

To know the accurate affectivity of the mergers and acquisitions I had taken into consideration the data of Ten Companies for the data for analysis on the TWO, year pre and post analysis. The period of two year pre and post is taken because the companies do not take into consideration the changes regarding Synergy activity so it is meaningless to collect the data more than two year before the mergers.

RESEARCH OBJECTIVES

- To study post Merger and Acquisition influence on profitability of the surviving firm.
- To analyze the effect of Merger and Acquisition activity on the wealth of the shareholders of the firm.

SOURCES OF DATA

The data is collected from the secondary sources the i.e. Annual Editions of the Grant Thorton LLP Ltd. (Deal Tracker) This edition publishes the data of merger and acquisition which is categorized by Inbound, Outbound and Domestic mergers and acquisitions, the companies which are taken into consideration for study are only 100% mergers / Acquisitions (i.e. full Acquisitions and not minority stake and majority stake) and these mergers lies in the domestic category. These 10 companies are among the top 10 domestic mergers and Acquisitions of the each year considered for studies. Annual Reports of the companies collected from the websites of the companies.

TOOLS FOR DATA ANALYSIS

- Ratio analysis
- Mean
- Standard Deviation
- t – Test Paired comparison

Ratio analysis: It is a widely expectable tool for the financial analysis, with there is various types of ratios which are used to understand and analyses the financial position of the any company. In this study the prosperity of company can be defined in the terms of ratio analysis, Prosperity is taken in the sense of profitability of the firm and the increase in wealth of shareholders. To analyze profitability some ratios are required to be calculated like :

Ratio considered as Profitability Standards

- **Brutal profit margin:** this is a ratio that reflects revenue and output success of a business.
- **Net profit margin:** is the company's net profit-to-income ratio.
- **Investment yield:** a success metric used to assess investment productivity in return **generation. Return on investment:** The ROI aims to calculate the yield on a certain investment immediately proportional to the expense of the investment.
- **Equity return:** the equity return ratio tests the return premium received from shareholders in a firm on their shareholdings.
- **Return on capital employed:** This ratio helps to know us that how much profit is generated by how much capital employed

Ratios considered as Wealth standards

- **Earnings per Share**: This ratio states that how much a shareholder had earn by purchasing and holding a share for a considerable time.
- **Earnings price ratio**: price profit ratio is the association between the stock price of a business and the income per share. It points to how eager the public is to pay for the earnings of a business.
- **Dividend per share:** dividends per share is proportional to the overall amount of dividends dividended over the course of a year, calculated by the total number of common shares held by the company; this provides an insight into the actual benefit the business has received with shareholders and is not required to be reinvested.

DATA ANALYSIS

Steps of Data Analysis

1) CALCULATION OF REQUIRED RATIOS

Deciding the profitability standard ratios of the companies: I had calculated the following ratios of all the selected companies as samples for pre and post merger Two year period

Profitability Standards	Wealth Standards
Gross Profit Margin Net Profit Margin	Earnings per Share Price to Earnings Ratio

Return on Investment Return on Equity Return on Capital Employed	Dividend per share

- Calculation of Mean Standard Deviation of all the companies taken in consideration for the above mention period

Hypothesis Formulation

2) $H_{1:}$ There is no significant impact (Positive) of Mergers/ Acquisitions on the profitability standards.
3) $H_{2:}$ There is no significant impact (Positive) of Mergers/ Acquisitions on the wealth standards.

- Hypothesis tested with the help of paired comparison t- test on the data of the ten companies to get more concrete results.

CHAPTER 5: DATA ANALYSIS AND INTERPRETATIONS

Details of the Deal

5.1 Sun Pharma – Ranbaxy Acquisition

A. Sun Pharma

Being of Indian origination, Sun Pharma is acompany belonging to a pharmaceutical specialty, recognizedin1983with a rangecontainingfive psychiatric medicationsas well as a facility of manufacturingin Vapi, Gujarat. In 1991, this companystartedits very first center for research, propellingadditionalprogressintended forthe company. In 1994, this companywent public, also it is presentlyenumeratedoverthe Bombay Stock Exchange ("**BSE**") plusthe National Stock Exchange ("**NSE**"). Around 64 %of the shareholdings of this companyisyetpossessedviathe promoter groups as well as promoters. Besides its formulationinto severalareas of therapy, furthermore Sun Pharma producesA PIstofacilitates the manufacturing of the formulations that are complex namely, anti-cancers,sex hormones peptides, as well assubstances that are controlled.

Around30 years of sun pharma'ssubsistence, it becameone of the world's majorbeneficialmanufacturer of pharmaceuticals. This companyhas supplementedone'sprogressthroughwide-ranging acquisitionas well ascombinedprojectswithinIndia plusoverseas.The acquirementrelating toTamilnadu, DadhaPharma has assistedSun Pharma'saccessinto gynecology as well as oncology. The primaryinvestments of the companywithin as well as succeding takeoversof Gujarat's LykaOrganic Ltd. offered approachtowards a facility drive relating to manufacturingphalexinfor supplying it to the markets internationally located. 2002-acquisition of Sun Pharma'srelating toMJ Pharma has offeredSun Pharma US FDA as well asUK MHRA permittedplants that ispresentlya base of manufacturingrelating tothe generic markets of European origin.Sun Pharma, in 1997,financedin Caraco, a Detroit-based producerof generic sandin2010, acquired Caraco completely. Empowringone'sentranceto the generic markets of U.S.The acquisitions relating to the bulk ofstakes withinTaro Pharmaceutical Industries Ltd.in the year 2010, awell-knowninternationalmanufacturers of generics, elevatedthe company's U.S existence, plus,withinCanada and Israel. Besides theestablishedmarkets, this company has likewiseaimedatevolvingmarkets along with its collborativeventures together withMSD.(Merck &Co., Inc., alsoknown to beMerck, Sharp and Dohme(MSD) beyondthe United Statesas well asCanada)

B. Ranbaxy

Foundedin 1961, itis acompany with Indian origin enumeratedover theNSE, BSE as well asthe Luxembourg stock exchanges, havingfieldoperations within43 countries as well as 21 of the facilities relating to manufacturing which iscovers8 countries. Ranbaxybeinginvolvedwithinmanufacturing, developmentas well aspharmaceutical product's marketingplusAPIs.Around1988, Ranbaxy's Toansaplant attainedapproval of USFDA, thusallowingit formanufacturing pharmaceuticals relating tothe market of US.

Ranbaxy, also being involvedwithinacquisitionto advancement initsobjectives ofgrowth.TheAcquisition of company of Rima Pharmaceuticals, Crosland Research Laboratories, etc. offeredit a foot gripswithinniche, high-valued European Union markets. The acquisitions relating toRPGA vent aidedRanbaxy to attaina revenueof USD1billion, turning it intothe very first company of Indiato gainsuch status globally.

Table-5.1: The Deal summary of Sun pharma and Ranbaxy merger

April 6, 2014	Resolution regarding the amalgamation and other matters passed at the board of directors meetings of Sun Pharma and Ranbaxy.
May 11, 2014	Daiichi files a petition before the Andhra Pradesh High court requesting it to vacate the status quo order.
May 13, 2014	Sun Pharma moves to the supreme court against quo status order of Andhra Pradesh high court.
Merging Companies	Ranbaxy
Surviving Companies	Sun Pharma
Share Swap Ratios	0.8 Shares of Sun Pharma having a face value of INR Rs. 1 /- each will be given to the Ranbaxy's share-holders for respective share of INR Rs.5/- each held via them within Ranbaxy
Total Equity Value of the Transactions	USD 3.2 Billion (USD 4 Billion comprising payments to (NCD) Negotiable Certificates of Deposits Holders.

May 13, 2014	FIPB to adopt Daiichi's FDI proposals within Sun pharma.
May 21, 2014	Supreme court guides the Andhra Pradesh High Court for deciding the matters as well as posts the case for hearing of it on May 27, 2014.
May 24,2014	Andhra Pradesh High Court evacuates status quo orders
July 11, 2014	Agreement relating to the scheme from NSE and BSE.
Aug 22, 2014	Court – Convened EGM of shareholders of Sun Pharma led pursuant to an order that is dated Aug 5, 2014 of the high court of Haryana & Punjab.
Aug 27, 2014	CCI (Competition Commission of India) guides the company for publishing the particulars of the proposed combinations within the format been prescribed.
Sept 4, 2014	CCI calls comments through public regarding the transactions.
Sept 19, 2014	Court – Convened EGM of the share-holder of Ranbaxy conducted pursuant to an order that is dated Aug 5, 2014 of the high court of Haryana & Punjab.
Dec 5, 2014	CCI allows conditional approval for the transactions
Dec(End)2014/ Jan 2015	Amalgamations/ Merger accomplished via approval with high courts within India.

This Analysis is supported by certain assumptions:

- To test hypothesis, we will apply test for each merger and acquisition and concluding result (Acceptance/ Rejection of hypothesis) will depends on the majority of results with respect to each merger and acquisitions.
- The hypothesis is tested on the two pre merger years and two post merger years I had tried to find out the influence of this Acquisition/ merger on profitability standards. An impact of merger can be either positive or negative, that means a two tail test is required but I only want to check whether mergers/Acquisitions have any positive impacts on the profitability of the organization that's why I had selected one tailed test at 99% confidence level.

Table5.2: Profitability Ratios of sunpharma – Ranbaxy merger

Sun pharma – Ranbaxy

Profitability Standards		GPM %	NPM %	ROI	ROE %	ROCE %
Pre Merger Years	2013-14	82.60	35.40	10.70	30.90	26.90
	2014-15	75.30	17.50	9.26	18.50	14.70
Post Merger Years	2015-16	77.30	18.80	8.70	18.60	15.30
	2016-17	73.10	23.00	12.76	19.80	16.10

It can be seen from the table that gross profit margin in the pre merger year 2013-2014 is 82.60 percent which get reduced to 75.30 percent in the year 2014-15 but on the other hand the net profit margin is 35.40 percent within the year 2013-14 that is reduced to 17.50 percent in 2014-15 which may be because of the reduction within administrative expenses in profit and loss account. Remaining other ratios like return on investment, return on equity and return on capital employed also show reduction in comparison of year 2013-14 in pre merger years. Now coming towards post merger years the Gross profit margin was 77.30 in the year 2015-16 which reduced to 73.10 in the year 2016-17. Net profit margin also shows a rising nature as compared to post merger year 2015-16. Similarly net profit margin which was 18.80 % within 2015-16 increased to 23 % within 2016-17 .Return on investment is also increased in the year 2016-17 which is 12.76 percent as compared to 8.70 percent in the year 2015-16.Retun on equity and return on capital employed get increased in comparison of the year 2015-16 which get increased to 19.80 percent from 18.60 percent and 16.10 percent from15.30 percent respectively.

$H_{1:}$ There is no significant impact (Positive) of Mergers/Acquisitions on the profitability standards.

Table5.3: T – test of Profitability Ratios of sunpharma – Ranbaxy merger

PROFITABILITY STANDARDS							
	Mean		**Standard deviation**		**Mean Difference**	**t-Value**	**P Value (One tailed)**
	Pre	**Post**	**Pre**	**Post**			
GPM %	78.95	75.20	5.16	2.97	3.75	2.419	**0.125**
NPM %	26.45	20.90	12.66	2.97	5.55	0.502	**0.352**
ROI	9.98	10.73	1.02	2.87	(0.75)	-0.273	**0.415**
ROE %	24.70	19.20	8.77	0.85	5.50	1.697	**0.169**
ROCE %	20.80	15.70	8.63	0.57	5.10	1.239	**0.216**

INTERPRETATIONS

The Acceptation or rejection of the hypothesis depends on the p value highlighted in BOLD. So to test the above mentioned hypothesis sub hypothesis are framed for all profitability standards.

$H_{1.1:}$ There is no significant impact (Positive) of Mergers/ Acquisitions on the pre and post Gross Profit Margin percentage.

As p value 0.125 is higher than 0.01 so hypotheses happens to be accepted.

$H_{1.2:}$ having no considerable impact (Positive) of Mergers/ Acquisitions on the pre and post Net Profit Margin percentage.

As p value 0.352 is greater than 0.01 so hypotheses is accepted

$H_{1.3:}$ There is no significant impact (Positive) of Mergers/ Acquisitions on the pre and post Return on Investment.

As p value 0.415 is greater than 0.01 so hypotheses is accepted

$H_{1.4:}$ There is no significant impact (Positive) of Mergers/ Acquisitions on the pre and post Return on Equity.

As p value 0.169 is greater than 0.01 so hypotheses is accepted

$H_{1.5:}$ There is no significant impact (Positive) of Mergers/ Acquisitions on the pre and post Return on Capital Employed percentage.

As p value 0.216 is greater than 0.01 so hypotheses is accepted.

On the basis of above results $H_{1:}$ There is no significant impact (Positive) of Mergers/ Acquisitions on the profitability standards is accepted.

Table5.4: Wealth Ratios of sunpharma – Ranbaxy merger

Wealth Standards		EPS	P/E Ratio	Div./Share
Pre Merger Years	**2013-14**	15.20	46.12	1.50
	2014-15	18.90	42.01	3.00
Post Merger Years	**2015-16**	19.60	44.59	1.00
	2016-17	29.00	25.76	3.50

It can easily seen from the table that Earning per share in the pre merger year 2013-2014 was 15.20 which is increased to 18.90 in the year 2014-15 but on the other hand price to earnings ratio was 46.12 in the year 2013-14 which is reduced to 42.01 in the year 2014-15 Dividend per share also increased to 3.00 in the year 2014-15 in comparison of 1.50 in the year 2013-14 in the pre merger years. Now coming towards post merger years the Earning per share which was 19.60 in the year 2015-16 get increased to 29.00 in 2016-17.Price to Earning ratio improved in the post merger years in comparison of pre merger years but dividend per share showed the increase in the year 2016-17 to 3.5 in comparison of 1 the year 2015-16 year.

H_{2}: There is no significant impact (Positive) of Mergers/ Acquisitions on the wealth standards.

Table5.5 : T – test of Wealth Ratios of sunpharma – Ranbaxy merger

WEALTH STANDARDS							
	Mean		**Standard deviation**		**Mean Difference**	**t-Value**	**P Value (One tailed)**
	Pre	**Post**	**Pre**	**Post**			
EPS	17.05	24.30	2.62	6.65	(7.25)	-2.544	**0.119**
P/E Ratio	44.06	35.18	2.90	13.32	8.88	1.207	**0.220**
Div./Share	2.25	2.25	1.06	1.77	-	0	**0.5**

INTERPRETATIONS

The Acceptation or rejection of the hypothesis depends on the p value highlighted in BOLD . So to test the above mentioned hypothesis sub hypothesis is framed for all wealth standards.

$H_{2.1}$: There is no significant impact (Positive) of Mergers / Acquisitions on the pre and post earning per share.

As p value 0.119 is greater than 0.01 so hypotheses is accepted

$H_{2.2}$: There is no significant impact (Positive) of Mergers / Acquisitions on the pre and post P/E (price to earnings) Ratio.

As p value 0.220 is greater than 0.01 so hypotheses is accepted

$H_{2.3}$: There is no significant impact (Positive) of Mergers / Acquisitions on the pre and post Dividend per share.

As p value 0.5 is greater than 0.01 so hypotheses is accepted

On thebasis of above results of H2.1, H2.2 and H2.3 it can be concluded that

H_2 :There is no significant impact (Positive) of Mergers/ Acquisitions on the wealth standards is accepted.

5.2 Kotak Mahindra Bank- INGVysya Bank Merger

DETAILS OF THE DEAL

Alongthe presentclimate regardingelevatingglobalization as well asincreasinginternational banks, the necessityforgrowing has been impendingforbanks in India.In the late2014, Kotak Mahindra Bank Limited ("**Kotak**"), which is amongstIndia's promptlyincreasingbanks, proclaimedone'sall-stock acquisitions regarding theING VysyaBank Limited ("**ING Vysya**"), systematizedlikea merger, causing within a singularmerged objectwhichwill befourth biggestbanks (the"**Deal**") of India. Kotak along withING Vysyabrings two muchvariedflavors overthe table i.e., either within the conditionsof clientele, geography, modalities of businesselseheritages; as well asthisis theharmonizing diversities of these two, clubbed together with the dimensionwhichcreatessuchdeal a revolutionaryin the banking sectors in India. The resultingentities shallpreservesolely theKotak'sname, although all of ING vysya'sshare-holders comprising ofthe ING Groups, thatwill be sealedin untillApril1,2016.

Existingas a merger of the two banks, the merger's scheme("**Scheme**") remainedsubject to RBI's inspectionthatanalyzedseveralfacetsregardingthe Scheme embracingvaluations, as well asthe Deal's impact within the banking industries. Afterreceivingtheseal of approval of RBI's, Kotak currentlyhavethe uphill task thatentirelyintegratesthe two businessesplus ING Vysya'sworkersthose that were opposed towards the mergers.

Parties Involved

Kotak Mahindra Bank Limited

Foundedin the year1985, Kotak Mahindra Finance Capital Management Ltd., the leadingestablishmentof Kotak Groups, beganlikea non-banking financial servicecompanies, primarilyofferingfinances topurchase automobiles. Within the year2003, thisturned out to bethe first ever NBFC that is transformedinto a bank.

Notwithstandingits modestcommencements, Kotak these daysis within thefastest risingbanks of Indiathatprovidesan extensive varietiesof the needs of the banks forboth the corporates as well as the individuals. It offers theconsumers banking service, investments banking service, commercial banking service as well asseveralother services relating to finance. Having a rangeof over 15 subsidiaries throughoutIndia as well asthe world plus limitedmutualschemes, Kotak has distributedone'sbusinesswidespread throughoutthe markets along withcountry havingover 600 branches that are being operated. Presently, itis chieflyindorsedby Mr. UdayKotak, who enduresto havearound39.69percent of the capital's interests hencebeingenumeratedoverthe BSE, NSEas well asLSE.

ING VysyaBank Limited

Having its roots far behindas the year1930s, the 'VysyaBank' arriveswith a long heritages regardingbanking within the trades communityof southern India. In the year 2002, thisdeveloped asthe first ever Indian bank havingmerged with the banks overseas, after it formallypublicizedits mergers along with the Dutch banking hugeING Groupsthatprocureda supervisorystakes within the banks. The bank, over the time, has grown-up as a robustmanifestationin the southern India havingover 500 branches within the southern region. Thisalso, due toits bondswith the ING Groups, has developedits manifestations inabroad having itspresence within 5 countries.

Earlier to the contract, the ING Group indorsed theING Vysya, investinga 44 percent equity stakes within the banks. Bank similarlyhas variousother investors, thoseholding lesserstakes, namelyFranklin Templeton, Aberdeen Asset Management,Citigroups and Morgan Stanley.

Table-5.6 :The summary of Kotak Mahindra and ING Vysya Bank

Transferee Bank	Kotak Mahindra Bank Ltd.
Transferor Bank	ING VYSYA Bank ltd
Mode of Transaction	The contract being fully carried out via a singular scheme of consolidation merging of ING vysya into Kotak. The merger happened to be put through being consistent with the section 44A of banking as well as regulations act plus the merger's guidelines.
Shareholdings in Kotak afore the Mergers	Promoter Groups 40.02% Public Shareholdings 59.98% FIIs 36.85% Mutual Funds/ UTI: 1.65%

	FI/ Bank 0.21% Foreign Banks 4.25% Foreign Body 2.04% Corporate Body:3.30% Individuals 10.27% Others 1.41%
Share holding in ING Vysya afore the mergers	Promoter's Group 40.02% Public's Share-holdings: 59.98% FIIs :26.98% Mutual Fund/ UTI:13.43% FI/ Bank: 1.76% Corporate Body:5.36% Individuals 8.14% Others 1.82%
Post Merger Share-holdings within Kotak	Promoter's Groups 33.99% Public's Share-holdings: 66.01% ING Groups: 6.48% FIIs: 33.58% Domestic 19.12% FDI:6.83%
Considerations	Being a portion of the amalgamations, 725 shares relating to Kotak were allotted within the lieu of each 1000 share of ING Vysya to every share-holders of ING Vysya. Fractional Share was not approved as well as was rather pooled, vended and considerations of cash from the sales was circulated to share-holder equivalent to their fractional entitlement.

Source: Company's website of Kotak Mahindra Bank

Table-5.7: Profitability Ratios of Kotak Mahindra Bank as well as ING vysya Bank

Kotak - IngVsya						
Profitability Standards		**GPM %**	**NPM %**	**ROI**	**ROE %**	**ROCE %**
Pre Merger Years	**2013-14**	0.75	17.13	159.35	0.12	11.87
	2014-15	0.72	19.19	183.09	0.23	12.14
Post Merger Years	**2015-16**	0.71	12.75	130.61	0.23	12.74
	2016-17	0.73	19.27	150.01	0.20	10.41

It can easily seen from the table that gross profit margin in the pre merger year 2013-2014 is 0.75 percent which get reduced to 0.72 percent in the year 2014-15 but on the other hand the net profit margin is 17.13 percent within 2013-14 that is elevated towards 19.19 percent within 2014 to 2015 that may be due to reduction in administrative expenses. Remaining other ratios like return on investment, return on equity and return on capital employed also show improvement in comparison of year 2013-14 in pre merger years. Now coming towards post merger years the Gross profit margin and net profit margin also show a rising nature as compared to post merger year 2015-16. Similarly net profit margin which was 12.75% in the years 2015 to 2016 increased upto 19.27% in the years 2016to2017 .Return on investment is also increased in the year 2016-17 which is 150.01 percent as compared to 130.61 percent in the year 2015-16.Retun on equity and return on capital employed get decreased in comparison of the year 2015-16 which get reduced to 0.20 percent from 0.23 percent and 10.41 percent from12.74 percent respectively.

$H_{1:}$ There is no significant impact (Positive) of Mergers/ Acquisition on the lucrativeness standard.

Table-5.8: T-test of Profitability's Ratios regarding Kotak Mahindra Bank and ING vysya Bank

PROFITABILITY STANDARDS							
	Mean		**Standard deviation**		**Mean Difference**	**t-Value**	**P Value (One tailed)**
	Pre	**Post**	**Pre**	**Post**			
GPM %	0.74	0.72	0.02	0.01	0.02	0.6	**0.328**
NPM %	18.16	16.01	1.46	4.61	2.15	0.964	**0.256**
ROI	171.22	140.31	16.79	13.72	30.91	14.244	**0.022**
ROE %	0.18	0.22	0.08	0.02	(0.04)	-0.571	**0.335**
ROCE %	12.01	11.58	0.19	1.65	0.43	0.331	**0.398**

INTERPRETATIONS

The Acceptation or rejection of the hypothesis depends on the p value highlighted in BOLD. So to test the above mentioned hypothesis sub hypothesis are framed for all profitability standards.

$H_{1.1:}$ There is no significant impact (Positive) of Mergers/ Acquisitions on the pre and post Gross profit margin percentage.

As p value 0.328 is greater than 0.01 so hypotheses is accepted.

$H_{1.2:}$ There is no significant impact (Positive) of Mergers/ Acquisitions on the pre and post Net profit margin percentage.

As p value 0.256 is greater than 0.01 so hypotheses is accepted

$H_{1.3:}$ There is no significant impact (Positive) of Mergers/ Acquisitions on the pre and post Return on investment.

As p value 0.022 is greater than 0.01 so hypotheses is accepted

$H_{1.4:}$ There is no significant impact (Positive) of Mergers/ Acquisitions on the pre and post Return on equity percentage.

As p value 0.335 is greater than 0.01 so hypotheses is accepted

$H_{1.5:}$ There is no significant impact (Positive) of Mergers/ Acquisitions on the pre and post Return on capital employed percentage.

As p value 0.398 is greater than 0.01 so hypotheses is accepted.

On the basis of above results researcher concluded that:

H_1 :There is no significant impact (Positive) of Mergers/ Acquisitions on the profitability standards is accepted.

Table-5.9: Wealth ratios of Kotak Mahindra Bank and ING vysya merger

Wealth Standards		EPS	P/E Ratio	Div./Share
Pre Merger Years	**2013-14**	19.51	24.30	0.80
	2014-15	24.16	33.30	0.90
Post Merger Years	**2015-16**	11.39	36.10	0.50
	2016-17	18.53	32.50	0.60

It can easily seen from the table that Earning per share in the pre merger year 2013-2014 was 19.51 which get reduced to 24.16 in the year 2014-15 but on the other hand price to earnings ratio was 24.33 within the years 2013 to 2014 that is augmented to 33.30 within the years 2014to2015 .Dividend per share also increased to 0.90 in the year 2014-15 in comparison of 0.80 in the year 2013-14 in the pre merger years. Now coming towards post merger years the Earning per share which was 11.39 in the year 2015-16 get increased to 18.53 in 2016-17. Price to Earning ratio improved in the post merger years in comparison of pre merger years but dividend per share get reduced in comparison of pre merger year.

H_1: There is no significant impact (Positive) of Mergers/ Acquisitions on the Wealth standards.

Table-5.10: T – test of Profitability Ratios of Kotak Mahindra Bank and ING vysya merger

WEALTH STANDARDS							
	Mean		**Standard deviation**		**Mean Differences**	**t-Value**	**P Value (One tailed)**
	Pre	**Post**	**Pre**	**Post**			
EPS	21.84	14.96	3.29	5.05	6.88	5.522	0.057
P/E Ratio	28.80	34.30	6.36	2.55	(5.50)	-0.873	0.272
Div./Share	0.85	0.55	0.07	0.07	0.30	4.243	0.0257

INTERPRETATIONS

The Acceptation or rejection of the hypothesis depends on the p value highlighted in BOLD . So to test the above mentioned hypothesis sub hypothesis is framed for all wealth standards.

$H_{2.1}$: There is no significant impact (Positive) of Mergers / Acquisitions on the pre and post Earning per share.

As p value is 0.057 which is greater than 0.01 so hypotheses is accepted

$H_{2.2}$: There is no significant impact (Positive) of Mergers / Acquisitions on the P/E (Price to earning) Ratio.

As p value is 0.272 which is greater than 0.01 so hypotheses is accepted

$H_{2.3}$: There is no significant impact (Positive) of Mergers / Acquisitions on the pre and post Dividend per share.

As p value is 0.0257 which is greater than 0.01 so hypotheses is accepted

On the basis of above results the following conclusion is drawn

H_2: There is no significant impact (Positive) of Mergers/ Acquisitions on the wealth standards is accepted.

5.3 Pfizer Limited – Weiyth Pharmaceuticals

DETAILS OF THE DEAL

Pursuing Innovation

The search relating to innovations is very basic thing for Pfizer's cultures. This structures our strategies, explains our purposes, as well as administers all the facets relating to our operation -- from research and development (R&D) which directs towards inventions in pharmaceutics, towards the transmission of knowledge to providers and patients, towards the mode we react to the altering marketplaces.Scientists of Pfizer, have developed breakthroughs that are innovative, within a wide array of areas of research, comprising of erectile dysfunctions, depressions, HIV infections, hypertension, systemic fungal infections and bacterial infections. Furthermore, within current days, we're attempting several most challenging diseases of the world, which includes arthritis, cancer as well as osteoporosis.

Pfizer in India

- Company possessed a turnover of Rs. 1827.74 crores owing to the year that ended on March 31, 2015.
- Pfizer have been rewarded the FICCI Socio Economic Development Foundation (SEDF) Certificate of praise regarding one’s efforts for social responsibilities.
- Company has also achieved various awards comprising that of the multinational pharmaceutical company of the year as well as the supreme esteemed MNCs.

Products

- In India, Six of the Pfizer’s brand features amongst the Top 100 pharmaceuticals brands.
- Two of the Pfizer India's brand -- Becosules (Multivitamin) and Corex (Cough Formulation) -- continues in ranking amongst the Top 15 pharmaceutical brands of drugs
- The company has also achieved the Golden Peacock Innovative Products for its product Magnex (Sulperazon)
- The Most Trusted Brand Award has been won for Becosules.

Going afar from medicines

- The first ever Disease Management Programme in India was introduced by Pfizer -- Healthy Heart™ in Cardio Vascular Diseases (Chronic Stable Angina, Hypertension as well as Dyslipidemia), in collaboration with Apollo Hospital, Chennai as well as Apollo Hospital, Hyderabad.
- We propose Patient’s Assistance Programmes regarding Breast Cancer, Glaucoma as well as Neuropathic Pains.

- We collaborate along with physician’s associations for developing recommendation / guidelines for handling certain diseases.

Location & People

- Mumbai is the Headquarter.
- Around 4,000 colleagues’ wide-spread throughout India.
- State-of -art manufacturing amenities situated at Thane, Maharashtra

Academic Contributions

- Created the **ACE (Academy of Clinical Excellence)** in association with Bombay Colleges of Pharmacy for providing specialized training to the researchers as well as various other personnel of clinical research.
- We also have amalgamated with various different companies of pharmaceutics, research organizations working on contract basis as well as investigator for establishing the **ISCR (Indian Society for Clinical Research),** a society of professionals intended for elevating the values of clinical research.

About Wyeth

Wyeth, a worldwide frontrunner within pharmaceuticals, health care product of consumers, as well as health care products of animals. Excellent World-wide Brands, Exhilarating Novel Products plus a Splendid Research Pipelines. Wyeth enhances subsists of millions of individuals across the world through its splendid products. Novel, advanced medicines are approaching. With R&D programs aimed over tiny molecules, biotechnology as well as vaccines. Investigating further, 90 novel therapies relating to the medical conditions namely, breast cancers, diabetes, Alzheimer’s disease, multiple sclerosis, as well as schizophrenia.

Wyeth Pharmaceuticals

Having a very lengthy history of revolutionary developments within biotechnology and pharmaceuticals, along with its chief products into the zones of health care products for women, musculoskeletal disorders, neuroscience, vaccines as well as infectious diseases, oncology and hemophilia. Transcending 65 years, Wyeth exists to be a leader within health care of women, along with one’s therapies relating to post-menopausal hormones as well as contraceptives orally taken. Company continually possess effective products developmental programs within such significant classification as well as is dedicated for developing newest therapies having the ability for significantly improving women's health globally.

Neuroscience

Wyeth's franchises of vaccine as well as infectious diseases, shares a mutual operation i.e., reducing the amount of illnesses that is serious plus deaths happening from viral and bacterial infections as well as for addressing the emergent problems of resistance of bacteria that takes place in prevailing treatments. Within the past few years, Wyeth has also established certain most revolutionary vaccines within the arena of health care department. R&D belonging to us aims over manufacturing vaccines regarding new borne, kids as well as adults across the globe. We are delighted on the impression, Wyeth had over lives of children, plus we are also devoted to constantly develop vaccines for the children as well as adults to have a healthful futures.

MusculoskeletalDisorders

Wyeth's franchise of musculoskeletal disorders, generates crucial novel therapies relating to patients having diseases of joints and bones. Products belonging to us comprises therapeutics relating to rheumatoid arthritis which helps patients to lead further lives actively. Furthermore, Wyeth has a convincing existence within the markets of osteoarthritis treatments. Within research, scientists of Wyeth are analyzing newer therapies relating to bones as well as repair of tissues.

Internal Medicine

Internal medicine franchises belonging to us comprises of gastrointestinal product. Internal medicine investigators of Wyeth, are discovering innovative methodologies for treating disorders relating to gastrointestinal diseases and diabetes.

Hemophilia Treatments

Ever since the year1980s, this company has been a worldwide leaders into the searches regarding harmless as well as extra efficient cures relating to hemophilia A as well as B. Consequent to such commitments plus a noteworthy speculations in r-DNA technologies, our attempts happens to lead to essential advances in the medical fields, within the treatments of such potential devastating diseases. Wyeth Consumer's Healthcare happens to be built over a sturdy worldwide brand, which includes several world's most reliable as well as notable consumer's health concerned products. Amongst the well-established products lines of ours—Centrum®, Caltrate®, as well as Robitussin®—are the three products amongst the highest nonprescription medicines worlwide. Other chief brands incorporates ThermaCare ® heat wraps, ChapStick®, Preparation H®, Alavert®, as well as Dimetapp®.

Fort Dodge Animal's Health

Being a global leader within health of animals, Fort Dodge Animal Health proposes a wide variety of pharmaceutical and biological product regarding the equine, companion animals, swine and livestock as well as poultry industry.

Table-5.11: The deal summary of Ffizer limited and Wyeth limited merger

Pfizer Ltd. (Pfizer India)		Wyeth Ltd (Wyeth India)
Overview	Existing within India subsequently from 1950 Present holdings of Pfizer Inc. stays 70.8percent; elevated one's stakes from 41.2percent in the year 2009.	Existing within India subsequently from 1947; Wyeth India has become a subsidiary of Pfizer Inc. shadowing the worldwide mergers of USA along with Pfizer Inc. Present holdings of Pfizer Inc. happens to be 51.1percent.
Products	Functions within numerous Trading Areas comprising Respiratory, pain, GI, CNS. 6 of the brands in the list of top 100s (Becosules, CorexDolonex, Gelusil, Mini press and Magnex)	Varied range- Pharmaceutical comprising women health products, vaccines, as well as products for consumer. 2 of the Brands within the top 100s (Folvite and Prevenar).
Ranking	Ranked18 within the IPM, Market's share of 1.9percent #3 player within Respi. With market's shares of 6.0percent. #6 player into vit.min/nut having market's shares of 1.9percent	Ranked # 28 in the IPM, Market's share of 1.0percent. Market's front-runners into oral contraceptives as well as folic acid.
Manufacturing	Indigenous Manufacturing (In-house & Outsource) 95 % as well	Indigenous Manufacturing 64percent plus import 36percent.

	as importing 5percent.	
Head Count	2000 people's Field Force (675 promotes brands of Wyeth India) 2470 workers till 2013	320 people's Field force. Arrangements along with Pfizer India relating to front as well as back end supporting systems. 480employees till Sept.2013.

Table-11 Source: website of the company

Table -5.12: The Profitability Ratios of Pfizer ltd (India) Weyth Ltd (India) merger

Pfizer- Wiyeth						
Profitability Standards		**GPM %**	**NPM %**	**ROI**	**ROE %**	**ROCE %**
Pre Merger Years	**2011-12**	0.89	0.18	0.12	0.14	9.30
	2012-13	0.92	0.53	0.24	0.30	23.25
Post Merger Years	**2013-14**	0.88	0.22	0.24	0.34	11.38
	2014-15	0.88	0.05	0.04	0.05	0.81

This table reveals that gross profit margin in the pre merger year 2011-2012 is 0.89 percent which is increased to 0.92 percent in the year 2012-13 but on the other hand the net profit margin is 0.18 percent in the year 2011-12 which is increased to 0.53 percent in the year 2012-13 which may be due to reduction in expenses. return on investment is also increased to 0.24 in the year 2012-13 in comparison of 0.12 in the year 2011-12 return on equity also expanded to 0.30 percent in the year 2011-12 in comparison of 0.14 in the year 2011-12 and return on capital employed also increased to 23.25 percent in the year 2012-13 in comparison of 9.30 percent in the year 2011-12 in pre merger years. Now moving towards post merger years the Gross profit margin remained stick to 0.88 percent both the years, net profit margin also show a decreasing nature as compared to post merger year 2013-14. But net profit margin which was0.22 % in 2013 to 2014 reduced towards 0.05% within the years 2014 to 2015 .Return on investment is 0.24 percent in the year 2013-14 which is reduced to 0.04 in the year 2014-15.Retun on equity is 0.34 percent in the year 2013-14 which reduced to 0.05 percent in 2014-15. Return on capital employed get decreased in comparison of the year 2014-15 which get reduced to 0.81 percent from 11.38 in 2013-14.

H_1: There is no significant impact (Positive) of Mergers/ Acquisitions on the profitability standard

Table 5.13: T- test of The Profitability Ratios relating to Pfizer ltd (India) Weyth Ltd (India) merger

PROFITABILITY STANDARDS							
	Mean		**Standard deviation**		**Mean Differences**	**t-Value**	**P Value (One tailed)**
	Pre	**Post**	**Pre**	**Post**			
GPM %	0.91	0.88	0.02	0.00	0.03	1.954	**0.151**
NPM %	0.36	0.14	0.25	0.12	0.22	0.850	**0.276**
ROI	0.18	0.14	0.09	0.15	0.04	0.224	**0.430**
ROE %	0.22	0.19	0.11	0.20	0.03	6.249	**0.051**
ROCE %	16.27	6.10	9.86	7.47	10.18	-0.409	**0.377**

INTERPRETATIONS

The Acceptation or rejection of the hypothesis depends on the p value highlighted in BOLD. So to test the above mentioned hypothesis sub hypothesis are framed for all profitability standards.

$H_{1.1}$: There is no significant impact (Positive) of Mergers/ Acquisitions on the pre and post GPM%.

As p value 0.151 is greater than 0.01 so hypotheses is accepted.

$H_{1.2}$: There is no significant impact (Positive) of Mergers/ Acquisitions on the pre and post NPM%.

As p value 0.276 is greater than 0.01 so hypotheses is accepted

$H_{1.3}$: There is no significant impact (Positive) of Mergers/ Acquisitions on the pre and post ROI.

As p value 0.430 is greater than 0.01 so hypotheses is accepted

$H_{1.4}$: There is no significant impact (Positive) of Mergers/ Acquisitions on the pre and post ROE%.

As p value 0.051 is greater than 0.01 so hypotheses is accepted

$H_{1.5}$: There is no significant impact (Positive) of Mergers/ Acquisitions on the pre and post ROCE%.

As p value 0.377 is greater than 0.01 so hypotheses is accepted.

On the basis of above results H_1 :There is no significant impact (Positive) of Mergers/ Acquisitions on the profitability standards is accepted

Table-5.14: The Wealth Ratios of Pfizer ltd (India) Weyth Ltd (India)

Wealth Standards		**EPS**	**P/E Ratio**	**Div./Share**
Pre Merger Years	**2011-12**	61.87	21.14	12.50
	2012-13	168.63	7.05	32.50
Post Merger Years	**2013-14**	74.01	15.38	360.00
	2014-15	21.93	75.60	12.50

The table shows that Earning per share in the pre merger year 2011-2012 was 67.87 which is increased to 168.63 in the year 2012-13 But The reduction is seen on price to earnings ratio which was 21.14 in the year 2011-12 reduced to 7.05 in the year 2012-13 Dividend per share showed a uneven increase which was 12.50 in 2011-12 increased to 32.50 in the ear 2012-13. Moving towards post merger years the Earning per share which was 74.01 in the year 2013-14 reduced to 21.93 in 2014-15.Price to Earning ratio improved from 15.38 in the year 2013-14 to 75.60 in the year 2014-15.The Dividend per share was 360 in 2013-14 which get reduced to 12.50 in 2014-15.

H_2: There is no significant impact (Positive) of Mergers/ Acquisitions on the Wealth standards

Table-5.15:The Profitability Ratios of Pfizer ltd (India) Weyth Ltd (India)

WEALTH STANDARDS							
	Mean		**Standard deviation**		**Mean Differences**	**t-Value**	**P Value (One tailed)**
	Pre	**Post**	**Pre**	**Post**			
EPS	115.25	47.97	75.49	36.83	67.28	0.847	**0.276**

P/E Ratio	14.09	45.49	9.97	42.59	(31.40)	-0.845	**0.277**
Div./Share	22.50	186.25	14.14	245.72	(163.75)	-0.891	**-0.891**

INTERPRETATIONS

The Acceptation or rejection of the hypothesis depends on the p value highlighted in BOLD. So to test the above mentioned hypothesis sub hypothesis is framed for all wealth standards.

$H_{2.1:}$ There is no significant impact (Positive) of Mergers / Acquisitions on the pre and post EPS.

As p value is 0.276 which is greater than 0.01 so hypotheses is accepted

$H_{2.2:}$ There is no significant impact (Positive) of Mergers / Acquisitions on the pre and post P/E Ratio.

As p value is 0.277 which is greater than 0.01 so hypotheses is accepted

$H_{2.3:}$ There is no significant impact (Positive) of Mergers / Acquisitions on the pre and post Div. / Share.

As p value is -0.891 which is lesser than 0.01 so hypotheses is not accepted

On the basis of above results H_{2} :There is no significant impact (Positive) of Mergers/ Acquisitions on the wealth standards is accepted.

5.4 Birla – Reliance (Cement) Merger

DETAILS OF THE DEAL

Birla Corporation Concludes the Acquisitions relating to Cement Business of Reliance Birla Corporation Limited, which is the flotilla leader company of M P Birla Groups and leading cement major, announced completion of the procedure relating to the acquisitions of the cement's businesses of RIL. This company attained 100percent shares of Reliance Cement's Company Private Limited (Reliance Limited), which is a subordinate of the RIL. Later to such procurement, Reliance cement became a fully possessed material subordinate of Birla Corporation ltd. The acquisitions been sponsored by incremental debts and cash reserves that are existing.

In February, Birla Corporation ltd had announced the agreement to acquire the entire cement business of TIL, over a Business Values of Rs. 4800Crores. Such acquisitions offers Birla Corporation ltd through the possession of assets of a higher quality, increasing one's capacities from 10MTPA towards 15.5MTPA. This company's growth ability shall likewise be significantly improved via valued minerals concessions within various states, along with Madhya Pradesh.

Reliance cement possess three of the units of cement an unified plant of cement in Maihar (M.P) as well as units for grinding in Kundanganj (UP) as well as Butiburi (Maharashtra) having an aggregated capacities of 5.58MTPA of cements as well as 3.30MTPA of the clinkers. Along with the state of art technologies tactically situated sources of raw materials, confined mines of coal as well as effectual operation considerations, it already has created technical capabilities for manufacturing topmost end high attribute products. The lease mining in Mukutban would facilitate this company for setting up a clinkerisation units of 3 MT within the future that is foreseeable.

Shri Harsh V. Lodha, Chairman Birla Corporation ltd stated that he is extremely pleased that the Reliance Cement business would be a part of the M P Birla Group." Plants of Reliance adds a lot more strategic values towards the current cement's business of corporations; having not only became efficient and modern plants, but rather brilliant opportunities of collaborating the businesses relating to Birla Corporations as well as Reliance cements for gaining supreme advantages within regions that we function in as well as for increasing shares belonging to us within the swiftly developing market of cement. Apart from this, there happens to be an opportunity to further optimize the operations relating to the Reliance Cement which might generate considerable profit for the company".

Referring to the 'complementarily' of the acquisition, he told that, it is a usual fit along the Birla Corporation's footprints within the Eastern as well as Central India. This company might achieve a presence that is sizeable within the lucrative markets of west through extension of the operations in Mukutban. The financial prudence relating to the synergies and scale might assist the company's investments within the channels, brands, products, manufacturing as well as innovations in marketing, to create a higher amount for every stake-holder.

Birla corporation limited founded in the year1919, which is a portion of MP Birla Group which has interest in the cement, power & telecom cables, jute, gaur gum, healthcare and education. Cement constitutes more than 90percent of the revenues of company along the unit currently within Madhya Pradesh, Rajasthan, as well as West Bengal.

Table-5.16: The Profitability Ratios of Birla Corporation ltd and Reliance (Cement) merger

Birla - Reliance (Cement)					
Profitability Standards	**GPM %**	**NPM %**	**ROI**	**ROE %**	**ROCE %**

Pre Merger Years	**2013-14**	4.10	4.30	3.28	5.15	6.91
	2014-15	4.61	5.46	3.41	6.70	7.87
Post Merger Years	**2015-16**	4.16	4.80	3.52	5.80	8.22
	2016-17	6.69	6.39	4.12	6.74	7.32

This table shows that in comparison of the pre merger years 2013-14 and 2014-15 all the ratios has increased in the year 2014-15 it is clear that gross profit margin was 4.10 percent in the 2013-14 and increased to 4.61 percent in 2014-16. In the same way net profit margin ratio also increase to 5.46 percent in the year 2014-15 as of 4.30 percent in 2013-14. The data of return on investment also showed a growth from 3.28 in the year 2013-14 to 3.41 in the year 2014-15. Equity Returns as well as returns over employed capitals also show a increase from 5.15 percent in 2013-14 to 6.70 percent in 2014-15 6.91 percent in the year 2013-14 to 7.87 percent in 2014-15 respectively.

Post merger data of gross profit margin in the year 2015-16 was 4.16 which increased to 6.69 in 2016-17. Net profit margin also show the rise from the year 2015-16 to 016-17 which was 4.80 percent and increased to 6.39 percent , return on investment also increased to 4.12 in 2016-17 from 3.52 in 2015-16 , return on equity also rise to 6.74 from 5.80 but return on capital employed get reduced to 7.32 percent in the year 2016-17 in comparison of 2015-16.

$H_{1:}$ There is no significant impact (Positive) of Mergers/ Acquisitions on the profitability standard

Table 5.17: T-test of The Profitability Ratios relating to Birla Corporation ltd and Reliance (Cement) merger

PROFITABILITY STANDARDS							
	Mean		**Standard deviation**		**Mean Differences**	**t-Value**	**P Value (One tailed)**
	Pre	**Post**	**Pre**	**Post**			
GPM %	4.36	5.43	0.36	1.79	(1.07)	-1.059	**0.241**
NPM %	4.88	5.60	0.82	1.12	(0.72)	-3.326	**0.093**
ROI	3.34	3.82	0.09	0.43	(0.48)	-1.998	**0.148**
ROE %	5.93	6.27	1.10	0.66	(0.34)	-1.131	**0.230**
ROCE %	7.39	7.77	0.68	0.64	(0.38)	-0.409	**0.377**

INTERPRETATIONS

The Acceptation or rejection of the hypothesis depends on the p value highlighted in BOLD. So to test the above mentioned hypothesis sub hypothesis are framed for all profitability standards.

$H_{1.1:}$ There is no significant impact (Positive) of Mergers/ Acquisitions on the pre and post GPM%.

As p value is 0.241 greater than 0.01 so hypotheses is accepted.

$H_{1.2:}$ There is no significant impact (Positive) of Mergers/ Acquisitions on the pre and post NPM%.

As p value is 0.093 greater than 0.01 so hypotheses is accepted

$H_{1.3:}$ There is no significant impact (Positive) of Mergers/ Acquisitions on the pre and post ROI.

As p value is 0.148 greater than 0.01 so hypotheses is accepted

$H_{1.4:}$ There is no significant impact (Positive) of Mergers/ Acquisitions on the pre and post ROE%.

As p value is 0.230 greater than 0.01 so hypotheses is accepted

$H_{1.5:}$ There is no significant impact (Positive) of Mergers/ Acquisitions on the pre and post ROCE%.

As p value is 0.377 greater than 0.01 so hypotheses is accepted.

On the basis of above results $H_{1\,:s}$There is no significant impact (Positive) of Mergers/ Acquisitions on the profitability standards is accepted.

Table-5.18: The Wealth Ratios of Birla Corporation ltd and Reliance (Cement) merger

Wealth Standards		**EPS**	**P/E Ratio**	**Div./Share**
Pre Merger Years	**2013-14**	16.85	14.12	6.00
	2014-15	22.78	19.36	6.00
Post Merger Years	**2015-16**	20.43	21.05	6.00
	2016-17	27.79	22.02	6.50

It can easily seen from the table that Earning per share in the pre merger year 2013-2014 was 16.85 which is increased to 22.78 in the year 2014-15 similarly price to earnings ratio was 14.12 within the years 2013 to 2014 which is elevated towards 19.36 in years 2014 to 2015 Dividend per share remained constant in the both pre merger years is 6. Now coming towards post merger years the Earning per share which was 20.43 in the year 2015-16 get increased to

27.79 in 2016-17.Price to Earning ratio improved in the post merger years in comparison of pre merger years from 21.05 in the year 2015-16 to 22.02 in 2016-17.In the year 2016-17dividend per share increased to 6.50 and get the pace breaking constant returns.

$H_{1:}$ There is no significant impact (Positive) of Mergers/ Acquisitions on the wealth standards

Table-5.19: T-test of wealth ratios of Birla Corporation ltd and Reliance (Cement) merger

Birla- Reliance (Cement)							
	Mean		**Standard deviation**		**Mean Differences**	**t-Value**	**P Value (One tailed)**
	Pre	**Post**	**Pre**	**Post**			
EPS	19.82	24.11	4.19	5.20	(4.30)	-6.007	**0.053**
P/E Ratio	16.74	21.53	3.70	0.69	(4.79)	-2.250	**0.133**
Div./Share	6.00	6.25	0.00	0.35	(0.25)	-1.000	**0.250**

Table-18(Source: Researcher's own created)

INTERPRETATIONS

The Acceptation or rejection of the hypothesis depends on the p value highlighted in BOLD. So to test the above mentioned hypothesis sub hypothesis is framed for all wealth standards.

$H_{2.1:}$ There is no significant impact (Positive) of Mergers / Acquisitions on the pre and post EPS.

As p value is 0.053 which is greater than 0.01 so hypotheses is accepted

$H_{2.2:}$ There is no significant impact (Positive) of Mergers / Acquisitions on the pre and post P/E Ratio.

As p value is 0.133which is greater than 0.01 so hypotheses is accepted

$H_{2.3:}$ There is no significant impact (Positive) of Mergers / Acquisitions on the pre and post Div. / Share.

As p value is 0.250 which is greater than 0.01 so hypotheses is accepted

On the basis of above results H_2 :There is no significant impact (Positive) of Mergers/ Acquisitions on the wealth standards is accepted.

5.5 Torrent Pharmaceuticals – Elder Pharmaceuticals

Torrent Pharmaceuticals have achieved the recognized domestic formulation business of the Elder Pharmaceutical within Nepal and India worth Rs.2004 crores. This contract facilitated the Company which is based in Ahmadabad, for widening one's market's shares as well as boost one's entire turnover towards Rs.4831 crores as well as Elder for cutting debt plus to reform the operation.

Elder's India business includes a range of 30 brands mostly within the healthcare of women, management of pain as well as businesses relating to nutraceuticals. Company's finest calcium supplements brand-Shelcal have market's share of 30 to32percent. Torrent would chiefly acquire a foot-hold within healthcare of women as well as business relating to management of pain. Elder that has six manufacturing amenities would endure to produce as well as to provide the products over its current services to Torrent for three years. It being one of the steps towards restructuring business for clearing debts of worth Rs1300 crores, which gathered after the numerous acquisitions followed up in abroad.

ELDER GROUP:

Elder group being enumerated as well as integrated pharmaceutical players which is based in Mumbai along a portfolios of around 30 brands, which includes chief brands within the arena of women's healthcare products, management of pain, nutraceuticals and wound care. This brand included areChymoral, Shelcal, Formic, Eldervit as well as Carnisure. Company has six manufacturing service units to manufacture inventions - three within Maharashtra, single within Himachal Pradesh plus two within Uttarakhand and API as well as State-of-art R&D facilities situated within Nerul which is in Maharashtra for providing analytical as well as developmental assistance.

TORRENT GROUP:

Torrent Pharmaceuticals Ltd. being registered as well as flotilla leader Company of the Torrent's Group, having yearly turnovers of worth Rs3500 crores. Along with numerous of its items grading amongst the 200 top brands, Torrent endures for being at the vanguard of the Indian pharmaceutical industries. It has Research Centers that are completely equipped, employing nearly 600 of the scientists, for supporting the operations of the company plus the product's pipelines regarding both overseas as well as domestic markets. The manufacturing plants of the company are situated at Baddi, Indrad as well as Sikkim, which has conveniences for producing Formulations as well as Bulk drugs. These plants are sanctioned through authorities coming from numerous regulated as well as semi-regulated markets such as UK, US, Germany, Brazil, South Africa and Australia.

Utilization of fund

Elder utilized the contract proceeds for paring one's debts that as well as de-leveraged owns Balance Sheets. This continuously manufacture as well as supplies stuffs at current service units to Torrent for three years. It focuses on anti-infective, licensing, along with business of export having a worth of Rs1400 crores. Company has around 25 partners for licensing, whose products are being sold by them in India.

VALUATION:

Over Rs2004 crores, the contract acted out to be nearby four times of the business Torrent being desiring for acquirement, specifically, pain management, woman healthcare as well as nutraceuticals and wound cares. Such businesses presently places itself at someplace nearby Rs500 to 600 crores past Rs1000 crores of total formulations that are domestic. Such thing would supplement Torrent's Rs1000 crores of formulations that are domestic.

The contract would be sponsored chiefly by borrowing as well as partially via inner accretions. This should exert certain pressure over the virtual debt-free balance sheets of Torrent, nonetheless portends nicely within the long term. Forthcoming future, there likely will be a projection of upsurge within Torrent Pharmaceuticals' total debts as well as pressures over returns ratio after the Elder Pharmaceuticals Ltd's acquisitions. The expected over-all debts outstanding via financial years of 2014 to 2015 remained Rs2600 crores. The resultant regulating ratios are probably around 1.30. The acquisitions are supposed to be cash accretive via second year as well as earnings per share (EPS) accretive through the third year.

WHAT TORRENT GAINED?

For Torrent, the acquisitions builds plentiful meaning. This would tap Elder's 2900 stock-holders, specifically within minor centers, as well as 1100 sturdy field force regarding the trade of one's own items. The contract provided an enhancement for Torrent's existing 1700 stockists networks to over 4000, a lot of which caters towards market where, this has comparatively lesser entrance in Tier-II, III as well as IV towns. This would elevate Torrent's entire market's shares to 2.7percent within the extremely fragmented domestic markets of drug from 2percent currently, driving it towards 12^{th} rank which was earlier 17^{th}, as said by Health data of IMS. The acquisitions would create Torrent the third-largest companies within Rs4773 Crores women's health as well as market of nutraceuticals, where this would be commanding a 6.2percent of shares, as compared to its current 0.4percent share as well as rank 45^{th}. It is a fastest rising section in which this company has been discovering plans regarding a huge wager within upcoming future. Indian women spends around 24 years after menopause together along associated ailments that are age related. Around 35 to 40percent of women coming under 40 to 65 years of age plus every women above 65 has been found to either have osteopenia else osteoporosis. Calcium continually needs to be augmented throughout the life-cycle of a women like a protection in contradiction of osteoporosis later in life.

The contract supported Torrent's foothold within Rs5088-crores market of pain's management through driving its conjoined market's shares towards 2.7percent that started from 0.9percent currently. Company entered into sector within the year 2013 via making a division that was dedicated for it.

Elder's current brand's equity within the arena relating to women's healthcare as well as pain's management would assist Torrent to toughen one's place within the markets in India. Such acquisitions toughens their place within the Pain management, Women Healthcare, as well as Nutrition/ Vitamins sections through augmenting as well as quickening access of markets. It is likewise anticipated for enabling revenue and cost synergies within domestic formulations businesses of Torrent.

WHAT ELDER GAINED OR LOST?

Stacks relating to Elder Pharma climbed 7percent towards Rs349 over BSE once the company revealed that it has arrived within the BTA (business transfer agreement) regarding the retailling of formulation businesses that is domestic towards Torrent Pharmaceuticals for Rs2004 crores over basis of slump sale. The contract terminates Elder's supreme beneficial businesses to Torrent. The transmission which would require a year for acquiring via Torrent will include the relocation of workers involved within marketing, sales,as well as operations of the Indian businesses as well as portfolio of 30 of its brands.

WHAT WILL ELDER DO?

Once the Torrent Pharmaceutical contract, Elder Pharmaceutical will aim towards building of as well as come inside novel therapeutic arena for driving growths. When the Torrent Pharmaceuticals' 2004-crores acquisition's deal, EPL (Elder pharmaceuticals Ltd) strategies towards concentrating plus building one's domestic businesses relating to anti-invectives, improve within-licenses portfolios as well as raise one's businesses within Europe and UK. Company also is reconnoitering the possibilities relating to appearing novel therapeutic zones.

Elder Pharma has attained the Max Healthcare that is UK-based through an unrevealed sum, indicating one's entry in the business which is over-the-counter. Apart from this Neutra Health, it's completely possessed subordinate within the UK, it also has a major stake within Ghana's Wincom Formulations as well as Bulgaria's Biomeda OOD Limited. EPL anticipates an elevation within its revenues that are consolidated plus to re-strategize and re-structure its brands along people. EPL will effortlessly upsurge one's profitabilitis and revenues. Chairman of the Elder Pharmaceuticals as well as AlokSaxena, who is the managing director, spoke within the statements.

EPL strategies for concentrating one's hard work for increasing its presence within anti-infective' and injectable sections for nearly tripling the income of its business that is retained within the upcoming three years.Elder's aims to be creating a product within a category of therapeutic as well as for establishing brand leadership into such section, aside from emerging one's own portfolios. This is a worthy strategic move via both companies, since Elder firstly acquired companies within Europe and UK as is stated before as well as then exits from the present business operations regarding pain management, woman healthcare, nutraceuticals and wound care while the torrent has obtained the business through the Elder chiefly by the internal accretions.

Table-5.20: Profitability ratios of Torrent pharma and Elder pharma Merger

Torrent – Elder						
Profitability Standards		**GPM %**	**NPM %**	**ROI**	**ROE %**	**ROCE %**
Pre Merger Years	**2013-**	29.16	22.65	135.31	0.09	31.33

	14					
	2014-15	19.08	17.93	159.88	0.06	19.41
Post Merger Years	**2015-16**	44.29	32.48	217.82	0.47	48.90
	2016-17	18.67	18.59	263.19	0.19	17.37

This table shows that in comparison of the pre merger years 2013-14 and 2014-15 all the ratios has decreased in the year 2014-15 except return on investment it is clear that gross profit margin was 29.16 percent in the 2013-14 which is decreased to 19.08 percent in 2014-15. In the same way net profit margin ratio also decrease to 17.93 percent in the year 2014-15 as of 22.65 percent in 2013-14. The data of return on investment also showed a growth from 135.31 in the year 2013-14 to 159.88 in the year 2014-15. Equity Returns as well as returns over employed capital also show a decrease from 0.09 percent in 2013-14 to 0.60 percent in 2014-15 . Return on capital employed 31.33 percent in the year 2013-14 to 19.41 percent in 2014-15 respectively. Post-merger data of gross profit margin in the year 2015-16 was 44.29 which decreased to 18.67 in 2016-17. Net profit margin also show the reduction from the year 2015-16 to 2016-17 which was 32.48 percent and decreased to 18.59 percent, return on investment showed a increased to 263.19 in the year 2016-17 from 217.82 in the year 2015-16, return on equity also reduce to 0.19 from 0.47 but return on capital employed get reduced to 17.37percent in the year 2016-17 in comparison of 48.90 in the year 2015-16.

$H_{1:}$ There is no significant impact (Positive) of Mergers/ Acquisitions on the profitability Standard

Table-5.21: T-test of Profitability ratios of Torrent pharma and Elder pharma Merger

PROFITABILITY STANDARDS							
	Mean		**Standard deviation**		**Mean Differences**	**t-Value**	**P Value (One tailed)**
	Pre	**Post**	**Pre**	**Post**			
GPM %	24.12	31.48	7.13	18.12	(7.36)	-0.743	0.297
NPM %	20.29	25.54	3.34	9.82	(5.25)	-1.144	0.229

ROI	147.60	240.51	17.37	32.08	(92.91)	-8.934	0.035
ROE %	0.07	0.33	0.02	0.20	(0.26)	-1.997	0.148
ROCE %	25.37	33.14	8.43	22.30	(7.77)	-0.792	0.287

INTERPRETATIONS

The Acceptation or rejection of the hypothesis depends on the p value highlighted in BOLD. So to test the above mentioned hypothesis sub hypothesis are framed for all profitability standards.

$H_{1.1}$: There is no significant impact (Positive) of Mergers/ Acquisitions on the pre and post GPM%.

As p value is 0.297 greater than 0.01 so hypotheses is accepted.

$H_{1.2}$: There is no significant impact (Positive) of Mergers/ Acquisitions on the pre and post NPM%.

As p value is 0.229 greater than 0.01 so hypotheses is accepted

$H_{1.3}$: There is no significant impact (Positive) of Mergers/ Acquisitions on the pre and post ROI.

As p value is 0.035 greater than 0.01 so hypotheses is accepted

$H_{1.4}$: There is no significant impact (Positive) of Mergers/ Acquisitions on the pre and post ROE%.

As p value is 0.148 greater than 0.01 so hypotheses is accepted

$H_{1.5}$: There is no significant impact (Positive) of Mergers/ Acquisitions on the pre and post ROCE%.

As p value is 0.287 greater than 0.01 so hypotheses is accepted.

On the basis of above results H_1 :There is no significant impact (Positive) of Mergers/ Acquisitions on the profitability standards is accepted.

Table-5.22: Wealth ratios of Torrent pharma and Elder pharma Merger

Wealth Standards	**EPS**	**P/E Ratio**	**Div./Share**

Pre Merger Years	**2013-14**	45.05	10.02	10.00
	2014-15	36.83	29.93	11.25
Post Merger Years	**2015-16**	104.20	13.39	35.00
	2016-17	50.48	53.88	14.00

Table – 5.22 shows that earning per share in the year 2013-14 was 45.05 which get reduced before the merger to 36.83 in the year 2014-15. Price to earnings ratio was 10.02 which get increased to 29.93 in the year 2014-15 prior to merger. Next ratio which defines wealth is dividend per share was 10 within the years 2013 to 2014 that get elevated towards 11.25 within the years 2014 to 2015.Now moving towards post merger years the earning per share increased to 104.20 in the year 2015-16 but reduced to 50.48 within the years 2016 to 2017. Price to earning ratio happened to be 13.39 during the years 2015 to 2016 which increased to 53.88 during the years 2016 to 2017. Dividend per share remained 35during the years 2015 to 2016 to 14 during the years 2016 to 20s17.

$H_{1:}$ There is no significant impact (Positive) of Mergers/ Acquisitions on the Wealth Standards

Table-5.23: T- test of wealth ratios of Torrent pharma and Elder pharma Merger

WEALTH STANDARDS							
	Mean		**Standard deviation**		**Mean Differences**	**t-Value**	**P Value (One tailed)**
	Pre	**Post**	**Pre**	**Post**			
EPS	40.94	77.34	5.81	37.99	(36.40)	-1.6	**0.178**
P/E Ratio	19.98	33.64	14.08	28.63	(13.66)	-1.328	**0.206**
Div./Share	10.63	24.50	0.88	14.85	(13.88)	-1.247	**0.215**

INTERPRETATIONS

The Acceptation or rejection of the hypothesis depends on the p value highlighted in BOLD. So to test the above mentioned hypothesis sub hypothesis is framed for all wealth standards.

$H_{2.1:}$ There is no significant impact (Positive) of Mergers / Acquisitions on the pre and post EPS.

As p value is 0.178 which is greater than 0.01 so hypotheses is accepted

$H_{2.2}$: There is no significant impact (Positive) of Mergers / Acquisitions on the pre and post P/E Ratio.

As p value is 0.206 which is greater than 0.01 so hypotheses is accepted

$H_{2.3}$: There is no significant impact (Positive) of Mergers / Acquisitions on the pre and post Div. / Share.

As p value is 0.215 which is greater than 0.01 so hypotheses is accepted

On the basis of above results H_2 :There is no significant impact (Positive) of Mergers/ Acquisitions on the wealth standards is accepted.

5.6 Reliance Communications – MTS (SistemaShyam Teleservices)

MERGER

Happening on 14 January 2016, Reliance Communications publicized for its acquirement of SSTL within an all-stocks contract, SSTL in which, got a 10percent of shares within R.Com, once it has payed-off all its current debts. R.Com might suppose the problems regarding installments that has to payed by SSTL that pays the governing bodies from buying spectrums. The charge amounted for Rs392 crores yearly continuously for 10 years. Therefore, Reliance had around 9 million subscribers, and SSTL's spectrums within the band of 850 MHz. The mergers contract happened to be accepted via the CCI (Competition Commission of India) during February 2016. SEBI blanked the contract by the month of March as well as SSTL share-holders accepted the contract by 18th March. Around mid-August, the contract happened to be permitted via authorities relating to the tax department plus the creditors and share-holders of SSTL and R.Com. The mergers were permitted via the Rajasthan High Court on 30th September, 2016, as well as the Mumbai High Court by 7th October, 2016. The ultimate consent, through the Telecommunications Department, was provided by 20th October, 2017. By 31st October 2017, Reliance Communication proclaimed that it concluded the mergers.

RCOM (Reliance Communications) by Tuesday told that it has concluded the mergers along the SSTL (SistemaShyam Teleservices) telecom business within India that operates underneath the brand name of MTS.

"The Board of Directors of Reliance Communications, at its meeting held in Mumbai, took on record the demerger of SistemaShyam Teleservices Ltd's telecom business in India, run under the brand name MTS, with the company," RCOM statements told.

"The Board also approved the issuance of shares to the tune of 10 per cent of the equity share holding of Reliance Communications, to SSTL, as part of the agreement between the two companies," as said by the statement.

Underneath the stipulations regarding the agreements amidst Sistema and RCOM, RCOM would get the telecommunication's business of SSTL also comprising of its license. Additionally, RCOM would obtain 30 MHz of the utmost valued as well as superior 800/850 MHz spectrums of band, which is preferably suitable regarding 4G LTE services as well as various technologies that are evolving, for complementing one's own distinctive footprint nationwide.

Such thing will cause the lengthening of the validity regarding the spectrum of RCOM portfolios within the 800/850 MHz band within eight significant Circles (Delhi, Tamil Nadu, Gujarat, Kerala, Karnataka, UP-West Kolkata as well as West Bengal) through a tenure of 12 years – starting from 2021 up till 2033. Accordingly the merger, SSTL would obtain a 10 % stake of equity within the RCOM's entirely diluted equity share capital.

Sistema JSFC ("Sistema" or "the Company"), a public dealt varied holding company within Russia as well as the CIS, proclaims the validation of necessary documents concerning the mergers relating to Sistema's Indian telecommunication businesses along with Reliance Communications Ltd.'s business, which in India, is amongst the prominent telecom operators.

The validated documentations offers the demergers relating to the business of telecommunication via "SSTL" (SistemaShyam Teleservices Ltd) plus its mergers along with the business of telecommunications of "R.Com" (Reliance Communications Ltd) grounded over a Merger Scheme that is to be sanctioned via courts of India. Thus regarding the mergers, SSTL would obtain plus grasp a 10percent stake of equity within R.Com. Additionally, before the completion of transaction, SSTL devices for paying off its current debts.

After the achievement of transactions, R.Com would take accountability relating to the payments regarding the frequency of SSTL spectrum licensing charges that are payable through installments towards the Telecommunication Department of India. A suitable earn-out method has also been decided which is regarding the unclear spectrum contiguity fees which is applealed via the Telecommunication Department of India.

Transaction's closing that happen to be anticipated within the second quarters of the year 2016, stays subject to various conditions, which includes gaining consents consistent with SSTL as well as Reliance Communication's corporate processes as well as consents through authorities of regulatory and judicial of Indian.

Post-closing of the contract, shareholders of SSTL that are minorities would be provided with an opportunity for exchanging one's shares within SSTL along the pro-rata R.Com stocks seized by company.

"The merger of SSTL and Reliance Communication's telecom businesses is a milestone event. Despite the numerous challenges the sector faced in recent years, the combination of two leading data service providers is a clear sign of progress for the Indian telecom industry. We are confident that SSTL's entry into the equity capital of R.Com as a strategic investor will strengthen the competitive position of the combined company and provide subscribers with superior experience by fast-tracking the growth of LTE technology in India. Moreover, we believe the completion of this transaction will serve as an example of growing business ties between Russia and India and encourage other investments between the two countries", told President and CEO of Sistema, Mr. Mikhail Shamolin.

They happen to be pleased for welcoming SistemaShyam Teleservices Ltd. likewise a valuable shareholder as well as partners within Reliance Communications Limited. The amalgamation of our businesses that is wireless, with the SSTL's demergers wireless businesses hooked on RCOM for consideration of stock, this will produce noteworthy capex as well as opex collaborations regarding benefits that are mutual. The data markets of Indian stays observing massive growth as well as SSTL's established strengths within the space would additionally improve capabilities of RCOM for delivering an excellent experience to our valuable clients. We are delighted, that the supplement regarding valuable spectrum holdings of SSTL within the 800 - 850 MHz band happens to brace spectrum portfolio of RCOM and outspread abilities of us towards providing great 4G LTE services to our clients within 8 of the significant circles comprising within country up till the year 2033", as said by President & CEO of RCOM Consumer Business, Mr. Gurdeep Singh.

"We believe this transaction underscores SSTL's track record in building the fastest-growing data services provider. This is an exciting new chapter for India's telecom industry and we look forward to leveraging our companies' combined experience for the development of LTE in India", told CEO of SistemaShyam Teleservices Ltd, Mr. Sergey Savchenko.

Table-5.24: Profitability Ratios of Reliance and MTS Merger

Reliance – MTS						
Profitability Standards		**GPM %**	**NPM %**	**ROI**	**ROE %**	**ROCE %**
Pre Merger Years	**2013-14**	-2.06	6.53	153.62	0.71	1.68
	2014-15	-2.62	-1.42	144.12	-0.12	0.08
Post Merger Years	**2015-16**	0.88	-16.28	129.76	-1.31	0.67
	2016-17	-20.14	-20.35	96.76	-1.44	-2.85

This table shows that in the year the gross profit margin was in negative that is -2.06 in the year which increased to -2.62 year in the year 2014-15.The net profit margin was 6.53 in 2013-14 which also converted in the negative of -1.42 in 2014-15. Investment's Return happened to be 153.62 during the years 2013 to 2014 that get diminished to 144.12 during the years 2014 to 2015. Equity Return also was in the same swing and reduced to -0.12 in the year 2014-15 in comparison of 0.71 in the 2013-14. Return on capital employed also reduced to 0.08 in the year 2014-15 from 1.68 in the year 2013-14. The financial performance of the company was very poor before the merger as the ratios revealed. The post merger years also did not showed any positive impact which is supported by data of ratios in the post merger year. The Gross profit margin was 0.88 in 2015-16 which converted into negative to -20.14 in the year 2016-17. The Net profit margin was -16.28 in 2015-16 which reduced to -20.35 in the year 2016-17. Return on investment also showed downfall from129.76 in the year 2015-16 to 96.76 in 2016-17.Return on equity and return on capital employed also very demoralizing.

$H_{1:}$ There is no significant impact (Positive) of Mergers/ Acquisitions on the profitability Standard

Table 5.25: T-test of Profitability Ratios regarding Reliance and MTS Merger

PROFITABILITY STANDARDS							
	Mean		**Standard deviation**		**Mean Differences**	**t-Value**	**P Value (One tailed)**
	Pre	**Post**	**Pre**	**Post**			
GPM %	- 2.34	- 9.63	0.40	14.86	7.29	0.713	**0.303**
NPM %	2.56	- 18.32	5.62	2.88	20.87	10.758	**0.030**
ROI	148.87	113.26	6.72	23.33	35.61	3.031	**0.101**

ROE %	0.30	-1.38	0.59	0.09	1.67	-7.023	**0.045**
ROCE %	0.88	-1.09	1.13	2.49	1.97	2.052	**0.144**

INTERPRETATIONS

The Acceptation or rejection of the hypothesis depends on the p value highlighted in BOLD. So to test the above mentioned hypothesis sub hypothesis are framed for all profitability standards.

$H_{1.1:}$ There is no significant impact (Positive) of Mergers/ Acquisitions on the pre and post GPM%.

As p value is 0.303 greater than 0.01 so hypotheses is accepted.

$H_{1.2:}$ There is no significant impact (Positive) of Mergers/ Acquisitions on the pre and post NPM%.

As p value is 0.030 greater than 0.01 so hypotheses is accepted

$H_{1.3:}$ There is no significant impact (Positive) of Mergers/ Acquisitions on the pre and post ROI.

As p value is 0.101 greater than 0.01 so hypotheses is accepted

$H_{1.4:}$ There is no significant impact (Positive) of Mergers/ Acquisitions on the pre and post ROE%.

As p value is 0.045 greater than 0.01 so hypotheses is accepted

$H_{1.5:}$ There is no significant impact (Positive) of Mergers/ Acquisitions on the pre and post ROCE%.

As p value is 0.144 greater than 0.01 so hypotheses is accepted.

On the basis of above results H_1 :There is no significant impact (Positive) of Mergers/ Acquisitions on the profitability standards is accepted.

Table-5.26: Wealth Ratios of Reliance and MTS Merger

Wealth Standards		**EPS**	**P/E Ratio**	**Div./Share**
Pre Merger Years	**2013-14**	3.57	34.91	NIL
	2014-15	-0.62	-174.76	NIL
Post Merger Years	**2015-16**	-6.52	-10.18	NIL
	2016-17	-7.22	-6.19	NIL

This table shows that earning per share in the year 2013-14 was 3.57 which get reduced to -0.62 in the year 2014-15while price to earning ratio also decreased drastically to -174.76 in the year 2014-15 from 34.91 in the year 2013-14.The data of post merger also revealed very pessimistic figures the earning per share in the year 2015-16 was -6.52 to -7.22 in the year 2016-17. The price to earning ratio in the post merger year 2015-16 was -10.18 which improved to -6.19 in the year 2016-17. The unique feature of this table is that the dividend per share is nil which means dividend was not declared in the period of study.

$H_{1:}$ There is no significant impact (Positive) of Mergers/ Acquisitions on the Wealth Standards

Table-5.26: T-test of wealth Ratios of Reliance and MTS Merger

WEALTH STANDARDS							
	Mean		**Standard deviation**		**Mean Differences**	**t-Value**	**P Value (One tailed)**
	Pre	**Post**	**Pre**	**Post**			
EPS	1.48	-6.87	2.96	0.49	8.35	0.066	0.066
P/E Ratio	-69.93	-8.19	148.26	2.82	(61.74)	-0.578	0.333
Div./Shares	NIL	NIL	NIL	NIL	NIL	NIL	NIL

INTERPRETATIONS

Acceptation or rejection of the hypothesis depends on the p value highlighted in BOLD. So to test the above mentioned hypothesis sub hypothesis is framed for all wealth standards.

$H_{2.1:}$ There is no significant impact (Positive) of Mergers / Acquisitions on the pre and post EPS.

As p value is 0.066 which is greater than 0.01 so hypotheses is accepted

$H_{2.2:}$ There is no significant impact (Positive) of Mergers / Acquisitions on the pre and post P/E Ratio.

As p value is 0.333 which is greater than 0.01 so hypotheses is accepted

The company does not declared any dividend in the period of study.

On the basis of above results H_{2} :There is no significant impact (Positive) of Mergers/ Acquisitions on the wealth standards is accepted.

5.7 Bharti Airtel – Videocon Industries

MERGER

Bharti Airtel proclaimed itself to have come into a decisive contract with Videocon for acquiring the rights for using 1800 MHz spectrum within six circles at Rs4428 crores. The advancement arrives after the day Idea Cellular had discontinued one's agreements with Videocon. Idea ensured for paying Rs3300 crores on behalf of spectrums within two of the circles. The six circles wherever Bharti have entrance to 1800 MHz spectrums happens to be Haryana, Bihar, UP (East), UP (West), Madhya Pradesh, as well as Gujarat (Transactions). The spectrum remains legal for up to December 18, 2032. Bharti required extra spectrum within the circles of Bihar and Haryana. The acquisitions would provide Bharti with the capability for offering data services of higher-quality. Company devised to grow durable holdings of spectrum within the industry current day excluding Reliance Jio. This has 18percent spectrum relating to the all-over airwaves that are accessible within the country. Into the gigahertz band of sub-1, this haves 15percent of the entire, whereas this be holding 17percent within the 1,800 MHz band. Talking for 2100/2300 MHz band, Bharti haves 21percent, nonetheless such bands happens not to be as proficient for propagation of data as the lower bands happens to be. Vodafone began its 4G service up on 1800 MHz band within numerous circles. Former year, Idea Cellular astonished industry thorugh approving for paying Rs3310 crores to Videocon Telecommunications relating to the rights for utilizing the spectrum within the 1800 MHz band into Uttar Pradesh West and Gujarat (2x5 MHz adjoining blocks of 1800 MHz within respective area of services). What arose as a amazement for the industries remains the prices Idea paid for such spectrums that remained three times the prices paid by Videocon during November 2012 (Rs1330 crores).Idea Cellular currently have 1800 MHz of 4G spectrums within circles of 10 telecom that covers 50percent of the telecom markets, although over 60percent of gross revenues of Idea.

ABOUT AIRTEL

Airtel India happens to be the biggest supplier relating to the mobile telephony as well as second biggest providers relating to the static telephonies within India plus also is a contributor of broadband as well as subscriptions services of television. This presents one's telecom services underneath the brand Airtel hence Sunil Bharti Mittal heads it.

Corporate structure

AIRTEL being credited by pioneering the business strategies regarding the subcontracting every business operations of it excluding sales, marketing as well as finances plus constructing the 'minutes factory' models defining high volumes with lower costs. The ideology has from then been approved via numerous operators. Equipment of AIRTEL is offered plus upheld through Nokia Solutions and Ericsson plus the Networks while IBM provides the IT support. The towers of transmission are looked after via subsidiary and joint venturing companies relating to Bharti comprising Bharti Infratel as well as Indus Towers within India.

Tele media

Underneath the Telemedia section, Airtel offers broadband internet access via DSL, multiprotocol label switching solutions (MPLS) and internet leased lines, also IPTV plus fixed line telephonic services. Till 18 September 2004, Bharti gave fixed line telephony as well as broadband services underneath the brand named Touchtel. Bharti today offers every telecom service comprising of fixed line services beneath Airtel which is the usual brand. From September 2012, Airtel offers Telemedia service for 3.3 million clients within 87 cities. Since 30 November 2012, Airtel comprised of 1.39 million broadband regular customers.

Airtel Broadband offers broadband as well as IPTV service. Providing both unlimited download plans as well as capped download plans. Though, unlimited plans of Airtel being subject to FUP (free usage policy), that decreases speed once the client reaches a certain limit of data usage. In many plans, Airtel offers solely 512kbit/s past FUP, that’s below TRAI’s stated limits of half the initial speed of subscriber. The highest speed obtainable for users of home underneath novel V-Fiber programs being 100MBit/s as well as along with DSL being 16Mbit/s.

During June 2011, the *Economic Times* stated that Business of Telemedia was fused with Mobile, Business and DTH within three distinct parts correspondingly.

Digital television

The Digital Television business offers DTH (Direct-to-Home) TV facilities throughout India underneath the name Airtel digital TV brand. This began its service by 9 October, 2008 as well as had around 7.9 million clients by the end of December 2012.

Mobile data service

Facilities underneath mobile data comprises of services by BlackBerry; a web-empowered mobile e-mail solutions operating over 'push technology'; a USB modem which allows retrieving internet at any time; Easy Mails, a stage which offers access for corporate/ personal e-mails autonomous of operating system using handsets; as well as applications service which lessens the line over the section of billing, off-load the pressures over the staff of billing as well as bringing conveniences for the consumers.

Business

Business of Airtel comprises mainly six of the products: cloud and managed facilities, NLD/ILD connectivity (VSAT/ IPLC/ MPLS as well as Ethernet products), digital signage, voice solutions (like toll free numbers, automated media reading and TracMate), conferencing solutions (VoIP, audio, video, as well as web conferencing) and Wi-Fi dongles supplying Industry verticals as IT/ITeS, BFSI, hospitality, manufacturing, as well as government.

Airtel Business, the B2B arm relating to Bharti Airtel, helped rolled out an initial of one's category devoted digital platforms for serving the developing communications, connectivity, as well as partnership necessities relating to evolving businesses, comprising of startups and SMEs. The digital platform would propose resolutions for emerging enterprises for enabling comfort of business as well as faster time relating to market.

Android-based tablet

Beetel Teletech Ltd., a component relating to Bharti Enterprises Limited, by 18 August 2011, started a 9,999 (US$150) 7-inch tablets within India grounded over operating system of Google Inc.'s Android. The proposal was intended for capitalizing over the predictable demands to cheap computer devices within the world's speediest-developing as well as second-greatest mobile phone's markets.

ABOUT VIDEOCON

Videocon Industries Ltd remains a huge varied Indian company headquartered within Mumbai. The group comprises of 17 manufacturing locations within India as well as mainland plants within mainland, Italy,Poland as well as Mexico. This being the third biggest picture tube builders within the world group being a US$5 billion global company. Videocon comprises of several brands beneath its portfolio. Company has been strained for indebtedness presently via NCLT.

Corporate profile

The Videocon group's principal zones regarding to businesses remains consumer electronics as well as appliances to be used at home. They recently have expanded within the range namely power, DTH, telecommunications and oil explorations .

Consumer electronic

Within India, the group vends consumer products as color television, air conditioners, washing machines, microwave ovens,refrigerators, as well as various other home appliances, via a multi-brand approach with the biggest sales as well as services networks within India.

Meanwhile the entrance of Korean Chaebols as well as their enhancing popularities within the Indian markets, Videocon from a stand-point of market’s front-runners has got a sluggish reduction for becoming a no. 3 player within India. Company endures to do fine within the refrigerator and washing machines segments.

Mobile phones

During November 2009, Videocon introduced its novel line of mobile phones. Videocon has from them started a variety of handsets stretching from essential color’s FM phones for high-end Android gadgets. During February 2011, Videocon Mobile Phones started the hitherto unfamiliar notion relating to 'Zero' paisa (1 paisa remains the 100^{th} units of 1INR) each second through bundled SIM cards relating to Videocon mobile facilities for over 7 of its handset model.

During July 2015, Videocon Mobiles began one’s individual flagships Smartphone Videocon Infinium Z51+ within India.

Onto 7 June 2016, Videocon Mobile started its novel Smartphone 'Videocon Krypton3 V50JG’ within India. Which contains the facets such as 12.7 cm (5 inches) screens along with Dragontrail X 2.5D Curved Glasses, 5 Multi-Touch Points, Smart Gesture Support, Quad Core 64-bit Processor, 3000mAh battery, 4G with Volte, Android 6.0, Marshmallow OS, 13MP Rear + 5MP Front Camera having LED Flash.

DTH

During 2009, Videocon inaugurated its DTH product, namely D2H'. Bien an innovative offer within the DTH market of Indian as well as presented its very first radio frequency remote within India, Videocon proposed LCD as well as TVs having built-in DTH satellite's receivers having sizes of 19" to 42". Such technologies are called **DDB**. This gives services having fewer transmission's losses occasioning in higher sound and picture qualities. It further eradicates the necessity of distinct set-top-box as well as one's remote. Videocon being the very first brand for introducing DDB technologies within India.

Tele communication

Videocon Telecommunication ltd partakes a license relating to mobile services operation throughout India. This started one's facilities by 7 April, 2010 within Mumbai.

Retails

Videocon possesses three brands in retail: Digi World, Planet M as well as Next.

Petroleum

Videocon Petroleum partakes 25percent stakes within Ravva oil fields that stays operated through Cairn India which is in Andhra Pradesh.

Acquisition regarding CPT arms of Thomson SA

Videocon attained the CPT (color picture tube) business by Thomson S.A. belonging to France containing facilities of manufacturing within Italy, Poland, China and Mexico accompanied by the assistance research as well as developmental services within the fiscal year of 2005. The acquisitions projected Videocon for being the No. 3 slots within the world-wide striking orders relating to CPTs.
During 2005, Videocon Groups captured over Philips color TV plants as well as also grasped around three of the plants of Electrolux India. Nowadays, this has progressed within a conglomerate having yearly incomes of around US$4.8 billion.

Table-5.28: Profitability Ratios of Airtel and Videocon merger

Airtel – Videocon						
Profitability Standards		**GPM %**	**NPM %**	**ROI**	**ROE %**	**ROCE %**
Pre Merger Years	**2013-14**	18.16	13.22	166.92	3.30	13.18

	2014-15	21.39	23.78	195.80	6.60	17.32
Post Merger Years	**2015-16**	21.21	12.51	211.25	3.78	11.25
	2016-17	18.44	-15.93	253.18	-4.97	7.38

PROFITABILITY STANDARDS

This table shows that in the year the gross profit margin was 18.16 percent during the years 2013 to 2014 that elevated towards 21.39 year during the years 2014 to 2015.The net profit margin was 13.22 in 2013-14 which increased to 23.78 in 2014-15.Return on investment was 166.92 in 2013-14 that got raised to 195.80 in 2014-15. Return on Equity 3.30was also in the same swing and increased to 6.60 in the year 2014-15. Return on capital employed also increased from13.18 in the year 2013-14 to 17.32 in the year 2014-15. The post merger years also did not showed any positive impact which is supported by data of ratios in the post merger year. The Gross profit margin was 21.21 in 2015-16 which is reduced to 18.44 in the year 2016-17. The Net profit margin was 12.51 in 2015-16 which reduced to -15.93 in the year 2016-17. Return on investment also showed a increase from 211.25 in the year 2015-16 to253.18 in 2016-17.Return on equity was 3.78 in the year 2015-16 which reduced to -4.97 in 216-17.Return on capital employed was reducing from 11.25 in the year 2015-16 to 7.38 in the year 2016-17.

$H_{1:}$ There is no significant impact (Positive) of Mergers/ Acquisitions on the profitability Standard

Table-5.29: T-test of Profitability Ratios relating to Reliance and MTS Merger

PROFITABILITY STANDARDS							
	Mean		**Standard deviation**		**Mean Differences**	**t-Value**	**P Value (One tailed)**
	Pre	**Post**	**Pre**	**Post**			
GPM %	19.78	19.83	2.28	1.96	(0.05)	-0.017	**0.495**
NPM %	18.50	- 1.71	7.47	20.11	20.21	1.036	**0.244**
ROI	181.36	232.22	20.42	29.65	(50.86)	-7.794	**0.041**
ROE %	4.95	-0.60	2.33	6.19	5.55	0.920	**0.263**
ROCE %	15.25	9.32	2.93	2.74	5.94	1.482	**0.189**

INTERPRETATIONS

The Acceptation or rejection of the hypothesis depends on the p value highlighted in BOLD. So to test the above mentioned hypothesis sub hypothesis are framed for all profitability standards.

$H_{1.1:}$ There is no significant impact (Positive) of Mergers/ Acquisitions on the pre and post GPM%.

As p value 0.495 is greater than 0.01 so hypotheses is accepted.

$H_{1.2:}$ There is no significant impact (Positive) of Mergers/ Acquisitions on the pre and post NPM%.

As p value 0.244 is greater than 0.01 so hypotheses is accepted

$H_{1.3:}$ There is no significant impact (Positive) of Mergers/ Acquisitions on the pre and post ROI.

As p value 0.041 is greater than 0.01 so hypotheses is accepted

$H_{1.4:}$ There is no significant impact (Positive) of Mergers/ Acquisitions on the pre and post ROE%

As p value 0.263 is greater than 0.01 so hypotheses is accepted

$H_{1.5:}$ There is no significant impact (Positive) of Mergers/ Acquisitions on the pre and post ROCE%.

As p value 0.189 is greater than 0.01 so hypotheses is accepted.

On the basis of above results H_1 :There is no significant impact (Positive) of Mergers/ Acquisitions on the profitability standards is accepted

Table-5.30: Wealth Ratios of Reliance and MTS Merger

Wealth Standards		EPS	P/E Ratio	Div./Share
Pre Merger Years	2013-14	16.51	19.81	1.80
	2014-15	33.02	10.87	3.85
Post Merger Years	2015-16	18.88	19.49	1.36
	2016-17	-24.83	-14.67	1.00

This table shows that earning per share in the year 2013-14 was 16.51 which increased to33.02 in the year 2014-15while price to earnings ratio decreased drastically to 10.87 in the year 2014-15 from 19.81 in the year 2013-14. The dividend per share in 2013-14 was 1.80 that got elevated towards 3.85 during 2014-15.The data of post merger also revealed very pessimistic figures the earning per share in the year 2015-16 was 18.88 to -24.83 in the year 2016-17. The price to earning ratio in the post merger year 2015-16 was 19.49 which reduced to -14.67 in the year 2016-17. The dividend per share was 1.36 in the year 2015-16 which get reduced to 1.00 in the year 2016-17.

H_1: There is no significant impact (Positive) of Mergers/ Acquisitions on the Wealth Standards

Table-5.31: T-test of Profitability Ratios of Reliance and MTS Merger

WEALTH STANDARDS							
	Mean		**Standard deviation**		**Mean Differences**	**t-Value**	**P Value (One tailed)**
	Pre	**Post**	**Pre**	**Post**			
EPS	24.77	-2.98	11.67	30.91	27.74	0.921	**0.263**
P/E Ratio	15.34	2.41	6.32	24.15	12.93	1.025	**0.246**
Div./Share	2.83	1.18	1.45	0.25	1.65	1.365	**0.201**

INTERPRETATIONS

The Acceptation or rejection of the hypothesis depends on the p value highlighted in BOLD. So to test the above mentioned hypothesis sub hypothesis is framed for all wealth standards.

$H_{2.1}$: There is no significant impact (Positive) of Mergers / Acquisitions on the pre and post EPS.

As p value is 0.263 which is greater than 0.01 so hypotheses is accepted

$H_{2.2}$: There is no significant impact (Positive) of Mergers / Acquisitions on the pre and post P/E Ratio.

As p value is 0.246which is greater than 0.01 so hypotheses is accepted

$H_{2.3}$: There is no significant impact (Positive) of Mergers / Acquisitions on the pre and post Div. / Share.

As p value is 0.201 which is greater than 0.01 so hypotheses is accepted

On the basis of above results H_2 :There is no significant impact (Positive) of Mergers/ Acquisitions on the wealth standards is accepted.

5.8 Apollo Hospitals Enterprise Ltd – Nova Speciality Hospitals

ACQUISITON

Apollo Hospitals Enterprise Ltd. Acquisitions of Nova Speciality Hospitals Apollo Health and Lifestyle Limited (AHLL), an entirely possessed subservient of AHEL (Apollo Hospitals Enterprise Limited), having acquiring Nova (Nova Specialty Hospitals).

About Apollo Health as well as Lifestyle ltd.

AHLL being now available within secondary concern section by the day to day healthcare's services beneath the "Apollo Clinic" brand name. This partakes nearby 100 operational services around India as well as Middle Eastern countries. This further functions a mesh relating to women as well as children's hospital underneath Apollo Cradle for providing clinical brilliance relating to Gynecology, Obstetrics, pediatric care and Fertility treatments.

Relating to Nova Specialty Hospital

Nova Specialty Hospitals having offering a brief stay surgery's care services within India. Nova being out-spread across eight cities having 45 of the modular operation's theater as well as around 350 beds for patients. Such centers provides both OPD (out-patient department) as well as in patient department facilities having 60percent of the processes presently done like day practices.

Deal Size:

With regards to the managements, the deal sizes would be within the span of Rs.135 to 145 crores subjects for final conclusions. The deal being liable for being sponsored via a amalgamation relating to debts as well as equities.

Advantages of the acquisitions:

As said by the managements, the acquisitions would assist AHLL for signifying enlarge one's footprints as well as to attain leadership positions within brief stay surgery care section of health care. The acquisitions would permit AHLL for entering inside newer markets namely, Jaipur, Mumbai, as well as Kanpur. AHLL would further improve the services contributions within such centers via initiating Apollo's Preventive Health Checks as well as instituting sugar clinics.

Management's view as well as aims:

As said by the company, post-acquisition Nova's present centers would be conveyed underneath the brand of Apollo. The managements considers that short stay surgery's care has resilient ability as well as along the brand equities of AHLL, Apollo would be capable for growing such businesses considerably within the upcoming future. AHLL is focusing for creating a business worth Rs500 crores within five years in such sections. Furthermore, the management being assured for attaining break evens at EBITDA level within coming fiscal years as well as further supposes for generating marginal profits after taxes.

PROFITABILITY STANDARDS

Table-5.32: Profitability Ratios of Apollo Hospitals and Nova Hospitals Merger

Apollo - Nova							
Profitability Standards		**GPM %**	**NPM %**	**ROI**	**ROE %**	**ROCE %**
Pre Merger Years	**2013-14**	12.55	8.56	213.10	4.75	12.72
	2014-15	11.32	7.54	227.21	4.98	12.08
Post Merger Years	**2015-16**	10.02	6.74	246.55	5.31	11.05
	2016-17	8.28	4.40	257.25	4.10	8.95

$H_{1:}$ There is no significant impact (Positive) of Mergers/ Acquisitions on the profitability Standard

Table 5.33: T-test of Profitability Ratios relating to Apollo Hospitals and Nova Hospitals Merger

PROFITABILITY STANDARDS							
	Mean		**Standard deviation**		**Mean Differences**	**t-Value**	**P Value (One tailed)**
	Pre	**Post**	**Pre**	**Post**			
GPM %	11.94	9.15	0.87	1.23	2.79	10.922	**0.029**
NPM %	8.05	5.57	0.72	1.65	2.48	3.758	**0.083**
ROI	220.16	251.90	9.98	7.57	(31.75)	-18.619	**0.017**
ROE %	4.87	4.71	0.16	0.86	0.16	0.222	**0.430**
ROCE %	12.40	10.00	0.45	1.48	2.40	27.000	**0.012**

INTERPRETATIONS

The Acceptation or rejection of the hypothesis depends on the p value highlighted in BOLD. So to test the above mentioned hypothesis sub hypothesis are framed for all profitability standards.

$H_{1.1:}$ There is no significant impact (Positive) of Mergers/ Acquisitions on the pre and post GPM%.

As p value 0.029 is greater than 0.01 so hypotheses is accepted.

$H_{1.2:}$ There is no significant impact (Positive) of Mergers/ Acquisitions on the pre and post NPM%.

As p value 0.083 is greater than 0.01 so hypotheses is accepted

$H_{1.3:}$ There is no significant impact (Positive) of Mergers/ Acquisitions on the pre and post ROI.

As p value 0.017 is greater than 0.01 so hypotheses is accepted

$H_{1.4:}$ There is no significant impact (Positive) of Mergers/ Acquisitions on the pre and post ROE%.

As p value 0.430 is greater than 0.01 so hypotheses is accepted

$H_{1.5:}$ There is no significant impact (Positive) of Mergers/ Acquisitions on the pre and post ROCE%.

As p value 0.012 is greater than 0.01 so hypotheses is accepted.

On the basis of above results H_1 :There is no significant impact (Positive) of Mergers/ Acquisitions on the profitability standards is accepted

WEALTH STANDARDS

Table-5.33: Wealth Ratios of Apollo Hospitals and Nova Hospitals Merger

Wealth Standards		EPS	P/E Ratio	Div./Share
Pre Merger Years	2013-14	22.77	40.13	5.75
	2014-15	24.43	45.77	5.75
Post Merger Years	2015-16	23.79	56.54	6.00
	2016-17	15.88	80.67	6.00

$H_{2:}$ There is no significant impact (Positive) of Mergers/ Acquisitions on the Wealth Standards

Table-5.34: T-test of wealth Ratios of Apollo Hospitals and Nova Hospitals Merger

WEALTH STANDARDS

	Mean		Standard deviation		Mean Differences	t-Values	P Values (One tailed)
	Pre	Post	Pre	Post			
EPS	23.60	19.84	1.17	5.59	3.77	0.787	0.288
P/E Ratio	42.95	68.61	3.99	17.06	(25.66)	-2.775	0.110
Div./Share	5.75	6.00	0.00	0.00	(0.25)		

INTERPRETATIONS

The Acceptation or rejection of the hypothesis depends on the p value highlighted in BOLD. So to test the above mentioned hypothesis sub hypothesis is framed for all wealth standards.

$H_{2.1}$: There is no significant impact (Positive) of Mergers / Acquisitions on the pre and post EPS.

As p value is 0.288 which is greater than 0.01 so hypotheses is accepted

$H_{2.2}$: There is no significant impact (Positive) of Mergers / Acquisitions on the pre and post P/E Ratio.

As p value is 0.110 which is greater than 0.01 so hypotheses is accepted

$H_{2.3}$: There is no significant impact (Positive) of Mergers / Acquisitions on the pre as well as post Div. / Shares.

THERE BEING NO SIGNIFICANT DIFFERENCES AMID PRE AS WELL AS POST Standards.

On the basis of above results H_2 :There is no significant impact (Positive) of Mergers/ Acquisitions on the wealth standards is accepted.

5.9 ITC – Techno Agri Sciences Ltd.

FMCG chief ITC Ltd. had obtained Technico Agri Sciences Ltds. India (Technico India), company announced on Thursday.

"The company has acquired the entire equity share capital of Technico Agri Sciences Limited, India, from TechnicoPvt Limited, Australia," the company said in a BSE filing. The cost of the acquisition was Rs 121 crore, said the company. The acquisition of Technico India being predictable for improving businesses as well as operational synergy, it added. Before the acquisitions, Technico India remained an entirely possessed subsidiary of Technico Pty Ltd. that in order is an entirely possessed subservient of ITC Ltd. The company acquired by

ITC remains in the biotechnology businesses that produces and vends "Technituber" as well as field engendered seed potato. ITC added that Technico India became a direct subservient of the company w.e.f. March 22, 2016.

DETAILS OF DEAL

Table-5.36: Summary of details of merger of ITC ltd. and Techno Agri sciences, Ltd. India

S.No.	Particular	Disclosures
1	Name of Target Company	Techno Agri Sciences Ltd,India(Techno India)
2	If the acquisitions will fll with in connected party transaction as well as if the promoter groups or promoter consumes somewhat attentiveness within the company that is been acquired? If yes the kind of interests as well as detail of whether the similar thing is been finished over arm's length.	The acquisiton remains a connected parties transactin amid ITC LTd as well as Technico pvt ltd australia, an entirely possessed subservient relating to ITC ltd. The transaction been carried out at book value of Techno India's shares (as per its latest audited financials), which is lower than its fair value. ITC ltd does not have any promoter within the meaning of the issue of capital and Disclosure Requirements (SEBI) Regulatinos,2009.
3.	Industry into which the entity being acquired belongs	Technico india remains within the agricultural Biotechnology businesses initially relating to producing as well as sellingTechnituber seeds potatoes plus Field engendered seeds potatos.
4.	Object as well as efforts relating to acquisiton (comprising of, but not restricted to confession of reason for acquisiton of entity targeted, if one's businesses are afar from the main lines of the entity's listed).	The acquisition of equity shares o fTechnico india is expected to improve business and poerational synergies.
5	Brief aspects of any governmentalor regulatory sanctions obligatory for aquisitoin.	None

6.	Suggestive period of time relating to the achievement of acquisition	Date of acquisitions of equity shares of Technico India 22/3/2016.
7.	Kind of considerations – If being cash considerations or share-swapped plus features of the similar thing	Cash
8	Price of acquistion else price over which the shares remains obtained	Rs.121 Cr.
9.	% relating to control acquired/ shareholding as well as /or numbers of shares obtained	Entire qutity share capital(100% shareholding)of Technico india being37962800 equity shares of rs. 10 each.

PROFITABILITY STANDARDS

Table-5.37: Profitability ratios of merger of ITC ltd. and Techno Agri sciences, Ltd. India

Profitability Standards		**GPM %**	**NPM %**	**ROI**	**ROE %**	**ROCE %**
Pre Merger Years	**2013-14**	34.22	25.17	34.08	12.28	47.81
	2014-15	33.92	24.88	39.48	12.18	45.27
Post Merger Years	**2015-16**	35.35	25.13	42.42	12.50	45.62
	2016-17	33.36	24.03	38.45	8.62	34.54

$H_{1:}$ There is no significant impact (Positive) of Mergers/ Acquisitions on the profitability Standard

Table 5.38: T-test of Profitability ratios relating to merger of ITC ltd. and Techno Agri sciences, Ltd. India

PROFITABILITY STANDARDS							
	Mean		**Standard deviation**		**Mean Differences**	**t-Value**	**P Value (One tailed)**
	Pre	**Post**	**Pre**	**Post**			
GPM %	34.07	34.36	0.21	1.41	(0.29)	-0.337	0.396
NPM %			0.21	0.78	0.45	1.099	0.235

	25.03	24.58					
ROI	36.78	40.44	3.82	2.81	(3.66)	-0.780	0.289
ROE %	12.23	10.56	0.07	2.74	1.67	0.884	0.270
ROCE %	46.54	40.08	1.80	7.83	6.46	1.513	0.186

INTERPRETATIONS

The Acceptation or rejection of the hypothesis depends on the p value highlighted in BOLD. So to test the above mentioned hypothesis sub hypothesis are framed for all profitability standards.

$H_{1.1:}$ There is no significant impact (Positive) of Mergers/ Acquisitions on the pre and post GPM%.

As p value 0.396 is greater than 0.01 so hypotheses is accepted.

$H_{1.2:}$ There is no significant impact (Positive) of Mergers/ Acquisitions on the pre and post NPM%.

As p value 0.235 is greater than 0.01 so hypotheses is accepted

$H_{1.3:}$ There is no significant impact (Positive) of Mergers/ Acquisitions on the pre and post ROI.

As p value 0.289 is greater than 0.01 so hypotheses is accepted

$H_{1.4:}$ There is no significant impact (Positive) of Mergers/ Acquisitions on the pre and post ROE%.

As p value 0.270 is greater than 0.01 so hypotheses is accepted

$H_{1.5:}$ There is no significant impact (Positive) of Mergers/ Acquisitions on the pre and post ROCE%.

As p value 0.186 is greater than 0.01 so hypotheses is accepted.

On the basis of above results H_1 :There is no significant impact (Positive) of Mergers/ Acquisitions on the profitability standards is accepted

WEALTH STANDARDS

Table-5.39: Wealth ratios of merger of ITC ltd. and Techno Agri sciences, Ltd. India

Wealth Standards		EPS	P/E Ratio	Div./Share
Pre Merger Years	2013-14	11.22	31.05	***
	2014-15	12.11	29.38	***
Post Merger Years	2015-16	12.35	26.15	***
	2016-17	8.5	28.94	***

$H_{2::}$ There is no significant impact (Positive) of Mergers/ Acquisitions on the Wealth Standards

Table-5.40: T-test of Wealth ratios of merger of ITC ltd. and Techno Agri sciences, Ltd. India

WEALTH STANDARDS							
	Mean		**Standard deviation**		**Mean Differences**	**t-Value**	**P Value (One tailed)**
	Pre	**Post**	**Pre**	**Post**			
EPS	11.67	10.43	0.63	2.72	1.24	0.523	0.347
P/E Ratio	30.22	27.55	1.18	1.97	2.67	1.197	0.221
Div./Shares	NIL	NIL	NIL	NIL	NIL	NIL	NIL

<u>INTERPRETATIONS</u>

Acceptation or rejection of the hypothesis depends on the p value highlighted in BOLD. So to test the above mentioned hypothesis sub hypothesis is framed for all wealth standards.

$H_{2.1:}$ There is no significant impact (Positive) of Mergers / Acquisitions on the pre and post EPS.

As p value is 0.263 which is greater than 0.01 so hypotheses is accepted

$H_{2.2:}$ There is no significant impact (Positive) of Mergers / Acquisitions on the pre and post P/E Ratio.

As p value is 0.246which is greater than 0.01 so hypotheses is accepted

$H_{2.3:}$ There is no significant impact (Positive) of Mergers / Acquisitions on the pre and post Div. / Share.

NO DIVIDEND DISTRIBUTED IN THE PERIOD OF STUDY.

On the basis of above results $H_{1\ :}$There is no significant impact (Positive) of Mergers/ Acquisitions on the profitability standards is accepted

5.10 Magma Fincorp Ltd – GE Money Housing Finance (Gemhf)

ACQUISITON

Magma Fincorp Limited ("Magma") currently proclaimed, it has efficaciously accomplished the acquisitions relating to 100percent equity’s share capitals as well as has acquired the possessions regarding "GEMHF" (GE Money Housing Finance).

The declarations of the validation of the conclusive agreements via Magma along with the GE entity been built on 8th November, 2012. "The acquisition closure of this 8 year old profitable entity, now enables Magma to launch its Mortgage business in India and offers a robust platform for us to scale up the bouquet of products on offer to our customers", Sanjay Chamria, Vice Chairman as well as Managing Director of Magma Fincorp said. The GE Money Home Finance acquisition will help Magma Fincorp gain access to around 10,000 existing customers. The total outstanding loan portfolio is estimated at Rs. 1,320 Crores, which also includes the Home Equity Portfolio of GE Money Financial Service Pvt Ltd.

Sanjay Chamria added that Magma has been keen for acquisitions that can create strategic value for us, in our quest to reach out to the still untapped and under-banked customer segments across the country. He added that in the last week we have completed the acquisition of the Rs. 250 cr portfolio of Auto lease from ReligareFinvest. This acquisition will help significantly in our fledgling Auto lease business we had recently launched. With this acquisition, Magma has got more than 80 large corporates with more than 4500 individual car customers. It will help to establish Magma not just as a serious car finance player for the corporate sector, but also cater to their requirement in respect of other assets like IT systems, hardware and equipment and provide working capital loans as part of its SME offerings and grow its franchise.

Magma has been slowly building a strong leadership in its Mortgages team and intends to combine that with the existing strength of its Operations and Collections.

SachinKhandelwal, CEO of the Mortgage Business for the Magma Group, mentioned that "Magma has the advantage of an existing network of 270 branches from where we will, over the next three years, roll out the Affordable housing business as well. The informal income segment and on the Mass housing demand gap that exists in Satellite and up-country markets will be the focus area for the business", added Sachin. He also informed that Magma would be going in for a change of name of the Home Finance Company in due course.

Magma Fincorp got within conclusive agreement over the acquisitions relating to 100percent equities share capitals of GE Money Housing Finance's conditional to accomplishment of conditions that are standard comprising receipts regarding regulatory approvals that are relevant.

Magma Fincorp has effectively accomplished the told acquisitions, in line within the final agreements, hence obtained possessions of 100percent equities share capitals of GE Money Housing Finance, effective 11 February 2013. GE Money Housing Finance has home loan range of about Rs540 crore as of by 31 January 2013.

PROFITABILITY STANDARDS

Table-5.41: Profitability ratios of Magma Fin corp.ltd and GE Money housing Finance Merger

Profitability Standards		GPM %	NPM %	ROI	ROE %	ROCE %
Pre Merger Years	2011-12	45.59	6.48	0.79	0.10	1.89
	2012-13	64.28	8.12	1.04	0.10	2.58
Post Merger Years	2013-14	65.23	7.34	1.19	0.09	3.13
	2014-15	59.90	7.38	1.21	0.03	3.25

H_1: There is no significant impact (Positive) of Mergers/ Acquisitions on the profitability Standard

Table 5.42: T-test of Profitability ratios relating to Magma Fin corp.ltd and GE Money housing Finance Merger

PROFITABILITY STANDARDS							
	Mean		Standard deviation		Mean Differences	t-Value	P Value (One tailed)
	Pre	Post	Pre	Post			
GPM %	54.94	62.57	13.22	3.77	(7.63)	5.886	0.054
NPM %	7.30	7.36	1.16	0.03	(0.06)	11.308	0.028
ROI			0.18	0.01		4.298	0.073

	0.92	1.20			(0.29)		
ROE %	0.10	0.06	0.00	0.04	0.04	1.426	0.195
ROCE %	2.24	3.19	0.49	0.08	(0.96)	1.000	3.573

INTERPRETATIONS

The Acceptation or rejection of the hypothesis depends on the p value highlighted in BOLD. So to test the above mentioned hypothesis sub hypothesis are framed for all profitability standards.

$H_{1.1:}$ There is no significant impact (Positive) of Mergers/ Acquisitions on the pre and post GPM%.

As p value 0.054 is greater than 0.01 so hypotheses is accepted.

$H_{1.2:}$ There is no significant impact (Positive) of Mergers/ Acquisitions on the pre and post NPM%.

As p value 0.028 is greater than 0.01 so hypotheses is accepted

$H_{1.3:}$ There is no significant impact (Positive) of Mergers/ Acquisitions on the pre and post ROI.

As p value 0.073 is greater than 0.01 so hypotheses is accepted

$H_{1.4:}$ There is no significant impact (Positive) of Mergers/ Acquisitions on the pre and post ROE%.

As p value 0.195 is greater than 0.01 so hypotheses is accepted

$H_{1.5:}$ There is no significant impact (Positive) of Mergers/ Acquisitions on the pre and post ROCE%.

As p value 3.573 is greater than 0.01 so hypotheses is accepted.

On the basis of above results H_1 :There is no significant impact (Positive) of Mergers/ Acquisitions on the profitability standards is accepted

WEALTH STANDARDS

Table-5.43: Wealth ratios of Magma Fin corp.ltd and GE Money housing Finance Merger

Wealth Standards		EPS	P/E Ratio	Div./Share
Pre Merger Years	**2011-12**	2.97	22.57	0.60
	2012-13	5.75	10.99	0.80
Post Merger Years	**2013-14**	6.47	11.87	0.80
	2014-15	7.22	14.42	0.80

$H_{2:}$ There is no significant impact (Positive) of Mergers/ Acquisitions on the Wealth Standards

Table-5.44: T-test of Wealth ratios of Magma Fin corp.ltd and GE Money housing Finance Merger

WEALTH STANDARDS							
	Mean		**Standard deviation**		**Mean Differences**	**t-Value**	**P Value (One tailed)**
	Pre	**Post**	**Pre**	**Post**			
EPS	4.36	6.85	1.97	0.53	(2.49)	2.221	0.135
P/E Ratio	16.78	13.15	8.19	1.80	3.64	7.248	0.044
Div./Shares	NIL	NIL	NIL	NIL	NIL	NIL	NIL

INTERPRETATIONS

The Acceptation or rejection of the hypothesis depends on the p value highlighted in BOLD. So to test the above mentioned hypothesis sub hypothesis is framed for all wealth standards.

$H_{2.1:}$ There is no significant impact (Positive) of Mergers / Acquisitions on the pre and post EPS.

As p value is 0.135 which is greater than 0.01 so hypotheses is accepted

$H_{2.2:}$ There is no significant impact (Positive) of Mergers / Acquisitions on the pre and post P/E Ratio.

As p value is 0.044 which is greater than 0.01 so hypotheses is accepted

$H_{2.3:}$ There is no significant impact (Positive) of Mergers / Acquisitions on the pre and post Div. / Share.

NO DIVIDEND DISTRIBUTED IN THE PERIOD OF STUDY.

On the basis of above results H_1 :There is no significant impact (Positive) of Mergers/ Acquisitions on the profitability standards is accepted

CHAPTER 6: FINDINGS AND CONCLUSIONS

The research is conducted on the data of 10 domestic mergers and the hypothesis is tested separately on all the elements of the different standards and the conclusion is drawn upon the findings of the majority of the results of hypothesis testing. The result of the testing of the first hypothesis is tabulated as follows:

H_1: There is no significant impact (Positive) of Mergers/ Acquisitions on the profitability Standards

Table-6.1 Summary of the Hypothesis testing H_1 and Consolidated Results

MERGED/ ACQUIRED COMPANIES	RESULT OF HYPOTHESIS TESTING
Sun Pharma-RanbaxyAcquisition	There is no significant impact (Positive) of Mergers/ Acquisitions on the profitability standards is accepted.
Kotak Mahindra Bank –ING Vysya Bank	There is no significant impact (Positive) of Mergers/ Acquisitions on the profitability standards is accepted
Pfizer Limited- Weiyth Pharmaceuticals	There is no significant impact (Positive) of Mergers/ Acquisitions on the profitability standards is accepted
Birla– Reliance (Cement)	There is no significant impact (Positive) of Mergers/ Acquisitions on the profitability standards is accepted
Torrent Pharmaceuticals– Elder Pharmaceuticals	There is no significant impact (Positive) of Mergers/ Acquisitions on the profitability standards is accepted
Reliance Communications – MTS (SistemaShyam Teleservices)	There is no significant impact (Positive) of Mergers/ Acquisitions on the profitability standards is accepted
Bharti Airtel – Videocon Industries	There is no significant impact (Positive) of Mergers/ Acquisitions on the profitability standards is accepted

Apollo Hospitals Enterprise Ltd – Nova Specialty Hospitals Acquisitions	There is no significant impact (Positive) of Mergers/ Acquisitions on the profitability standards is accepted
ITC – Techno Merger	There is no significant impact (Positive) of Mergers/ Acquisitions on the profitability standards is accepted
Magma Fin Corp Ltd – GE Money Housing Finance (GEMHF) Acquisition	There is no significant impact (Positive) of Mergers/ Acquisitions on the profitability standards is accepted

On the grounds of these results we are fail to reject the null hypothesis

The research is conducted on the data of 10 domestic mergers. The hypothesis is tested separately on all the elements of the different standards and the conclusion is drawn. The results of the testing of the Second hypothesis are tabulated as follows:

H_{2}: There is no significant impact (Positive) of Mergers/ Acquisitions on the Wealth Standards

Table-6.2 Summary of the Hypothesis testing H_2 and Consolidated Results

MERGED/ ACQUIRED COMPANIES	RESULT OF HYPOTHESIS TESTING
Sun Pharma-RanbaxyAcquisition	On the basis of above results H_1 :There is no significant impact (Positive) of Mergers/ Acquisitions on the profitability standards is accepted
Kotak Mahindra Bank –ING Vysya Bank	On the basis of above results H_1 :There is no significant impact (Positive) of Mergers/ Acquisitions on the profitability standards is accepted
Pfizer Limited- Weiyth Pharmaceuticals	On the basis of above results H_1 :There is no significant impact (Positive) of Mergers/ Acquisitions on the profitability standards is accepted

Birla– Reliance (Cement)	On the basis of above results H_1 :There is no significant impact (Positive) of Mergers/ Acquisitions on the profitability standards is accepted
Torrent Pharmaceuticals– Elder Pharmaceuticals	On the basis of above results H_1 :There is no significant impact (Positive) of Mergers/ Acquisitions on the profitability standards is accepted
Reliance Communications – MTS (SistemaShyam Teleservices)	On the basis of above results H_1 :There is no significant impact (Positive) of Mergers/ Acquisitions on the profitability standards is accepted
Bharti Airtel – Videocon Industries	On the basis of above results H_1 :There is no significant impact (Positive) of Mergers/ Acquisitions on the profitability standards is accepted
Apollo Hospitals Enterprise Ltd – Nova Specialty Hospitals Acquisitions	On the basis of above results H_1 :There is no significant impact (Positive) of Mergers/ Acquisitions on the profitability standards is accepted
ITC – Techno Merger	On the basis of above results H_1 :There is no significant impact (Positive) of Mergers/ Acquisitions on the profitability standards is accepted

Magma Fin Corp Ltd – GE Money Housing Finance (GEMHF) Acquisition	On the basis of above results H_1 :There is no significant impact (Positive) of Mergers/ Acquisitions on the profitability standards is accepted

On the grounds of these results we are fail to reject the second null hypothesis also.

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