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   INTRODUCTION

   REVIEW OF LITERATURE

   NEED/IMPORTANCE OF THE STUDY

   STATEMENT OF THE PROBLEM

   OBJECTIVES

   HYPOTHESES

   RESEARCH METHODOLOGY

   RESULTS & DISCUSSION

   FINDINGS

   RECOMMENDATIONS/SUGGESTIONS

   CONCLUSIONS

   SCOPE FOR FURTHER RESEARCH

   ACKNOWLEDGMENTS

   REFERENCES

   APPENDIX/ANNEXURE

   It should be in a 8 point Calibri Font, single spaced and justified. The manuscript should preferably not exceed ***5000 WORDS***.

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**BOOKS**

- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

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**ONLINE RESOURCES**

- Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

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# IMPACT OF MERGERS & ACQUISITIONS ON THE PERFORMANCE OF COMPANIES

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## ABSTRACT
*This paper is an attempt to evaluate the Performance Analysis of Mergers & Acquisition of different Companies. Theories of mergers assumed that the performance of companies increase after mergers & acquisitions due to gaining market share, synergy creation, diversification, cross selling, resource transfer etc. The objective of this study was to analyze operating performance of companies who involved in mergers & acquisitions using various ratios. The analysis was done using the data of two years before & after mergers & acquisitions with help of paired sample t-test. The results suggest that there were minor variations in the performance after M&A. but it was not statistically significant.*

## KEYWORDS
Mergers & acquisitions, Operating performance, Ratios.

## INTRODUCTION
The Indian economy is growing fast and emerging at the top in the no. of sectors like IT, R&D, pharmaceutical, infrastructure, energy, consumer retail, telecom, financial services, media, and hospitality etc. India is second fastest growing economy in the world with growth rate 9.3 % last year. The growth momentum was supported by the double digit growth of the services sector at 10.6% and industry at 9.7% in the first quarter of 2006-07. Indian market is growing and proliferating phase from the view point of Investors, giant companies and industrial houses for the purpose of return on investment. From the last two decades, the growth of mergers and acquisitions increased in inbound and outbound both. According to Investment bankers, Merger & Acquisition (M&A) deals in India have crossed $100 billion in the year 2006-07, which was double the last year.

In the first two months of 2007, corporate India witnessed deals worth close to $40 billion. One of the first overseas acquisitions by an Indian company in 2007 was **Mahindra & Mahindra**'s takeover of 90 percent stake in **Schoneweiss**, a family-owned German company with over 140 years of experience in forging business. Another headline of this year was **Tata's** takeover of **Corus** for $10 billion. Besides that deal, **Hutchison Whampoa** of Hong Kong sold their controlling stake in **Hutchison-Essar** to **Vodafone** for $11.1 billion. A Bangalore-based **MTR's** packaged food division found a buyer in **Orkala**, a Norwegian company for $100 million. The Service sector has also joined the game of M&A. The taxation practice of Mumbai-based **RSM Ambit** was acquired by **PricewaterhouseCoopers**. There are many other bids in the pipeline. The earning capacity of Indian companies has increased 20-25% in last four years which contribute to M&A as an effective strategy to expand their business and acquire global footprint.

## MERGERS AND ACQUISITIONS IN DIFFERENT SECTORS IN INDIA
The volume of M&A is increased in no. of sectors like finance, telecom, FMCG, construction materials, automotives and metals. The financial sector has contributed 20% of total volume of M&A, Telecom sector accounted for 16% while FMCG and construction materials accounted for 13% and 10% respectively during the year 2005.

The important M&A taken place in banking sector includes the merger between IDBI (Industrial Development bank of India) and its own subsidiary IDBI Bank for $ 174.6 million (Rs. 7.6 billion in Indian currencies) and merger of Centurion Bank and Bank of Punjab led to create 235 branches of Centurion Bank of Punjab.

In case of telecom sector, SingTel has increased their stake from 26.96 % to 32.8 % in Bharti Telecom for worth $252 million (Rs. 10.9 billion in Indian currency).

The M&A deal in Foods and FMCG sector includes the acquisition of Shaw Wallace and Company was acquired by United Breweries Group owned by Vijay Mallya and deal was worth $371.6 million and acquisition of 90% stake in Williamson Tea Assam by McLeod Russell India. A construction materials sector, Holcim has acquired 67 % stake in Ambuja Cement India Ltd, a Swiss company for $634.9 million (Rs 27.3 billion in Indian currency).

It was a very rare news couple of years back, that the Indian companies acquired American-European entities. However, this scenario has taken a sudden U turn that the Indian Companies acquiring foreign businesses is more common than other.

The new acquisition trend have been contributed by buoyant Indian Economy, extra cash with Indian corporate, Government policies and newly found dynamism in Indian businessmen. Now Indian companies are aggressively looking at North American and European markets to spread their wings and become the global players.

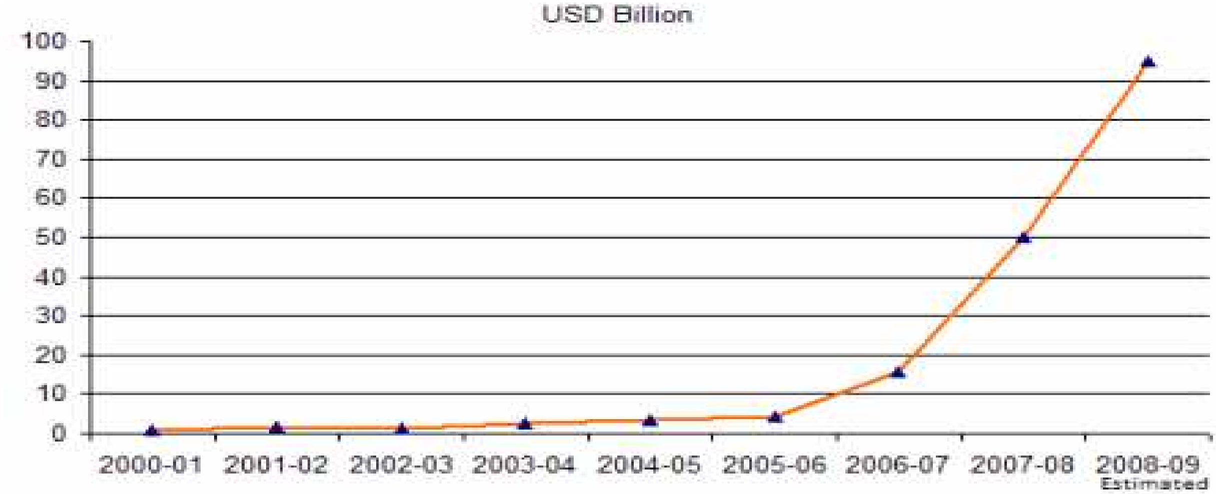
The Indian IT and ITES sector has already a strong presence in foreign markets and other sectors are also now growing rapidly to enter into foreign market. The increasing engagement of the Indian companies in the world markets is not only an indication of the maturity reached by Indian Industry but also the extent of their participation in the overall globalization process.

**FIGURE: 1 HERE IS THE TOP 10 ACQUISITIONS MADE BY INDIAN COMPANIES WORLDWIDE**

| Acquirer | Target Company | Country targeted | Deal value ($ ml) | Industry |
|---|---|---|---|---|
| **Tata Steel** | Corus Group plc | UK | 12,000 | Steel |
| **Hindalco** | Novelis | Canada | 5,982 | Steel |
| **Videocon** | Daewoo Electronics Corp. | Korea | 729 | Electronics |
| **Dr. Reddy's Labs** | Betapharm | Germany | 597 | Pharmaceutical |
| **Suzlon Energy** | Hansen Group | Belgium | 565 | Energy |
| **HPCL** | Kenya Petroleum Refinery Ltd. | Kenya | 500 | Oil and Gas |
| **Ranbaxy Labs** | Terapia SA | Romania | 324 | Pharmaceutical |
| **Tata Steel** | Natsteel | Singapore | 293 | Steel |
| **Videocon** | Thomson SA | France | 290 | Electronics |
| **VSNL** | Teleglobe | Canada | 239 | Telecom |

The above top deals accounted nearly for US $ 21,500 million which was more than double the amount involved in US companies' acquisition of Indian counterpart.

**FIGURE: 2 GRAPHICAL REPRESENTATIONS OF TOTAL INDIAN OUTBOUND DEALS FROM 2000 TO 2009**




Have a look at some of the highlights of Indian Mergers and Acquisitions scenario as it stands

Source: http://ibef.org

The value of Indian outbound deals were at **US$ 0.7 billion in the year 2000-01**, **US$ 4.3 billion in 2005**, and further crossed US$ 15 billion-mark in 2006. In fact, year 2006 has been remembered in India's corporate history as a year when Indian companies covered a lot of new ground. They went shopping across the globe and acquired a number of strategically significant companies. This comprised 60 per cent of the total mergers and acquisitions (M&A) activity in India during 2006 and **almost 99 per cent of acquisitions were made with cash payments.**

The total 287 M&A deals took place during January-May 2007 **with a value of US$ 47.37 billion**. From those deals, total outbound **cross border deals were 102 with a value of US$ 28.19 billion**, representing 59.5 per cent of the total M&A activity in India.

**The total 102 M&A deals took place January-February 2007 with a value of US$ 36.8 billion**. From those deals, the total outbound cross border deals were 40 with a value of US$ 21 billion.

There were 111 M&A deals took place with a total value of about US$ 6.12 billion in March and April 2007. From those deals, the numbers of outbound cross border deals were 32 with a value of US$ 3.41 billion.

There were 74 M&A deals with a total value of about US$ 4.37 billion in May 2007 out of them; the numbers of outbound cross border deals were 30 with a value of US$ 3.79 billion.

The sectors which induce to corporate India includes metals, pharmaceuticals, industrial goods, automotive components, beverages, cosmetics and energy in manufacturing, and mobile communications, software and financial services while pharmaceuticals, IT and energy being the prominent ones among these sectors.

## REVIEW OF LITERATURE

There have been very limited studies on mergers and acquisitions in India. Mergers and Acquisitions are considered to be lifeblood for growth of company in competitive environment. There have been numerous M & A were taken place last two decades in India but very few performed as per expectation. So it becomes critical question to the researcher whether merged company has achieved the expected performance.

Pawaskar has analyzed the operating performance of the companies during 1992-95 using financial indicators like profitability, growth, leverage and liquidity. The study has found that acquiring firm performs better than the industry in terms of profitability but not performed well compared to competitiors.

The study entitled, 'Takeovers as a Strategy of Turnaround' by Ravi Sanker and Rao K.V. (1998) analyzed the financial position of takeovers by using various ratios and other financial parameters. They observe that turnaround succeeded only when company is having expertise of resource management.

Jaykumar S. (1999) evaluates mergers and acquisitions strategic benefit expected by the companies. The author has also examined how share prices changes at the time of announcement of merger.

Canagavally. R. (2000) analyzed the performance of companies before and after merger by using various parameters like risk, size, profitability and growth. They have also examined the response of share price at time of announcement of merger.

Beena P.L. (2000) evaluates the performance before and after merger by using various financial ratios. There has been no evidence found that the result improved by comparing pre and post performance of acquiring companies.

Surjit Kaur (2002) compared the pre and post mergers performance of companies by using various financial ratios. They have compared 3 years before and 3 years after the mergers and acquisitions take place using t-test. The Study has found that profitability and efficiency both declined after merger.

The study entitled, 'Financial Performance of Indian Manufacturing Companies During Pre and Post Merger by S. Vanitha and M. Slevam analyzed the financial performance of 17 manufacturing companies during 2000, 2001and 2002. The financial performance evaluated by using financial ratios[1]. The tools used for analysis were mean, standard deviation and t-test. The study found that merging companies were taken over by companies with reputed and good management in India.

Mahesh Kumar Tambi (2000-2001) evaluated the impact of Mergers on the performance of the companies. They have selected 40 companies and analyzed them by using four parameters.[2] The performance was evaluated 2 years pre and 2 years post mergers during year 2000-2001. The study has concluded that mergers were failed to improve the performance.

## RESEARCH METHODOLOGY

**STATEMENT OF PROBLEM**

Mergers and Acquisitions take place due to various reasons. Therefore it is important to analyze their impact on the performance of company. It is significant to measure whether the company has realized their goal for what actually they meant for.

**OBJECTIVES OF THE STUDY**

**PRIMARY OBJECTIVE**

To ascertain the impact of Mergers & Acquisitions on the performance of companies.

[1] Ratios used were Current ratio, Quick ratio, Net working capital Ratio, Diversion of short term funds Ratio, Total debt to equity ratio, Total borrowing and equity to EBITD, Interest coverage ratio, Operating Ratio, Net Profit Ratio, Return on Investment ratio and Return on Net worth Ratio.

[2] Total Performance improvement, Economies of scale, Operation Synergy and Financial Synergy.

**SECONDARY OBJECTIVE**

To evaluate the Operating performance before and after Mergers & Acquisitions.

**HYPOTHESIS OF THE STUDY**

H0: There is no significance change in the performance of a company before & after M & A.

H1: There is a significance change in the performance of a company before & after M & A.

**RESEARCH DESIGN**

**Exploratory Studies**

When researcher is not having clear idea about the research problem then exploratory study is used. Researcher develops concepts more clearly, establishes priorities and improve the final research design with the help of exploration. Exploration may also save the time and money. Exploration serves other purposes as well, like when the new or so vague investigation projects are there at that time this study will make researcher understand about the dilemma facing the manager.

So here I have used Exploratory Research Design for purpose of study.

**SAMPLING TECHNIQUE**

The sample industries and companies were identified at randomly from the mergers and acquisitions taken place during year 2007. Mergers & Acquisitions where two years of data for pre-merger and post-merger was not available or dissolved were removed from the study sample. Total 35 companies form 6 industries were considered for the study. The details of sample size are given in Table 1.

**TABLE 1: LIST OF MERGED COMPANIES DURING THE YEAR 2007**

| Sr.No. | Name of the industry | Total Merged Companies |
|---|---|---|
| 1 | Cement | 5 |
| 2 | Computer Software | 5 |
| 3 | Textile & Textiles product | 6 |
| 4 | Construction | 8 |
| 5 | Entertainment | 5 |
| 6 | Steel | 6 |

**DATA COLLECTION METHOD**

There are mainly two sources of gathering information about research problem. Sometimes information required is already available as a secondary data and it needs to be extracted.

Here I have used secondary sources of information and Data were collected from the Capitaline Software. Some information was collected from Annual reports, books and websites.

**PERIOD OF THE STUDY**

The study is mainly focus to evaluate the operating performance of merged companies two years before and two years after mergers.

**DATA ANALYSIS**

Operating performance of companies were compared by averages computed for the sample pre and post mergers and compared to see if there was any statistically significant change in the operating performance due to mergers by using "Paired sample t-test".

**TOOLS USED FOR ANALYSIS**

In order to evaluate the operating performance of merged companies, tools like ratio analysis and't' test have been used.

## DATA ANALYSIS & INTERPRETATION

**(A) ANA LYSIS OF ALL MERGERS IN THE SAMPLE**

**TABLE 2: ALL MERGERS: MEAN PRE-MERGER AND POST-MERGER RATIOS FOR MERGING FIRMS**

| Ratios | Pre Merger (2 yrs before) | Post Merger (2 yrs after) | t-test (0.05 significance) |
|---|---|---|---|
| Operating Profit Ratio | 18.66 | 35.64 | .078 |
| Gross Profit Ratio | 12.93 | 29.70 | .092 |
| Net Profit Ratio | 5.98 | 18.48 | .112 |
| Debt Equity Ratio | 1.53 | 1.35 | .593 |
| Current Ratio | 2.74 | 3.20 | .526 |
| Return on Capital Employed | 13.64 | 12.55 | .543 |
| Return on Net Worth | 18.51 | 10.81 | .057 |

The comparison of the pre-merger and post-merger operating performance ratios for the entire sample set of mergers showed that there was a increase in the mean operating profit margin (18.66% to 35.64%), but the increase was not statistically significant (t-statistic value of 0.078). However gross profit margin (12.93% to 29.70%) and net profit margin (5.98% to 18.48%) ratios showed statistically insignificant in the post-merger period (t-statistic values of 0.092 and 0.112).

The result of debt equity ratio decreased after merger (1.53 to 1.35), and decreased was not statistically significant (t-value of 0.593). The current ratio also increased after merger (2.74 to 3.20) but increased was not statistically significant (t-value of 0.526).

Mean return on capital employed (13.64% to 12.55%) and return on net worth (18.51% to 10.81%) showed statistically significant decline post the merger (t-values of o.543 and 0.057 respectively).

**(B) ANALYSIS OF OPERATING PERFORMANCE OF ACQUIRING FIRMS IN DIFFERENT INDUSTRIES**

**(I) CEMENT**

**TABLE 3: MEAN PRE-MERGER AND POST-MERGER RATIOS FOR ACQUIRING FIRMS IN CEMENT SECTOR**

| Ratios | Pre Merger (2 yrs before) | Post Merger (2 yrs after) | t-test (0.05 significance) |
|---|---|---|---|
| Operating Profit Ratio | 8.94 | 24.60 | .162 |
| Gross Profit Ratio | 7.30 | 17.81 | .117 |
| Net Profit Ratio | 0.24 | 9.44 | .120 |
| Debt Equity Ratio | 1.87 | 1.18 | .378 |
| Current Ratio | 1.87 | 1.27 | .351 |
| Return on Capital Employed | 11.16 | 21.53 | .177 |
| Return on Net Worth | 8.94 | 24.60 | .162 |

The result of mean operating profit ratio increased marginally during post merger period (8.94% to 24.60%), and the increased was not statistically significant (t-value of 0.162). Similarly, the mean gross profit margin (7.30% to 17.81%) and net profit margin (0.24% to 9.44%) also increased during post-merger period, and the increases were not statistically significant (t-values of 0.117 and 0.120)

The mean debt-equity ratio decreased after merger (1.87 to 1.18), and decreased was not statistically significant (t-value of 0.378). The result of current ratio decreased during post-merger period (1.87 to 1.27), and decreased was also not statistically significant (t-value of 0.351).
The result of return on capital employed increased marginally (11.16% to 21.53), and mean return on net worth (8.94% to 24.60%) both showed a statistically insignificant during the post-merger period (t- values of 0.117 and 0.162 respectively).

**(II) COMPUTER SOFTWARE**

**TABLE 4: MEAN PRE-MERGER AND POST-MERGER RATIOS FOR ACQUIRING FIRMS IN COMPUTER SOFTWARE SECTOR**

| Ratios | Pre Merger (2 yrs before) | Post Merger (2 yrs after) | t-test (0.05 significance) |
|---|---|---|---|
| Operating Profit Ratio | 8.92 | 6.07 | .496 |
| Gross Profit Ratio | 17.99 | 13.6 6 | .546 |
| Net Profit Ratio | 13.58 | 5.43 | .273 |
| Debt Equity Ratio | 0.21 | 0.34 | .624 |
| Current Ratio | 5.62 | 9.23 | .502 |
| Return on Capital Employed | 6.64 | 5.23 | .722 |
| Return on Net Worth | 8.92 | 6.07 | .496 |

The result of mean operating profit ratio decreased during post merger period (8.92% to 6.07%), and the decreased was not statistically significant (t- value of 0.496). Similarly, the mean gross profit margin (17.99% to 13.66%) and net profit margin (13.58% to 5.43%) also decreased during post-merger period, and the decreases were not statistically significant (t-values of 0.546 and 0.273)
The mean debt-equity ratio increased after merger (0.21 to 0.34), and increased was not statistically significant (t-value of 0.624). The result of current ratio increased during post-merger period (5.62 to 9.23), and increased was also not statistically significant (t-value of 0.502).
The result of return on capital employed decreased (6.64% to 5.23), and mean return on net worth (8.92% to 6.07%) both showed a statistically insignificant during the post-merger period (t- values of 0.722 and 0.496 respectively).

**(III) TEXTILES AND TEXTILE PRODUCTS**

**TABLE 5: MEAN PRE-MERGER AND POST-MERGER RATIOS FOR ACQUIRING FIRMS IN TEXTILES AND TEXTILE PRODUCTS SECTOR**

| Ratios | Pre Merger (2 yrs before) | Post Merger (2 yrs after) | t-test (0.05 significance) |
|---|---|---|---|
| Operating Profit Ratio | 11.81 | 4.61 | .143 |
| Gross Profit Ratio | 8.45 | -2.68 | .079 |
| Net Profit Ratio | 3.72 | -6.81 | .070 |
| Debt Equity Ratio | 1.80 | 3.07 | .386 |
| Current Ratio | 1.27 | 1.18 | .277 |
| Return on Capital Employed | 13.03 | 2.70 | .004 |
| Return on Net Worth | 19.18 | -8.67 | .016 |

The result of mean operating profit ratio decreased marginally during post merger period (11.81% to 4.61%), and the decreased was not statistically significant (t- value of 0.143). Similarly, the mean gross profit margin (8.45% to -2.68%) and net profit margin (3.72% to -6.81%) also decreased during post-merger period, and the decreases were not statistically significant (t-values of 0.079 and 0.070)
The mean debt-equity ratio increased after merger (1.80 to 3.07), and increased was not statistically significant (t-value of 0.386). The result of current ratio decreased during post-merger period (1.27 to 1.18), and decreased was also not statistically significant (t-value of 0.277).
The result of return on capital employed decreased (13.03% to 2.70%), and mean return on net worth (19.18% to -8.67%) both showed a statistically significant during the post-merger period (t- values of 0.004 and 0.016 respectively).

**(IV) CONSTRUCTION**

**TABLE 6: MEAN PRE-MERGER AND POST-MERGER RATIOS FOR ACQUIRING FIRMS IN CONSTRUCTION SECTOR**

| Ratios | Pre Merger (2 yrs before) | Post Merger (2 yrs after) | t-test (0.05 significance) |
|---|---|---|---|
| Operating Profit Ratio | 29.68 | 61.65 | .005 |
| Gross Profit Ratio | 11.24 | 49.25 | .022 |
| Net Profit Ratio | 10.40 | 37.33 | .049 |
| Debt Equity Ratio | 1.70 | 0.95 | .342 |
| Current Ratio | 3.62 | 3.97 | .751 |
| Return on Capital Employed | 15.65 | 16.94 | .730 |
| Return on Net Worth | 32.38 | 19.22 | .291 |

The result of mean operating profit ratio increased marginally during post merger period (29.68% to 61.65%), and the increased was statistically significant (t-value of 0.005). Similarly, the mean gross profit margin (11.24% to 49.25%) and net profit margin (10.40% to 37.33%) also increased during post-merger period, and the increases were statistically significant (t-values of 0.02 and 0.049)
The mean debt-equity ratio decreased after merger (1.70 to 0.95), and decreased was not statistically significant (t-value of 0.342). The result of current ratio increased during post-merger period (3.62 to 3.97), and increased was also not statistically significant (t-value of 0.751).
The result of return on capital employed increased (15.65% to 16.94), and mean return on net worth decreased (32.38% to 19.22%) both showed a statistically insignificant during the post-merger period (t- values of 0.730 and 0.291 respectively).

**(V) ENTERTAINMENT**

**TABLE 7: MEAN PRE-MERGER AND POST-MERGER RATIOS FOR ACQUIRING FIRMS IN ENTERTAINMENT SECTOR**

| Ratios | Pre Merger (2 yrs before) | Post Merger (2 yrs after) | t-test (0.05 significance) |
|---|---|---|---|
| Operating Profit Ratio | 13.13 | 11.46 | .518 |
| Gross Profit Ratio | 30.71 | 25.13 | .619 |
| Net Profit Ratio | 16.34 | 8.76 | .478 |
| Debt Equity Ratio | 0.38 | 0.16 | .402 |
| Current Ratio | 2.57 | 2.12 | .600 |
| Return on Capital Employed | 16.30 | 17.00 | .789 |
| Return on Net Worth | 13.13 | 11.46 | .518 |

The result of mean operating profit ratio decreased during post merger period (13.13% to 11.46%), and the decreased was not statistically significant (t- value of 0.518). Similarly, the mean gross profit margin (30.71% to 25.13%) and net profit margin (16.34% to 8.76%) also decreased during post-merger period, and the decreases were not statistically significant (t-values of 0.619 and 0.478)

The mean debt-equity ratio decreased after merger (0.38 to 0.16), and decreased was not statistically significant (t-value of 0.402). The result of current ratio decreased during post-merger period (2.57 to 2.12), and increased was also not statistically significant (t-value of 0.600).

The result of return on capital employed increased (16.30% to 17.00), and mean return on net worth (13.13% to 11.46%) both showed a statistically insignificant during the post-merger period (t- values of 0.789 and 0.518 respectively).

**(VI) STEEL**

**TABLE 8: MEAN PRE-MERGER AND POST-MERGER RATIOS FOR ACQUIRING FIRMS IN STEEL SECTOR**

| Ratios | Pre Merger (2 yrs before) | Post Merger (2 yrs after) | t-test (0.05 significance) |
|---|---|---|---|
| Operating Profit Ratio | 22.56 | 19.81 | .732 |
| Gross Profit Ratio | 7.30 | 14.30 | .120 |
| Net Profit Ratio | 2.04 | 9.34 | .104 |
| Debt Equity Ratio | 2.83 | 2.12 | .472 |
| Current Ratio | 1.47 | 1.67 | .112 |
| Return on Capital Employed | 17.25 | 11.45 | .135 |
| Return on Net Worth | 19.79 | 10.99 | .207 |

The result of mean operating profit ratio decreased during post merger period (22.56% to 19.81%), and the decreased was not statistically significant (t- value of 0.732). Similarly, the mean gross profit margin (7.30% to 14.30%) and net profit margin (2.04% to 9.34%) increased during post-merger period, and the increases were not statistically significant (t-values of 0.120 and 0.104)

The mean debt-equity ratio decreased after merger (2.83 to 2.12), and increased was not statistically significant (t-value of 0.472). The result of current ratio increased during post-merger period (1.47to 1.67), and increased was also not statistically significant (t-value of 0.112).

The result of return on capital employed decreased (17.25% to 11.45), and mean return on net worth (19.79% to 10.99%) both showed a statistically insignificant during the post-merger period (t- values of 0.135 and 0.207 respectively).

## FINDINGS

The performance of overall industry indicates that there was increased in Operational efficiency and profitability of six selected industries but unable to generate return from the total capital invested. The result of Cement Industry shows statistically insignificant increases in Operating efficiency and Return on Investment both but decrease in Debt equity ratio and current ratio after acquiring company.

The performance of Computer Software industry decline in Operational efficiency and Return on invested capital while increase in debt equity and current assets due to addition of assets of the acquired company. The merger of this industry had helped increase the scale of operations and asset size without affecting the profit margins. The result of Textile and textile products shows that mergers had caused slight improvement but statistically insignificant decline in operating performance, in terms of profitability and returns on invested capital.

The performance of Construction Sector increased marginally in terms of Operational efficiency, profitability and return in capital employed but return on net worth decline substantially statistically insignificant. The result of Entertainment Sector shows statistically insignificant marginally decline in profitability and return on investment both. Debt equity ratio and current ratio also decline after mergers.

The performance of Steel Industry declined in terms of Operational efficiency and return on investment but profitability has increased after mergers. The performance increases and decreases were statistically insignificant.

## CONCLUSION

The study was done to measure the impact of mergers and acquisition on the performance of companies in terms of operating performance. The result has proved that companies failed to perform well after mergers and acquisitions in all parameters understudy. The analysis shows that performance was different from different industry. Hence performance of company depends on the type of industry in which mergers and acquisitions take place.

## FUTURE SCOPE OF THE STUDY

1. The study with similar objectives could me made from time to time.
2. The study could be made of other industries with similar objectives also.
3. Researcher can also judge the impact of M & A on Shareholder's wealth.

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