International Journal of Management Research and Development (IJMRD)

ISSN 2248 – 938X (Print)
ISSN 2248 – 9398(Online),
Volume 3, Number 2, April - May (2013), pp. 113-125
© PRJ Publication, http://www.prjpublication.com/IJMRD.asp

IJMRD

© PRJ PUBLICATION

IMPACT OF MERGERS AND ACQUISITIONS ACROSS INDUSTRIES IN INDIA

Dr. (Mrs.) S.POORNIMA, MBA., MPhil.,PhD., FDP (IIM-A)
Associate Professor, Department of Business Management
PSGR Krishnammal College for Women (Autonomous)
Coimbatore - 641 004

S.SUBHASHINI
Assistant Professor
Sasi Creative School of Business
Coimbatore

ABSTRACT

Mergers and Acquisitions continue to enjoy importance as strategies for achieving growth. In today's globalized economy, mergers and acquisitions (M&As) are being increasingly used in the world over, for improving competitiveness of companies through gaining greater market share, broadening the portfolio to reduce business risk, for entering new markets and geographies and capitalizing on economies of scale etc. The aim of this paper is to study the impact of mergers and acquisitions on the financial performance of the acquiring firm during the pre-and post-merger period specifically in the areas of profitability, leverage, liquidity and managerial efficiency of the company. Paired sample t-test has been performed to determine the significance difference in the financial performance of the acquiring firm. The finding of this study shows that there is no improvement in the financial performance of the firm due to acquisitions.

INTRODUCTION

The forces of liberalization and globalization that swept the Indian economy in the post-reforms era compelled the corporate to restructure their businesses by adopting various strategies like merger, amalgamations and takeover. The process of restructuring through mergers and acquisitions has been a regular feature in the developed and free nations like US, Japan etc. In India also, the concept has now caught like fire with number of mergers increasing in inbound and outbound deals. In the post-financial crisis period (2008), the volume of M&A transactions in India has apparently increased to about 27.2 billion in USD in 2010 from 21.3 billion USD in 2009. Today, Indian corporate is making high profile acquisitions in developed markets for establishing their brands. In terms of the growth rate in mergers and acquisitions deals, India occupies the second position in the world. India's growth curve is ascendant. Pharmaceutical, Information Technology, Automotive component and Textile companies are on an acquisition binge in Europe sparking speculation that India is getting aggressive in craving out their presence in Europe.

LITERATURE REVIEW

Extensive research is available in context to M&A, for the purpose of this study a brief review of few studies has been taken in understand the areas of merger, their impact on the financial performance of acquirer and target companies and the research problem is formulated for further investigation in this area.

S. Vanitha 2007 compare the financial performance of the pre and post mergers of the firms which have undergone mergers and acquisitions in the period 2001-2002, 58 manufacturing firms was taken as total population and 17 companies were taken as sample size. Financial performance of the firm is evaluated using Liquidity, Solvency and Profitability ratios, to find out the business expansion of the firm's Capital Formation and Investment are used. The finding report that there was good indication of the quick ratios show improvement in post merger period. Net worth, Capital formation, ROI showed improved performance in post merger period. The conclusion emerging from the point of view of financial evaluation is that the merging companies were taken over by companies with reputed and good management.

Fulbag Singh 2008, studies the impact of mergers on corporate performance in India in a sample of 56 companies merged between 1994 and 2002 the companies listed on Bombay Stock Exchange. The motives behind the merger deals and the sources of profitability of merger deals are investigated in the study. Accounting based performance is measured using three categories 1. Profitability2. leverage and 3.Liquidity. Results show that profitability declines significantly after the merger. Current ratio, debt equity ratio and size show a negative impact on profitability measure .Interest coverage ratio contributes positively towards profitability. Thus the results highlights that the firms could not improve their improvement even after five years and decline is observed in matching firms also. The firms would improve their performance in passage of time when the size of the firm increases.

SabooSidharath and Gopi, Sunil 2009examines the performance of Indian companies that have undergone through mergers in India and Abroad. The analysis verified their impact on the operating performance of merging companies and analyzed their valuation in domestic, cross broader acquisitions. The sample consists of 54 firms engage in mergers in the period 2000 to 2007. The results of the average one year pre and post merger and two year pre and post mergers have shown the improvement positively and the impact on cross border and domestic acquisitions was different. Thus the study confirm about the positive impact on the financial performance and the type of acquisitions play important role in the mergers.

Indumathi 2011 identifies the wealth enhancement with respect to mergers, which help in assuring the success of mergers. The liquidity position determines the company financial position and whether able to run the business smoothly. The study examines the liquidity position of both acquirer and target companies in pre and post merger period. The sample consists of 93 companies which underwent merger during the period 01.04.2002 to 31.3.2005. The sample size was confined to 13. To measure the liquidity performance of 13 firms, current ratio, quick ratio, net working capital and 't' test was used. The results conclude that the share holders of the acquirer companies partly increased their wealth in turn increased the returns on investments after the merger event. Thus findings conclude the acquirer companies always benefit than the target companies in the merger event.

Empirical studies byVanitha, Selvam and Indhumathi provide evidence on the positive impact of mergers on the financial performance of the firm. However the study by Fulbag Singh shows the adverse effect of mergers on the performance of the merger. These conflicting results make the effect of mergers and acquisitions as a business strategy inconclusive. Therefore, the study is required to answer the M&As effects on the performance of the firm and their impact on the across sector in Indian industries.

STATEMENT OF THE PROBLEM

Companies' use the M&As strategy not only to expand their business but also to get benefits such as cost saving, technology up gradation, capturing market across boundaries. Indian organization are moving forward to achieve global status through M&As. This effect is spread to almost all sector in India namely Information Technology, Pharmaceutical industry, Construction, Textile industry etc. However, most of the empirical studies have deeply concentrated on the analysis of financial performance of both acquirer and target firm in the pre- and post -merger period. There has been no comprehensive analysis attempted to analyze on the impact of M&As on the financial performance of different industries in India. Hence, in order to fill this gap in research, the present study attempts to analyze the financial performance ratio of acquiring firm of different industries in pre- and post-merger period.

NEED FOR THE STUDY

The mergers and acquisitions is a critical endeavor for the firms using it both as a part of a strategy for growth or survival, for such critical processes, performance measures must be used and the management must be in the position to react and take necessary steps for achieving the end results of the acquisitions. Therefore, there is a need to study the impact of the mergers and acquisitions on the financial performance of the firm, which would be helpful for accessing the success of the mergers. Many studies have been conducted to analyze the acquiring and target companies in pre - and post- merger periods from the share holders' and firm point of view. It is equally important to analyze from the view point of acquiring firms on the financial performance in different industry in India, to see if there are variations in the impact, for different industries.

OBJECTIVES OF THE STUDY

The following are the objectives of the study.
To evaluate the pre- merger and post-merger financial performance of the acquirer companies pertaining to different industries in India.

HYPOTHESIS OF THE STUDY

To test the objectives mentioned above, the following hypotheses were formulated:

1. H_o: There is no significant difference between the financial performance of the acquiring firm after the merger
2. H_a: There is a significant difference in the financial performance of the acquiring firm after the merger

METHODOLOGY OF THE STUDY

Sample Selection

There are about 115 companies which underwent acquisitions within and across industry during the study period from 01.04.2009 to 31.03.2010. For the purpose of analysis on the different industries, it was decided to select all the companies pertaining to different industries. But only for 33 companies, the required data for analysis were available in the Capitaline database. Hence the sample size of this study is confined to 33 and the list was further divided into industry wise. The final sample for the study had the industry-wise breakup is shown in the table1.

List of Mergers used in the study

Sl.No	Acquirer Company	Target company	Date of Merger Announcement	Industry
1	Prism Cement Ltd	H & R Johnson (India) Ltd	08/08/2009	Cement And Construction
2	UltraTech Cement Ltd	Samruddhi Cement Ltd	16/11/2009	Cement And Construction
3	Nila Infrastructures Ltd	Pearl Stockholdings Pvt. Ltd	17/09/2009	Cement And Construction
4	Vijay Shanthi Builders Ltd	High End Homes Pvt. Ltd	12/01/2009	Cement And Construction
5	Titagarh Wagons Ltd	Titagarh Steels Ltd(merged)	30/03/2009	Cement And Construction
6	BASF India Ltd	Ciba India Ltd	14/09/2009	Chemicals & Sugar
7	GulshanPolyols Ltd	Salil Industries Ltd	12/10/2009	Chemicals & Sugar
8	Shirpur Gold Refinery Ltd	Kala Kosh Auctions Pvt Ltd	15/12/2009	Commodities
9	Ess Dee Aluminium Ltd	India Foils Ltd(merged)	15/01/2009	Commodities
10	Suraj Stainless Ltd	Suraj Ltd	27/07/2009	Commodities
11	Siemens Ltd	Siemens Healthcare Diagnostics Ltd(merged)	01/12/2009	Electronics & Electric Equipment
12	Cable Corporation of India Ltd	Prithvi Consultancy Services Pvt Ltd	09/02/2009	Electronics & Electric Equipment
13	Centum Electronics Ltd	Solectron EMS India Ltd	12/10/2009	Electronics & Electric Equipment

14	Graphite India Ltd	GKW Ltd	27/03/2009	Electronics & Electric Equipment
15	K E C International Ltd	RPG Cables Ltd(merged)	30/10/2009	Electronics & Electric Equipment
16	T.V. Today Network Ltd	Radio Today Broadcasting Ltd	30/07/2009	Entertainment
17	UTV Software Communications Ltd	UMP Plc	20/07/2009	Entertainment
18	Zee Entertainment Enterprises Ltd	ETC Networks Ltd	23/12/2009	Entertainment
19	Kumbhat Financial Services Ltd	Common Wealth Micro Finance (India) Ltd	25/11/2009	Finance
20	WalchandPeoplefirst Ltd	WalchandTalentFirst Ltd	31/07/2009	Finance
21	Oswal Leasing Ltd	Vanaik Spinning Mills Ltd	03/03/2009	Finance
22	GlodyneTechnoserve Ltd	Compulink Systems Ltd(merged)	28/10/2009	Information Technology
23	BGIL Films & Technologies Ltd	Kriti Communications Pvt Ltd	18/05/2009	Information Technology
24	Indrayani Biotech Ltd	Indrayani Tissue Culture Pvt Ltd	27/07/2009	Miscellaneous
25	Oricon Enterprises Ltd	Zeuxite Investments Pvt Ltd	31/10/2009	Miscellaneous
26	Kirloskar Engines India Ltd	Kirloskar Industries Ltd	30/03/2009	Oil & Refineries
27	Ruchi Soya Industries Ltd	Palmtech India Ltd	09/02/2010	Oil & Refineries
28	Reliance Industries Ltd	Reliance Petroleum Ltd	02/03/2009	Oil & Refineries
29	Dhunseri Petrochem & Tea Ltd	South Asian Petrochem Ltd	15/12/2009	Oil & Refineries
30	Dabur India Ltd	Fem Care Pharma Ltd(merged)	26/10/2009	Pharma And Health Care
31	Emami Ltd	Zandu Pharmaceutical Works Ltd	19/06/2009	Pharma And Health Care
32	Country Condo's Ltd	Country Club Bangalore Ltd	24/11/2009	Pharma And Health Care
33	Intas Pharmaceuticals Ltd	ZoraPharma Ltd	09/12/2009	Pharma And Health Care

Period of the Study

The present study covers a period of one year from 1st April 2009 to 31st March 2010. In order to evaluate the financial performance of sample companies on a comparative basis, three years before merger and three years after merger were considered.

Sources of Data

The present study depends on secondary data. The required data on financial performance before and after the merger were collected for the sample period. The data for each of the sample company were obtained from Capitaline, bse-india.com and moneycontrol.com. The additional data were also collected from the books, articles in various journals, magazines and newspaper.

Tools Used

The present study attempts to measure and analyze the pre- and post-merger performance of acquiring firm in industries wise by using profitability ratios, liquidity ratios, solvency ratio and managerial efficiency ratio. In order to analyze the financial performance of the acquiring firm in industries wise, the paired sample t-test is employed on the selected key financial ratios.

ANALYSIS OF FINANCIAL PERFORMANCE OF ACQUIRING FIRMS IN DIFFERENT INDUSTRIES

The pre-merger and post-merger period on the financial performance of the firm were carried out with the help of financial ratios, the averages were computed for the entire set of sample firms, which have gone through mergers in the period 2009-2010. The average ratios for each of the industry sub-samples were also computed. Average pre-merger and post-merger financial performance ratios were compared to see if there any improvement in the financial performance due to acquisitions, using "paired sample t-test" at 95% confidence level.

1. Cement and Construction

The results indicate that the profitability ratios of the acquisition firm in the cement industries shows mixed results, the earning per share shows a marginal increase in the post-merger period, whereas the return on capital employed showed decrease in the post-merger period from (0.1841 to 0.0935). The liquidity ratio i.e. current ratio there has been increase in the post-merger period (1.847 to 2.1). The long term solvency ratio – Debt-equity ratio, there is no significant changes due to the merger, the interest coverage ratio shows decline in post-merger period (26.00 to 9.72) and the decline is not statistically significant. The managerial efficiency ratio is determined by inventory turnover ratio also shows decline in post-merger period.

The results from the Table-2 of the cement industries suggest that though there was marginal increase in the mean value of EPS& Current ratio, the changes was not statistically significant.

Table 2: Pre-merger and Post-merger financial ratios of acquiring firm in Cement and Construction

	Pre-merger mean value	Post-merger Mean Value	t-value (0.05 Significance)
Earnings per share	22.19	23.67	0.789
Return on Capital employed	0.1841	0.0935	0.159
Current Ratio	1.847	2.1	0.418
Debt- Equity ratio	0.5827	0.5267	0.792
Interest Coverage ratio	26	9.7287	0.197
Inventory turn over ratio	6.153	6.3687	0.842

2. Chemicals and Sugar

The results show that the mean value in post-merger EPS shows an increase from (13.91 to 20.87) and the decline was statistically significant, the return on capital employed mean value shows decline (0.1267 to 0.095). The liquidity ratio shows no changes in the post-merger period. The long term solvency ratio i.e. debt-equity ratio there has been a decline in the mean value, it provides the positive results due to merger. The interest coverage ratio there has been increase in the post-merger period from (28.03 to 38.57), the‘t’ test confirm that it was not significant. The inventory turnover ratio declined in post-merger period (12.35 to 8.96)

The results from the Table-3, confirms that only in EPS there has been statistical difference and it has been positive in post-merger period, though the decline in post-merger of debt-equity ratio favored due to merger, still the difference is not significant. The other ratios there was no statistical difference found in post-merger period.

Table 3: Pre-merger and Post-merger financial ratios of acquiring firm in Chemicals and Sugar

	Pre-merger mean value	Post-merger Mean Value	t-value (0.05 Significance)
Earnings per share	13.91	20.87	0.045*
Return on Capital employed	0.126	0.095	0.57
Current Ratio	1.77	1.77	0.965
Debt- Equity ratio	0.691	0.24	0.546
Interest Coverage ratio	28.03	38.57	0.44
Inventory turn over ratio	12.35	8.96	0.268
*s-significant at 0.05 level			

3. **Commodities**

The results showed that there was marginal increase in the EPS in the post-merger period, the other profitability measure return on capital employed shows marginal decrease in the post-merger period from (0.04 to 0.01). The liquidity position of the firm in the current ratio indicates no much difference due to merger. The solvency ratio shows decrease in the mean value from (2.04 to 0.77), the interest coverage ratio shows declined in post-merger period from (3.93 to 1.74) and the 't' test confirms that there was not much difference due to impact of mergers. The managerial efficiency ratio shows increase in the commodities industries from (6.34 to 13.43).

The results from the Table-4 of the commodities industries confirm that there was an increase in the earning per share and the't' test confirm the same results. The other ratios results shows though the decline is observed in post-merger period, still it is not significant.

Table 4: Pre-merger and Post-merger financial ratios of acquiring firm in Commodities

	Pre-merger mean value	Post-merger Mean Value	t-value (0.05 Significance)
Earnings per share	7.96	8.02	0.987
Return on Capital employed	0.04	0.167	0.642
Current Ratio	1.48	1.436	0.888
Debt- Equity ratio	2.04	0.776	0.287
Interest Coverage ratio	3.93	1.74	0.081
Inventory turn over ratio	6.34	13.43	0.329

4. **Electronics and Electric equipment**

The results showed that there was increase in the mean value of the current ratio (1.20 to 1.38) and in inventory turnover ratio of (7.63 to 8.36), there was significant decline in the EPS from (14.08 to 9.60) and the decline is also observed in return on capital employed in the mean value from (0.154 to 0.076), debt-equity ratio (0.88 to 0.55) and inventory turnover ratio from (22.06 to 16.37).

The results from the Table-5, confirm there was statically difference in the EPS, the other financial ratios results provide that though there were decline in the mean values, still no significant difference is found in the post-merger period.

Table 5: Pre-merger and Post-merger financial ratios of acquiring firm in Electronics and Electrical equipment

	Pre-merger mean value	Post-merger Mean Value	t-value (0.05 Significance)
Earnings per share	14.08	9.6	0.05*
Return on Capital employed	0.154	0.076	0.178
Current Ratio	1.2	1.38	0.294
Debt- Equity ratio	0.88	0.55	0.153
Interest Coverage ratio	22.06	16.37	0.68
Inventory turn over ratio	7.63	8.36	0.382
*s-signficant at 0.05 level			

5. Entertainment

The results from the Table-6 shows that there was not much difference found in the mean values of the post-merger period in the return on capital employed (0.08 to 0.01) and in debt-equity ratio (0.34 to 0.33). There has been increase in the mean values of EPS (5.29 to 8.75), Current ratio (2.02 to 2.35) and in interest coverage ratio of (174.3 to 199.74), there has been decline in the inventory turnover ratio from (2.76 to 1.25).

The overall results from the entertainment industries proved to be mixed, there was no significant difference found in the financial performance in this industries.

Table 6: Pre-merger and Post-merger financial ratios of acquiring firm in Entertainment

	Pre-merger mean value	Post-merger Mean Value	t-value (0.05 Significance
Earnings per share	5.29	8.75	0.41
Return on Capital employed	0.08	0.016	0.539
Current Ratio	2.02	2.35	0.64
Debt- Equity ratio	0.34	0.33	0.94
Interest Coverage ratio	174.3	199.74	0.942
Inventory turn over ratio	2.76	1.25	0.185

6. Finance

The results from the Table-7 shows that the profitability ratios there was decline in the post-merger period in earning per share (35.95 to 4.85), in return on capital employed from (0.07 to 0.04). The liquidity ratios and solvency ratio shown improvement in the mean values in the post-merger period in current ratio (14.53 to 18.25), in debt-equity ratio from (0.003 to 0.1067) and in interest coverage ratio from (-11.11 to 2.05). The decline is observed in the managerial efficiency ratio i.e. inventory turnover ratio from (0.89 to 0.56).

The results from the finance industries conclude that there was marginal increase in the liquidity and solvency ratios, but the profitability and the efficiency ratios shows decline in the mean value. The 't' test results confirm that there was no statistical difference due to merger in the finance industries.

Table 7: Pre-merger and Post-merger financial ratios of acquiring firm in Finance

	Pre-merger mean value	Post-merger Mean Value	t-value (0.05 Significance)
Earnings per share	35.95	4.85	0.428
Return on Capital employed	0.07	0.04	0.428
Current Ratio	14.53	18.25	0.617
Debt- Equity ratio	0.003	0.146	0.423
Interest Coverage ratio	-11.11	2.05	0.396
Inventory turn over ratio	0.89	0.56	0.423

7. **Information Technology**

The results shows from the Table-8 provide that there was increase in the mean value in post-merger period of EPS, debt-equity ratio, inventory turnover ratio, in the EPS the mean value increased from (8.68 to 22.22), the debt equity ratio mean value (0.10 to 0.17) and in inventory turnover ratio there was significant increase in the post-merger period from (51.35 to 357.54), though there was increase in the mean value of the ratios, t-test confirm the increase is not significant. There is decrease in the mean value of the return on capital employed from (0.16 to 0.3), current ratio (4.21 to 1.52) and interest coverage ratio (7.73 to 5.24).

The variations observed in the mean value in the IT industry's proved to be mixed and there was no significant difference found due to merger.

Table 8: Pre-merger and Post-merger financial ratios of acquiring firm in Information Technology

	Pre-merger mean value	Post-merger Mean Value	t-value (0.05 Significance)
Earnings per share	8.68	22.22	0.49
Return on Capital employed	0.16	0.13	0.5
Current Ratio	4.21	1.52	0.366
Debt- Equity ratio	0.1	0.17	0.451
Interest Coverage ratio	7073	5.24	0.5
Inventory turn over ratio	51.35	357.54	0.148

8. Miscellaneous

The results shows that there were significant decline in the EPS from (2.86 to 2.41), in return on capital employed there was an increase in the mean value from (-1.42 to 0.17). The liquidity ratio showed an increase in post-merger period from (1.08 to 1.23). There was increase in the inventory turnover ratio from (17.57 to 18.88). The decline is observed in the debt-equity ratio of (0.41 to 0.08) and in interest coverage ratio from (1.24 to 0.33).

The overall results from the Table-9 shows that mixed results is observed in the financial performance of the firm in this industries and no difference is found due to acquisitions.

Table 9: Pre-merger and Post-merger financial ratios of acquiring firm in miscellaneous

	Pre-merger mean value	Post-merger Mean Value	t-value (0.05 Significance)
Earnings per share	2.86	2.41	0.5
Return on Capital employed	-1.42	0.17	0.504
Current Ratio	1.08	1.23	0.873
Debt- Equity ratio	0.41	0.08	0.144
Interest Coverage ratio	1.24	0.33	0.737
Inventory turn over ratio	17.57	18.88	0.881

9. Oil and Refineries

The number of companies covered in these industries is four. The results observed from the Table-10 are mixed. There was decrease in the mean value in the EPS from (53.93 to 41.67) and in return on capital employed in the mean value (0.16 to 0.08), interest coverage ratio the decline is from (14.30 to 5.64) and in inventory turnover ratio mean value from (12.15 to 4.83). The increase in the mean value of post-merger period is seen in the current ratio and debt-equity ratio.

The results from the oil and refineries provide no significant difference in the post-merger period.

Table 10: Pre-merger and Post-merger financial ratios of acquiring firm in oil and refineries

	Pre-merger mean value	Post-merger Mean Value	t-value (0.05 Significance)
Earnings per share	53.93	41.67	0.77
Return on Capital employed	0.162	0.085	0.176
Current Ratio	1.04	1.18	0.182
Debt- Equity ratio	0.31	0.4	0.16
Interest Coverage ratio	14.3	5.64	0.344
Inventory turn over ratio	12.15	4.83	0.464

10. Pharmaceuticals and Health care

The number of companies is four in these industries. The results show that there were significant differences observed in debt-equity ratio with marginal increase in the mean value in the post-merger period. The increase in the post-merger period value is also seen in interest coverage ratio. The other ratio like profitability, liquidity ratio and the managerial efficiency ratio observed declined in the post-merger period.

The results from the pharmaceuticals industries as shown in the Table -11 indicates that no significant difference is observed due to merger in the post-merger period, except the debt-equity ratio there was significant increase in the value after merger.

Table 11: Pre-merger and Post-merger financial ratios of acquiring firm in pharmaceuticals

	Pre-merger mean value	Post-merger Mean Value	t-value (0.05 Significance)
Earnings per share	23.8	14.15	0.477
Return on Capital employed	0.205	0.192	0.881
Current Ratio	1.36	1.15	0.385
Debt- Equity ratio	0.35	0.517	0.05*
Interest Coverage ratio	16.59	20.86	0.563
Inventory turn over ratio	7.8	7.07	0.466
*s- significant at 0.05 level			

ANALYSIS OF ALL MERGERS IN THE SAMPLE

The comparison of the pre-merger and post-merger financial performance ratios for the entire sample set of acquiring firms from the Table -12 shows that there was no significant improvement due to mergers. The mean value of return on capital employed, current ratio, interest coverage ratio and inventory turnover ratio shows marginal increase in the mean values and ‘t’ test confirms the non-significance. The decrease in the mean values is observed in the earning per share and debt- equity ratio and not statistically significant.

Table 12: Pre-merger and Post-merger financial ratios of all the acquiring firm in the sample

	Pre-merger mean value	Post-merger Mean Value	t-value (0.05 Significance)
Earnings per share	18.63	16.22	0.545
Return on Capital employed	0.03	0.08	0.623
Current Ratio	2.81	3.14	0.552
Debt- Equity ratio	0.63	0.45	0.08
Interest Coverage ratio	27.72	28.23	0.983
Inventory turnover ratio	10.14	28.88	0.169

CONCLUSION

This study was undertaken to test whether the industry type has an impact on the mergers of the acquiring firm in terms of the financial performance ratios like profitability, liquidity, solvency and managerial efficiency ratios. The results from the analysis of the financial ratio of the acquiring firm in the sample shows that there was no significant impact on different industries due to mergers. Type of industries in merger does not make any difference in the performance of the acquiring firm.

LIMITATIONS OF THE STUDY

The study has not undertaken the target group for analysis and the study is restricted to the type of the industries and further research in this area could be extended on the firm level and from share-holder point of view. Another limitation of the study is the study period and the sample size of merger in each industry is too small, which might bring in question of validity of results and these areas are extended for further research.

REFERENCES

1. S. Vanitha, M. Selvam 2007 "Financial Performance of Indian Manufacturing Companies During Pre and Post Merger"International Research Journal of Finance and Economics ISSN 1450-2887 Issue 12 (2007)
2. Fulbag Singh, Monika Mogla "Impact of Mergers on Profitability of Acquiring Companies" The IUP Journal of Mergers and Acquisition June 2008. Reference #31J-2008-06-03-01.
3. Saboo, Sidharth and Gopi, Sunil "Comparison of Post-Merger performance of Acquiring Firms (India) involved in Domestic and Cross-border acquisitions"MPRA Paper No. 19274, posted 13. December 2009
4. Indhumathi. G, M. Selvam, and M. Babu. (2011). The effect of mergers on corporate performance of acquirer and target corporate firms in India. Euro Journals Publishing, Inc. Issue 1.