



The Journal of Sri Krishna Research & Educational Consortium
**INTERNATIONAL JOURNAL OF
BUSINESS ECONOMICS AND
MANAGEMENT RESEARCH**
Internationally Indexed & Listed Referred e-Journal



POST MERGER FINANCIAL APPRAISAL OF SELECTED FIRMS

K. B. SINGH*

* Assistant Professor,
Birla Institute of Technology,
Mesra.

ABSTRACT

Corporate Restructuring has become an important corporate strategy in the financial and economic environment all over the world. Mergers & Acquisitions (M&A), as a corporate restructuring activity in India both domestic and cross-border has exhibited explosive growth in recent years. Since 1991, Indian industries have been increasingly exposed to both domestic and international competition and competitiveness. Hence, in recent times, companies have started restructuring their operations around their core business activities through (M&A). M&A is a tool used by companies for the purpose of expanding their operations often aiming at an increase of their long term profitability (Seth, 1990). Even though M&A have been an important element of corporate strategy all over the globe for several decades, research on M&As has not been able to provide conclusive evidence on whether they enhance efficiency or destroy wealth. There is thus an ongoing global debate on the effects of M&As on firms. Our study attempts to analyze financial performance of the pre and post – merger. A sample of 17 public listed companies from a total of 58 companies which have undergone M&A during 2002, 2003 & 2004 were taken for analysis. Those companies which have gone for multiple mergers were not taken. In order to evaluate the financial performance, ratio analysis, mean, standard deviation and 't' test have been used as tools of analysis. The study found that there no improvement in financial performance of merging companies long-term (3 years post merger).

KEYWORDS: *Mergers, Mergers & Acquisition, M&A, Financial performance.*