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The Impact of Corporate Restructuring through Mergers: Case Studies of Different Companies

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Abstract:
Background*: This study was undertaken in XIDAS as dissertation (PGDM/2018-20) topic in the year 2019-20, Jabalpur; discussing of merger and its positive aspects with all factual realistic data collected processed generating all the reliable, realistic results satisfying all aspects of studies with proper reasons for acceptability of idea of corporate restructuring through merger for better efficient effective utilization of synergized resources available increasing the economic value by the focused converged output to maximize wealth of formation (composite). Various financial statements ratios of performance and data indicators were statistically and mathematically analyzed for factual interpretation and compiling of the results. All together more than 5 pairs of companies financial data for last 3 year of pre and 3 years of post merger`s were worked/churned upon siphoning off of the all required feasible generated outputs in reference to the requirement of the attainment of objectives of the topic of study with certainty and validating measurements. The financial management aspects of works of mergers in recovering/synergizing of the competencies, competitions and capacity for shooting up of the company values together facing its rivalries more strongly and rationally taking maximum advantage of efficient market theory to the best available level which in pre-merger where un detrimental for saving of various companies from getting dissolved/bankrupted.*
Materials and Methods*: Research Design:- Research design was exploratory depended on time, company type, financial data type. Research techniques:- Were experimental for data collected pre- and post- merger, studying after effect referenced to performance before merger treatment. Data Collection:- The presented study was primarily based on secondary data mostly quantitative synthesizing/interpreting for qualitative findings/remarks, collected mainly through annual reports of companies, reliable relevant certified authorized business financial statements web sources and published research papers of some reputed journal of learning importance synergizing the knowledge collections. Method of Data Analysis:- Method of data analysis were empirical, statistical and fundamental financial data analysis. Tools and Techniques:- Companies various financial performance ratios were considered as the measurable values for analysis taking help of MS-Excel graphs and statistical functions, CAPM, WACC, Market/Index Model were implied to calculate beta (Systematic Risk, Required return, Abnormal/ Supernormal Return) to draw magnified real impact of merger on company performance..*
Results*: The performance of the mergers' were found to be synergized and with reduces risks associated on adoptions of all various financial controls strategies for early financial growth recovery with optimal working on the synergized tangible and intangible resources matching to the demands of the idea behind the merger. Generalized findings of the study were that after merger combined financial performance of company got enhanced against underperforming company; the percentage cumulative average abnormal return after merger for efficiency and profitability ratios were found to positive more than calculated while those of leverage and liquidity ratio were found to be little negative; And being financially strategic after merger, companies were able to match merger performance to that of one with efficient performance before merger.*
Key Word*: Merger, Amalgamation, Acquisition, Consolidation, Restructuring, Financial Ratios*.

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I. Introduction

The literatures suggest three hypotheses for Amalgamations/takeovers that correspond to efficiency oriented theories of the firm (the synergy hypothesis), the behavioral theory of the firm (the bounded rationality hypothesis) and agency theory (the managerialism hypothesis) respectively. This study is to evaluate the impact being decisive for factually supporting past Historical stories evidences/proof/proves of mergers those have been of huge benefiting to economy, supporting financially weaker/small company in preserving there assets and

making them more performing minimizing there losses utilizing there implanted resources more efficiently and effectively after restructuring to make precise accurate beneficial advanced financial decision earning synergized wealth of importance for the merger company with all improved managerial activities deploying all added new techniques and strategies to make much of the market competition expanding its profitable business horizon taking all advantage of one`s goodwill, patent, brand, license, trade mark, power, scalability, advanced technology, high intellectuals manpower, smart business strategies reducing all the costs of inputs with high quality produce and services resultant increases total revenue/sales adding sustainable economic value to the merger`s wealth with sustainable growth in the value of share-holder`s wealth a increased accelerated growth recovery after merger within short time without losing much of the market, resources and assets with all efficacy for/of being guided/led by much experienced successful company by all its success decisions/strategies experiences It was to analyze the impact of merger and factually validate the measurable financial healthiness and performance of some companies differing in business type, to calculate and diagnose the beta calculated and actual/real with focus on abnormal return (benefit) suggesting/reasoning/answering of the variability, to study the strategic similarity and dis similarity pre and post merger and its effect on performance variability. This study included mergers of companies in various business sectors like Steel Authority of India Ltd (SAIL) and Maharashtra Elecrosmelting Ltd (MEL), Kochi Refineries Ltd (KRL) and Bharat Petroleum Corporation Ltd (BPCL), United Breweries Ltd (UBL) and Millennium Beer Industries Ltd (MB), Fem Care Pharma (FCP) And Dubur India Limited (DIL) and Ing Vysya Bank (IVB) And Kotak *Mahindra Bank (KMB).*

II. Material And Methods

Research Design

Research design was exploratory depended on time, company type, financial data type. Research technique was experimental for data collected pre- and post- merger, studying after effect referenced to performance before merger treatment.

Data Collection:- The Study was primarily based on secondary data mostly quantitative synthesizing/interpreting for qualitative findings/remarks, collected mainly through annual reports of companies, reliable relevant certified authorized business financial statements web sources and published research papers of some reputed journal of learning importance synergizing the knowledge collections.

Method of Data Analysis:- Method of data analysis were empirical, statistical and fundamental financial data analysis.

Tools and Techniques:- Companies various financial performance ratios were considered as the measurable values for analysis taking help of MS-Excel-2007 graphs and statistical functions, CAPM was implied to calculate Standard Deviation, beta (Systematic Risk) to draw magnified real impact of merger on company performance.

Diversification ratio: Diversification ratio is the extent of diversification of an investment portfolio. It is calculated by dividing the weighted average volatility (standard deviation) of the constituent investments divided by portfolio standard deviation.

Since the portfolio standard deviation in a diversified portfolio is lower than the weighted average of individual investment standard deviations, the ratio is greater than 1. A higher ratio is better.

[#*]Formula

Two-Asset Portfolio

In case of a two-asset portfolio, we can work out portfolio variance as follows:

$$\sigma^2 = w_1^2\sigma_1^2 + w_2^2\sigma_2^2 + 2w_1w_2\,\sigma_{12}$$

Where w_1 is weight of first asset, w_2 is weight of second asset, σ_1^2 is variance of first asset and σ_2^2 is variance of second asset and Covariance(σ_{12}) shows covariance of the two assets. Since covariance equals the product of correlation coefficient and standard deviation of each asset, we can rewrite the above equation as follows:

$$\sigma^2 = w_1^2\sigma_1^2 + w_2^2\sigma_2^2 + 2w_1w_2\sigma_1\sigma_2\rho$$

ρ is the correlation coefficient of returns of first and second asset.

Portfolio risk and return

Expected return of a portfolio of investments

Expected return of a portfolio is calculated as the weighted average of the expected return on individual investments using the following formula:

$$E(R) = r_1 \times p_1 + r_2 \times p_2 + \ldots + r_n \times p_n$$

Where,

E(R) is the portfolio expected return,

p_1 is the weight of first asset in the portfolio,

r_1 is the expected return on the first asset,

p_2 is the weight of second asset, and

r_2 is the expected return on the second asset and so on.

Few Abbreviations Used

%CARij	%Cumulative Average Abnormal Return	LTR	Loans Turnover Ratio
ART	Asset Turn over Ratio	LTRAM	Loans Turnover Ratio After Merger
ARTAM	Asset Turn over Ratio After Merger	NPMP	Net Profit Margin
AW-Beta-AM	Average weighted Beta After Merger	NPMPAM	Net Profit Margin
AW-Rij-AM	Average weighted Required return After Merger	OPM	Operating Profit Margin
Beta	Beta –Systematic risk	OPMAM	Operating Profit Margin
CAPM	Capital Asset Pricing Model	OPPS	Operating Profit Per Share (Rs)
CR	Current Ratio	OPPSAM	Operating Profit Per Share (Rs) After Merger
CRAM	Current Ratio After Merger	Ri	Required return
DER	Debt Equity Ratio	Rij TAWB	Required return for AW-Beta-AM
DERAM	Debt Equity Ratio After Merger	Rij-AM	Required return After Merger
DTR	Debt Turnover Ratio	ROCEP	Return On Capital Employed ~ Total Income Capital Employed ratio (%)
DTRAM	Debt Turnover Ratio After Merger	ROCEPAM	Return On Capital Employed After Merger
IC	Interest Coverage Ratio	RONWP	Return On Net Worth
ICAM	Interest Coverage Ratio	RONWPAM	Return On Net Worth After Merger
IITF	Interest Expended Total Funds Ratio	BS	Business Standard
IITFAM	Interest Expended Total Funds Ratio After Merger	ET	Economics Times
ITR	Inventory Turnover Ratio	MC	Money Control
ITRAM	Inventory Turnover Ratio After Merger	RV	Research Value

[##]**Actual return**

$R_{ij} = \alpha_i + \beta_i R_{mj} + \varepsilon_{ij}$; ε_{ij} error term α_i , β_i are parameter of model , R_{mj} is return from market

$E(R_{ij})$ is expected return, $AR_{ij} = R_{ij} - E(R_{ij})$

Abnormal return (Super Normal Return) $AR_{ij} = R_{ij} - (\underline{\alpha} + \underline{\beta} R_{mj})$

Cumulative abnormal return is define as :

$CAR^{i}_{s,j} = \sum_{i}^{j} AR\ ij$

III. Result

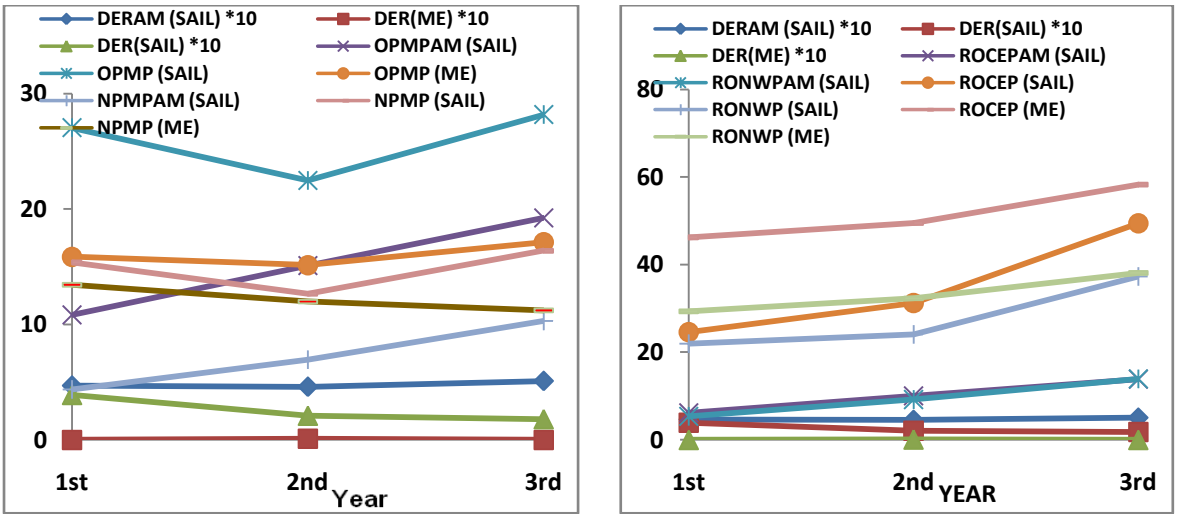
3.1 Steel Authority Of India Ltd (SAIL) And Maharashtra Elektrosmelt Ltd (MEL)

3.1.1 OBJECTIVE: To analyze the impact of merger and factually validate the measurable financial healthiness and performance of some companies differing in business type.

Table 3.1.1 Steel Authority of India Ltd (SAIL) and Maharashtra Elektrosmelt Ltd (ME) Key Financial Ratios

Sno.	Particulars/ RATIOS	2013	2012	2011	Particulars/ RATIOS	2010	2009	2008	Particulars/ RATIOS	2010	2009	2008
1	DERAM (SAIL) *10	4.7	4.6	5.1	DER(SAIL) *10	3.9	2.1	1.8	DER(ME) *10	0	0.1	0
2	CRAM (SAIL) *10	12.2	13.9	15.9	CRA (SAIL) *10	17.7	17.2	16	CRA (ME) *10	20.9	17	15.2
3	ARTAM (SAIL) *10	11.8	12.8	12.9	ART (SAIL) *10	12.9	15.3	15.1	ART (ME) *10	44.3	45.9	50.4
4	ITRAM (SAIL)	3.31	4.02	4.61	ITR (SAIL)	4.5	5.62	6.65	ITR (ME)	7.2	7.82	10.81
5	DTRAM (SAIL)	10.86	11.49	12.49	DTR (SAIL)	13.46	16.04	17.15	DTR (ME)	14.68	10.68	12.55
6	ICAM (SAIL)	5.33	6.23	16.15	ICA (SAIL)	26.2	37.23	46.7	ICA (ME)	2,870.32	764.79	5,029.26
7	OPMPAM (SAIL)	10.82	15.09	19.22	OPMP (SAIL)	27.04	22.47	28.17	OPMP (ME)	15.86	15.14	17.13
8	NPMPAM (SAIL)	4.36	6.94	10.3	NPMP (SAIL)	15.38	12.66	16.39	NPMP (ME)	13.44	11.98	11.21
9	ROCEPAM (SAIL)	6.18	10.08	13.87	ROCEP (SAIL)	24.63	31.28	49.44	ROCEP (ME)	46.22	49.51	58.3
10	RONWPAM (SAIL)	5.37	9.22	13.94	RONWP (SAIL)	21.98	24.1	37.33	RONWP (ME)	29.37	32.34	38.14

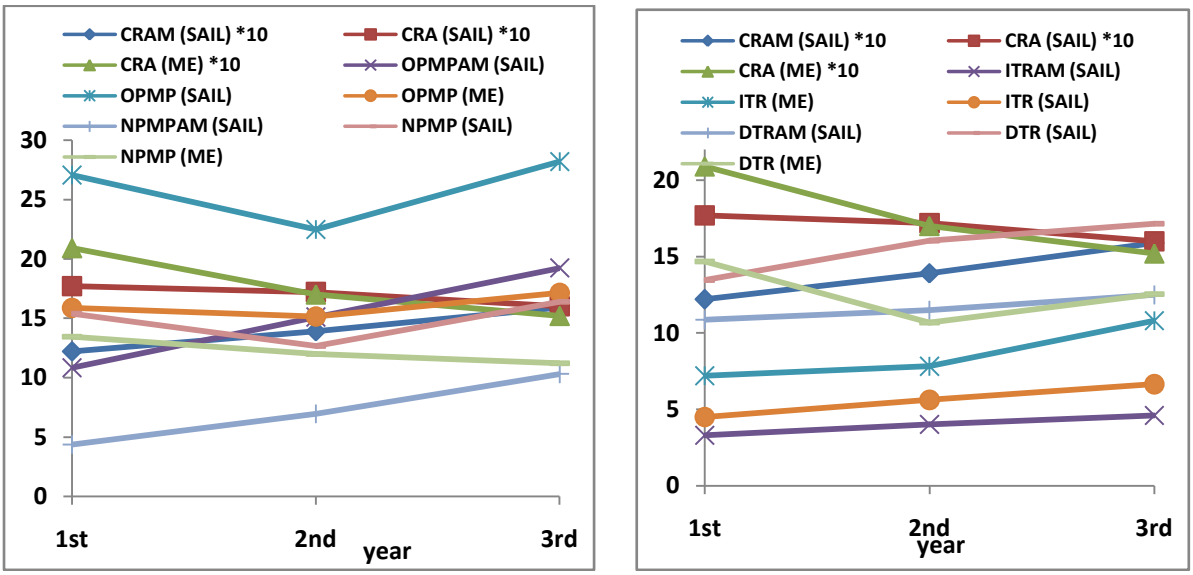
***Source :** Calculated and Collected from Certified Financial Information Sites (BS, RV, MC, ET)



Graph 3.1.1 Various Financial key Ratios before merger and after merger (AM) special Reference to Debt-Equity Ratios for SAIL and MEL.

3.1.1.1 (A) Analysis:- From above graph one can conclude/make out that both for the SAIL and MEL before merger with increases in D/E ratios in succeeding years NPMP and OPMP also seen continuously increasing while RONWP and ROCE kept on decreasing. And after merger for SAIL there was sudden increase in D/E but with decrease in D/E ratios in succeeding years NPMP and OPMP also RONWP and ROCE observed Decreasing in value.

3.1.1.2 (A) Findings:-This was due to clubbing up of Debt and Equity of two companies with few Capital restructuring in Beginning of Merger SAIL (2011) and then due to paying up off some of the debt, D/E ratio kept on decreasing also due to lowing of the average production and decreasing average cost of debt with reduced inventories, resulting in low revenue and profit margin undertaking some financial and operational Strategic decision for newly formed merger company (SAIL).



Graph 3.1.2 Various Financial key Ratios before merger and after merger (AM) special Reference to Current Ratios (CR) for SAIL and MEL.

3.1.1.1 (B) Analysis:- From above graph one can conclude/make out that both for the SAIL and MEL before merger with increases in CR ratios in succeeding years NPMP and OPMP seen continuously decreasing also RONWP and ROCE kept on decreasing. And after merger for SAIL there was sudden increase in CR but with decrease in CR ratios in succeeding years NPMP and OPMP also RONWP and ROCE observed Decreasing in value.

3.1.1.2 (B) Findings:-This was due to clubbing up of Current Assets and Current Liabilities of two companies with few Capital restructuring in Beginning of Merger SAIL (2011) and then due to paying up off some of the

log term debt and increasing sort term debt, CR ratio kept on decreasing; also due to lowing of the average production and decreasing average cost of debt with reduced inventories, resulting in low revenue and profit margin undertaking some financial and operational Strategic decision for newly formed merger company (SAIL) with decreasing value of RONWP and ROCE in Succeeding years though with decreasing ITR and DTR due to lowering of Cost of Product and Average Inventory ratio.

3.1.2 OBJECTIVE: To calculate and diagnose the beta calculated and actual/real with focus on abnormal return (benefit) suggesting/reasoning/answering of the variability.

Table 3.1.2 Required Rate of Return, Cumulative Abnormal Return and Beta for Steel Authority of India Ltd (SAIL) and Maharashtra Elektrosmelt Ltd (ME).

FOR ME+SAIL

Sno.	Particulars/ RATIOS	Beta (ME)	Ri (ME)	Beta (SAIL)	Beta AM- SAIL	Ri (SAIL)	Rij AM-KMB	AW-Beta-AM	AW-Rij-AM	Rij TAWB	%CARij
1	DER	1.4142	0.0471	0.3567	0.0450	2.0853	4.6090	0.3701	2.0595	4.6740	-1.3909
2	CR	0.1344	15.5360	0.0420	0.1080	16.0406	12.3944	0.0892	15.7830	12.3606	0.2739
3	ART	0.0551	44.4414	0.0753	0.0397	13.0155	11.8278	0.0599	37.0421	11.8419	-0.1190
4	ITR	0.1831	7.4581	0.1571	0.1335	4.6712	3.3995	0.1728	6.3610	3.4258	-0.7683
5	DTR	0.1293	10.9330	0.0994	0.0578	13.6678	10.9035	0.1128	12.4417	10.9450	-0.3787
6	IC	0.6028	2044.7701	0.2282	0.5307	28.5984	7.4034	0.5981	2019.4649	7.6666	-3.4333
7	OPMP	0.0513	15.1863	0.0952	0.2280	22.7958	11.7828	0.0784	19.8847	11.1510	5.6657
8	NPMP	0.0757	11.2857	0.1064	0.3378	12.8887	5.3193	0.0925	12.1643	4.6228	15.0668
9	RONCE	0.0993	46.7288	0.2986	0.3126	27.7613	7.3877	0.1803	39.0249	6.8764	7.4354
10	RONWP	0.1094	29.7982	0.2443	0.3685	23.4025	6.8957	0.1708	26.8872	6.0771	13.4699

***Source : Calculated with data in Table 3.1.1 in Excel.**

3.1.2.1 Analysis:- Average Systematic risk (Beta) associated with DER, CR, ART, ITR, DTR, IC of SAIL after merger have somewhat reduced to that of ME before merger, while those for OPMP, NPMP, RONCE, RONWP had increased to those of both SAIL and ME before merger. Average weighted beta of SAIL after merger those calculated by the empirical relation were found to be more than those modeled using CAPM. Whereas Required Rate of Return generated by CAPM (Rij AM-KMB) for SAIL after merger almost matched with the Required rate of return (Rij TAWB) calculated taking Average weighted beta after merger (AW-Beta-AM) calculated by empirical formulae using CAPM for SAIL after merger.

3.1.2.2 Findings:- Overall Cumulative Abnormal Return (%CARij) for SAIL after merger for OPMP, NPMP, RONCE, RONWP, CR was found to be positive more than calculated while those for DTR, IC, DER, ATR and ITR was found to be little negative with DER and IC with High negative value revealing that the shareholders of SAIL did not respond positively to its merger with ME or because of some other restricted restructuring strategic practices.

3.1.3 OBJECTIVE: To study the strategic similarity and dis similarity pre and post merger and its effect on performance variability.

3.1.3.1 Findings: Lowering IC, NPMP and OPMP to largest low after merger to those before merger for SAIL keeping others ratio almost constant it has all managed to acquire present return position.

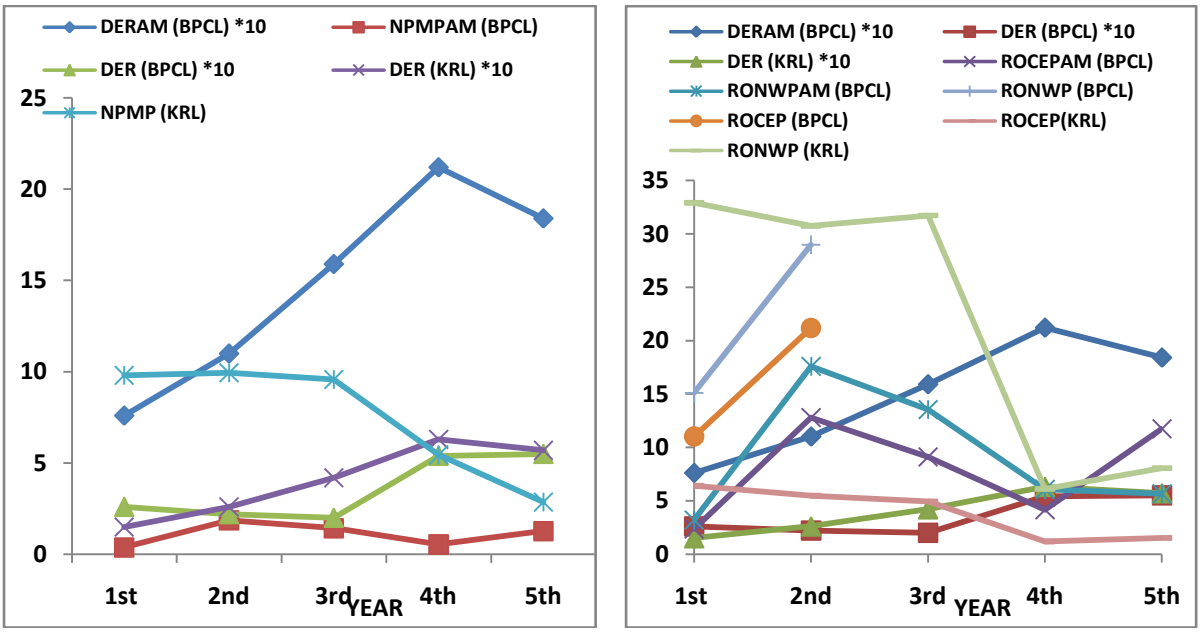
3.2 Kochi Refineries Limited (KRL) And Bharat Petroleum Limited (BPCL) Merger

3.2.1 OBJECTIVE: To analyze the impact of merger and factually validate the measurable financial healthiness and performance of some companies differing in business type.

Table 3.2.1 Kochi Refineries (KRL) And Bharat Petroleum (BPCL) Key Financial Ratios

Sno.	Particulars/ RATIOS	2010	2009	2008	2007	2006	Particulars/ RATIOS	2005	2004	2003	2002	2001	Particulars/ RATIOS	2005	2004	2003	2002	2001
1	DERAM (BPCL) *10	7.6	11	15.9	21.2	18.4	DER (BPCL) *10	2.6	2.2	2	5.4	5.5	DER (KRL) *10	1.5	2.6	4.2	6.3	5.7
2	CRAM (BPCL) *10	10.4	9.4	10.3	9.4	9.1	CR (BPCL) *10	9.1	8.3	7.2	8.1	10.2	CR (KRL) *10	21	14.7	16.6	15.2	12.5
3	ARTAM (BPCL) *10	46.5	44	33.8	37.4	32.8	ART (BPCL) *10	56.8	71.7	60.5	43.9	44.4	ART (KRL) *10	53.9	44.6	41.8	27	35.7
4	ITRAM (BPCL)	9.18	11.14	9.47	15.31	9.28	ITR (BPCL)	10.63	9.58	9.56	11.05	11.63	ITR (KRL)	11.69	14.63	13.86	12.91	13.71
5	DTRAM (BPLC)	58.53	60.42	63.44	63.23	45.87	DTR (BPLC)	58.73	55.31	59.11	59.04	76.57	DTR (KRL)	0.87	0.79	1.77	4.6	4.72
6	ICAM (BPCL)	2.67	5.43	2.15	1.53	3.61	IC (BPCL)	20.69	51.62	16.38	5.21	0.45	IC (KRL)	38.5	26.76	9.59	3	2.78
7	OPMPAM (BPCL)						OPMP (BPCL)						OPMP (KRL)					
8	NPMPAM (BPCL)	0.38	1.86	1.43	0.54	1.27	NPMP (BPCL)	1.66	3.53				NPMP (KRL)	9.81	9.95	9.59	5.45	2.86
9	ROCEPAM (BPCL)	2.35	12.79	9.09	4.14	11.74	ROCEP (BPCL)	11.02	21.17				ROCEP(KRL)	6.4	5.46	4.92	1.18	1.51
10	RONWPAM (BPCL)	3.21	17.57	13.53	6.06	5.65	RONWP (BPCL)	15.11	28.96				RONWP (KRL)	32.9	30.74	31.71	6.09	8.04

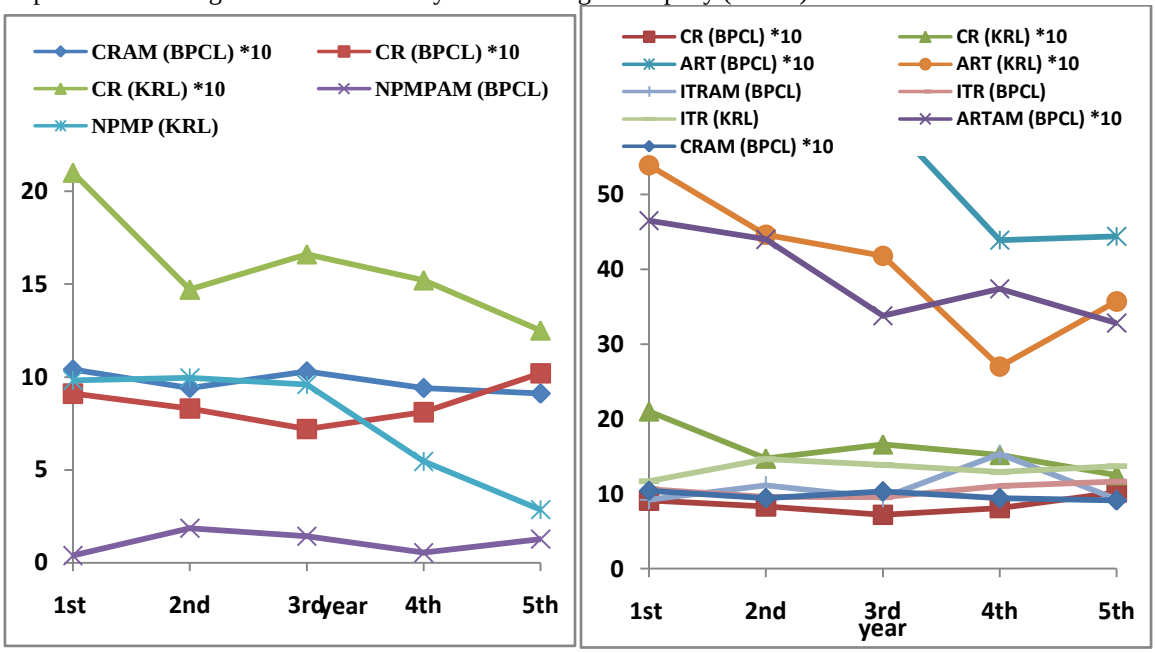
***Source : Calculated and Collected from Certified Financial Information Sites (BS, RV, MC, ET)**



Graph 3.2.1 Various Financial key Ratios before merger and after merger (AM) special Reference to Debt-Equity Ratios for BPCL and KRL.

3.2.1.1 (A) Analysis:- From above graph one can conclude/make out that both for the BPCL and KRL before merger with decrease in D/E ratios in succeeding years NPMP and OPMP seen continuously increasing also RONWP and ROCE kept on increasing. And after merger for BPCL there was sudden increase in D/E due to high D/E of KRL at the time of merger but with decrease in D/E ratios in succeeding years NPMP and OPMP also RONWP and ROCE observed increasing in value.

3.2.1.2 (A) Findings:-This was due to clubbing up of Debt and Equity of two companies with few Capital restructuring in Beginning of Merger BPCL (2006) and then due to paying up off some of the debt with summing up of high equity of BPCL, D/E ratio kept on decreasing also due to decreasing average cost of debt with reduced inventories, resulting in increased sales and revenue, and profit margin undertaking some financial and operational Strategic decision for newly formed merger company (BPCL).



Graph 3.2.2 Various Financial key Ratios before merger and after merger (AM) special Reference to Current Ratios (CR) for BPCL and KRL.

3.2.1.1 (B) Analysis:- From above graph one can conclude/make out that both for the BPCL and KRL before merger with increases in CR ratios and decrease in ITR in succeeding years NPMP and OPMP seen continuously increasing also RONWP and ROCE kept on increasing. And after merger for BPCL there was sudden increase in CR but with decrease in CR ratios in succeeding years, NPMP and OPMP also RONWP and ROCE observed increasing in value.

3.2.1.2 (B) Findings:-This was due to clubbing up of Current Assets and Current Liabilities of two companies with few Capital restructuring in Beginning of Merger BPCL (2006) and then due to paying up off some of the long term debt and increasing sort term debt, CR ratio kept on decreasing to almost constant; also due to lowing of the average production and decreasing average cost of debt with reduced inventories, resulting in high revenue and profit margin undertaking some financial and operational Strategic decision for newly formed merger company (BPCL) with decreasing value of RONWP and ROCE in Succeeding years though with decreasing ITR and DTR due to lowering of Cost of Product and Average Inventory ratio to almost constant increasing its reserve and surplus lowering RONWP.

3.2.2 OBJECTIVE: To calculate and diagnose the beta calculated and actual/real with focus on abnormal return (benefit) suggesting/reasoning/answering of the variability.

Table 3.2.2 Beta, Cumulative Abnormal Return (CAR) and Required Rate of Return (RRR) for Kochi Refineries (KRL) And Bharat Petroleum (BPCL).

FOR KRL+BPCL

Sno.	Particulars/ RATIOS	Beta (KRL)	Ri (KRL)	Beta (BPCL)	Beta AM- BPCL	Ri (BPCL)	Rij AM-BPCL	AW-Beta-AM	AW-Rij-AM	Rij TAWB	%CARij
1	DER	0.4462	0.2065	0.4440	0.3325	0.2118	0.8897	0.4452	0.2089	0.9336	-4.7090
2	CR	0.1766	1.5183	0.1178	0.0542	0.7318	0.9434	0.1578	1.2667	0.9500	-0.6908
3	ART	0.2212	4.2899	0.1886	0.1434	5.7969	3.4928	0.2025	5.1548	3.5393	-1.3125
4	ITR	0.0747	11.8172	0.0777	0.2142	9.5882	9.3406	0.0760	10.8686	9.2370	1.1221
5	DTR	0.6891	1.0335	0.1222	0.1111	55.6040	58.7818	0.1332	54.5440	58.8319	-0.0850
6	IC	0.8800	23.1061	0.9503	0.4416	28.9087	2.7094	0.9181	26.2530	3.3130	-18.2184
7	OPMP	0.3822	9.6639	0.3603	0.5076	1.9969	0.8080	0.3776	8.0566	0.6984	15.6924
8	NPMP	0.5488	5.2895	0.3153	0.5138	12.6202	5.2923	0.3755	10.7297	4.5005	17.5930
9	RONWP	0.5546	31.3187	0.3143	0.5894	17.2863	8.0589	0.4562	25.5734	6.9632	15.7345

***Source : Calculated from data in Table 3.2.1 in Excel.**

3.2.2.1 Analysis:- Average Systematic risk (Beta) associated with DER, CR, ART, DTR, IC of BPCL after merger have somewhat reduced to that of BPLC and KRL before merger, while those for ITR, OPMP, NPMP, RONCE, RONWP had increased to those of both BPCL and KRL before merger. Average weighted beta of BPCL after merger those calculated by the empirical relation were found to be more than those modeled using CAPM except for OPMP, NPMP, RONWP. Whereas Required Rate of Return generated by CAPM (Rij AM-BPCL) for BPCL after merger almost matched with the Required rate of return (Rij TAWB) calculated taking Average weighted beta after merger (AW-Beta-AM) calculated by empirical formulae using CAPM for BPCL after merger.

3.2.2.2 Findings: Overall Cumulative Abnormal Return (%CARij) for BPCL after merger for OPMP, NPMP, RONWP, ITR was found to be positive more than calculated while those for DTR, IC, DER, ATR and CR was found to be little negative with DER and IC with High negative value revealing that the shareholders of BPCL did not respond positively to its merger with ME or because of some other restricted restructuring strategic practices.

3.2.3 OBJECTIVE: To study the strategic similarity and dis similarity pre and post merger and its effect on performance variability.

3.2.3.1 Findings:- Strategically keeping CR, ITR, DTR constant with years and decreasing IC, DER ART have proved to be beneficial for BPCL in maintaining present Financial status of Company in to that of before merger.

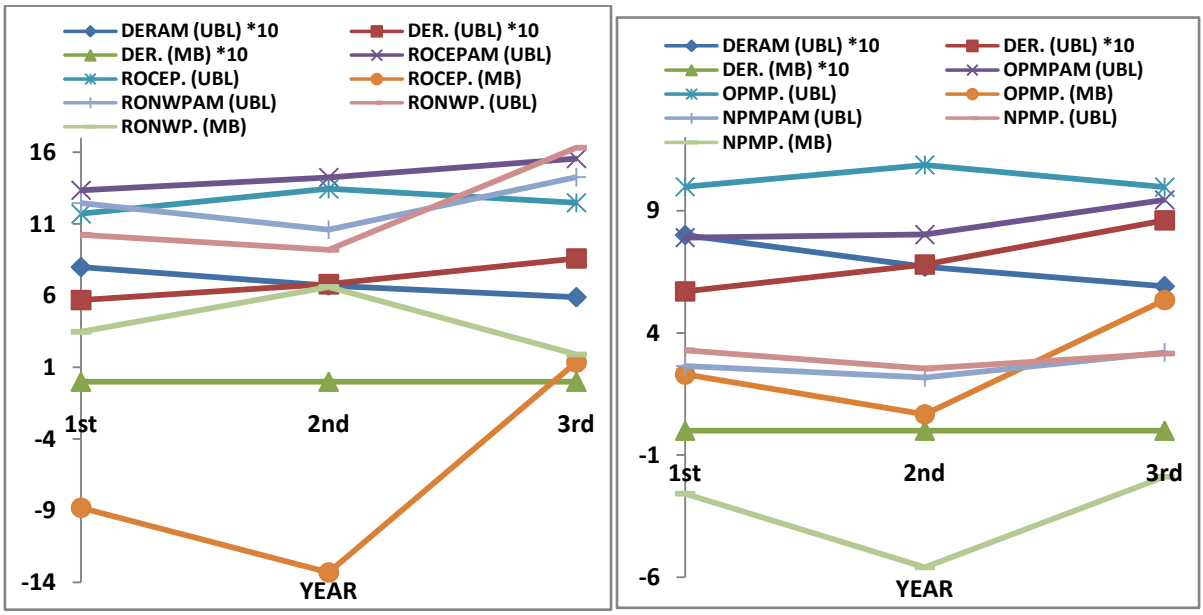
3.3 United Breweries Ltd (UBL) AND Millennium Beer Industries Ltd (MB) Merger

3.3.1 OBJECTIVE: To analyze the impact of merger and factually validate the measurable financial healthiness and performance of some companies differing in business type.

Table 3.3.1 United Breweries ltd (UBL) And Millennium Beer Industries Ltd (MB) Key Financial Ratios

Sno.	Particulars/ RATIOS	2013	2012	2011	Particulars/ RATIOS	2010	2009	2008	Particulars/ RATIOS	2010	2009	2008
1	DERAM (UBL) *10	8	6.7	5.9	DER. (UBL) *10	5.7	6.8	8.6	DER. (MB) *10	0	0	0
2	CRAM (UBL) *10	11.7	10.8	12.2	CR. (UBL) *10	17.6	18.6	13.7	CR. (MB) *10	7.8	7.3	11.4
3	ARTAM (UBL) *10	28	30.4	32.2	ART. (UBL) *10	29.2	30	32.4	ART. (MB) *10	17	15	14.7
4	ITRAM (UBL)	14.31	16.82	18.96	ITR. (UBL)	16.46	17.58	17.27	ITR. (MB)	20.51	28.27	27.22
5	DTRAM (UBL)	8.63	9.51	8.11	DTR. (UBL)	5.44	6.21	7.38	DTR. (MB)	4.53	5.4	3.4
6	ICAM (UBL)	4.32	3.2	3.9	IC. (UBL)	3.72	2.13	3.18	IC. (MB)	-1.33	-2.02	0.22
7	OPMPAM (UBL)	7.9	8.02	9.44	OPMP. (UBL)	9.98	10.87	9.96	OPMP. (MB)	2.3	0.67	5.34
8	NPMPAM (UBL)	2.64	2.18	3.2	NPMP. (UBL)	3.28	2.54	3.15	NPMP. (MB)	-2.58	-5.59	-1.88
9	ROCEPAM (UBL)	13.35	14.25	15.56	ROCEP. (UBL)	11.71	13.45	12.48	ROCEP. (MB)	-8.79	-13.3	1.36
10	RONWPAM (UBL)	12.46	10.61	14.27	RONWP. (UBL)	10.25	9.19	16.31	RONWP. (MB)	3.48	6.6	1.91

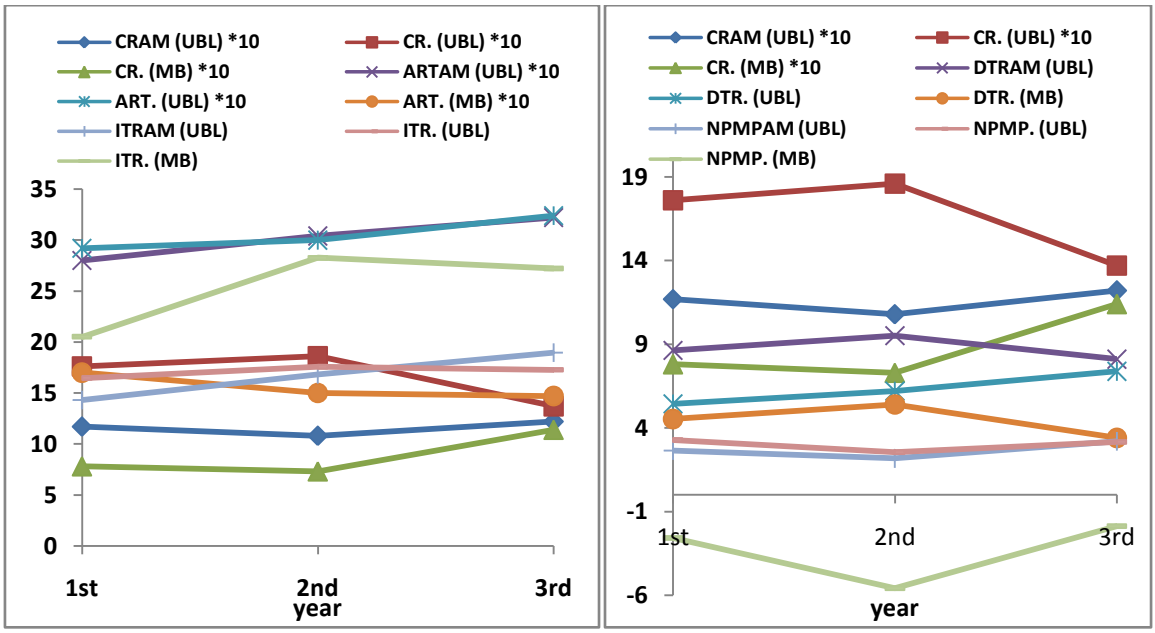
***Source : Calculated and Collected from Certified Financial Information Sites (BS, RV, MC, ET)**



Graph 3.3.1 Various Financial key Ratios before merger and after merger (AM) special Reference to Debt-Equity Ratios for UBL and MB.

3.3.1.1 (A) Analysis:- From above graph one can conclude/make out that both for UBL before merger with decreases in D/E ratios in succeeding years NPMP and OPMP seen continuously increasing while RONWP and ROCE kept on decreasing. And after merger for UBL there was sudden increase in D/E and with increase in D/E ratios in succeeding years NPMP and OPMP also RONWP and ROCE observed Decreasing in value, IC increasing and OPMPM decreasing.

3.3.1.2 (A) Findings:-This was due to clubbing up of Debt and Equity of two companies with few Capital restructuring in Beginning of Merger UBL (2011) and then due to borrowing some of the debt, D/E ratio kept on increasing also due to lowing of the average production and increase in average cost of debt with increased inventories, resulting in low revenue and profit margin undertaking some financial and operational Strategic decision for newly formed merger company (UBL).



Graph 3.3.2 Various Financial key Ratios before merger and after merger (AM) special Reference to Current Ratios (CR) for UBL and MB.

3.3.1.1 (B) Analysis:- From above graph one can conclude/make out that both for the UBL and MB before merger with decreases in CR ratios and decrease in ITR, DTR, ATR, OPM, ROCEP in succeeding years but increase in NPMP and RONWP seen continuously. And after merger for UBL there was sudden increase in CR but with decrease in CR ratios in succeeding years, ITR, DTR, ATR, OPM, ROCEP kept on decreasing but NPMP and RONWP observed increasing in value.

3.3.1.2 (B) Findings:- This was due to clubbing up of Current Assets and Current Liabilities of two companies with few Capital restructuring in Beginning of Merger UBL (2010) and then due to increasing sort term debt, CR ratio kept on decreasing to almost constant; also due to and decreasing average cost of debt with reduced inventories, resulting in high revenue and increasing net profit margin undertaking some financial and operational Strategic decision for newly formed merger company (UBL) by maintaining ITR, ATR, RONWP, ROCEPM, NPMP, OPMP values of UBL after merger almost to that of UBL before merger for keeping up with the performance to that of best productive among the mergers for better achievable result.

3.3.2 OBJECTIVE: To calculate and diagnose the beta calculated and actual/real with focus on abnormal return (benefit) suggesting/reasoning/answering of the variability.

Table 3.3.2 Beta, Cumulative Abnormal Return and Required Rate of Return for Millennium beer (MB) And United Breweries Ltd (UBL).

FOR MB+UBL

Sno.	Particulars/ RATIOS	Beta (MB)	Ri (MB)	Beta (UBL)	Beta AM- UBL	Ri (UBL)	Rij AM-UBL	AW-Beta-AM	AW-Rij-AM	Rij TAWB	%CARij
1	DER	0.0000	0.0000	0.1700	0.1260	0.5927	0.6022	0.1700	0.5927	0.6064	-0.7003
2	CR	0.2068	0.7617	0.1271	0.0501	1.4073	1.0838	0.1547	1.1834	1.0919	-0.7348
3	ART	0.0656	1.4757	0.0445	0.0570	2.9259	2.8125	0.0516	2.4362	2.8114	0.0417
4	ITR	0.1357	21.1645	0.0276	0.1138	16.4778	14.5816	0.0921	19.2756	14.5299	0.3562
5	DTR	0.1843	3.5923	0.1257	0.0660	5.5536	8.1523	0.1499	4.7457	8.2059	-0.6537
6	IC	-0.8978	-2.8968	0.2193	0.1214	2.3230	3.2736	0.8119	5.0922	3.6926	-11.3459
7	OPMP	0.6987	2.1372	0.0413	0.0827	9.9728	7.9458	0.1810	8.3083	8.0001	-0.6793
8	NPMP	-0.4804	-6.6662	0.1079	0.1560	2.5886	2.2570	-5.3669	-83.5320	-0.4677	-582.5943
9	RONCE	-0.8872	-18.9694	0.0567	0.0631	11.7575	13.4154	1.2140	49.4256	14.6085	-8.1671
10	RONWP	0.4877	2.9277	0.2632	0.1200	9.9077	10.8305	0.3196	8.1546	11.1970	-3.2731

***Source : Calculated from collected data in Table 3.3.1 in Excel.**

3.3.2.1 Analysis:- Average Systematic risk (Beta) associated with DER, CR, ART, DTR, ITR, IC of BPCL after merger have somewhat reduced to that of greatest of UBL and MB before merger, while values for OPMP, NPMP, RONCE, RONWP had been seen increased to those of both UBL and MB before merger. Average

weighted beta of UBL after merger those calculated by the empirical relation were found to be more than those modeled using CAPM except for ITR, NPMP. Whereas Required Rate of Return generated by CAPM (Rij AM-UBL) for UBL after merger almost matched with the Required rate of return (Rij TAWB) calculated taking Average weighted beta after merger (AW-Beta-AM) by empirical formulae using CAPM for UBL after merger.

3.3.2.2 Findings: Overall Cumulative Abnormal Return (%CARij) for UBL after merger for ATR, ITR was found to be positive more than calculated while those for DTR, IC, DER, NPMP, RONCE, RONWP, OPMP and CR was found to be little negative with NPMP, RONWP, RONCE and IC with High negative value revealing that the shareholders of UBL did not respond positively to its merger with MB or because of some other restricted restructuring strategic practices with very bad performance/ obsolete performance of MB before merger.

3.3.3 OBJECTIVE: To study the strategic similarity and dis similarity pre and post merger and its effect on performance variability.

3.3.3.1 Findings:- Strategically After merger reducing CR, increasing DER, DTR while keeping ART, ITR, DTR constant UBL had tried maintaining its profits and Returns with par with those UBL performance before merger.

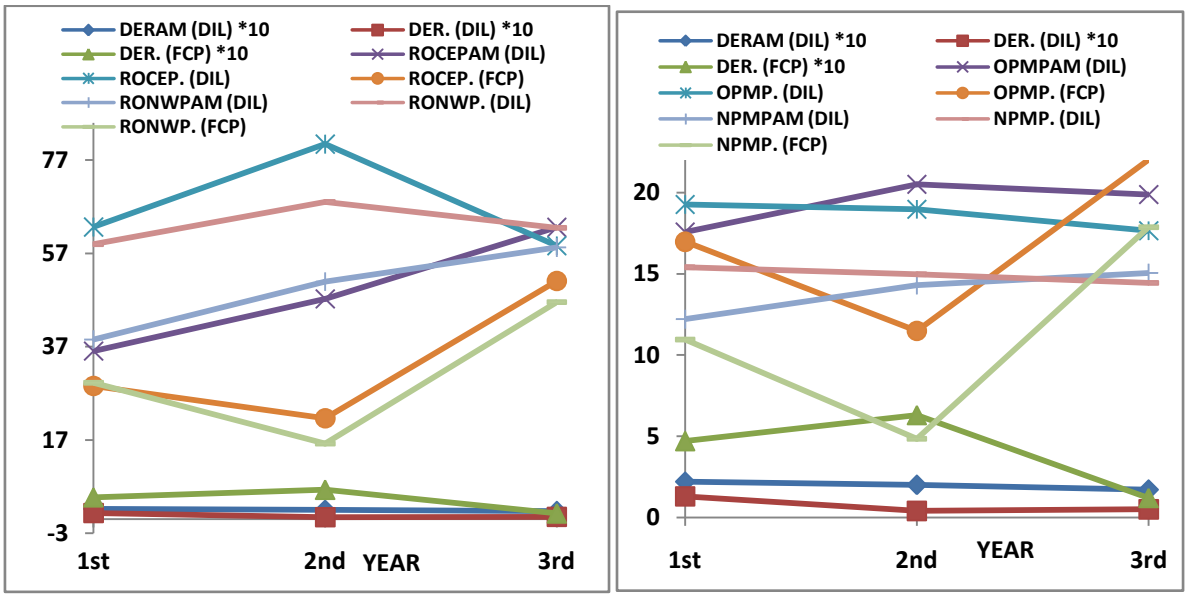
3.4 Fem Care Pharma (FCP) And Dubur India Limited (DIL) Merger

3.4.1 OBJECTIVE: To analyze the impact of merger and factually validate the measurable financial healthiness and performance of some companies differing in business type.

Table 3.4.1 Fem Care Pharma and Dubur India Limited Merger Key Financial Ratios

Sno.	Particulars/ RATIOS	2012	2011	2010	Particulars/ RATIOS	2009	2008	2007	Particulars/ RATIOS	2009	2008	2007
1	DERAM (DIL) *10	2.2	2	1.7	DER. (DIL) *10	1.3	0.4	0.5	DER. (FCP) *10	4.7	6.3	1.2
2	CRAM (DIL) *10	10.6	10	9.4	CR. (DIL) *10	9.4	9.9	10.6	CR. (FCP) *10	19.7	15.4	11.4
3	ARTAM (DIL) *10	46	45.3	47.8	ART. (DIL) *10	49.1	48.6	217.6	ART. (FCP) *10	26.9	23.7	30.4
4	ITRAM (DIL)	7.68	8.68	10.28	ITR. (DIL)	10.47	11.81	11.09	ITR. (FCP)	10.22	9.69	8.03
5	DTRAM (DIL)	17.8	19.8	23.72	DTR. (DIL)	22.78	26.24		DTR. (FCP)	18.45	17.83	15.24
6	ICAM (DIL)	42.63	50.69	40.07	IC. (DIL)	30.37	34.44		IC. (FCP)	39.88	38.07	92.55
7	OPMPAM (DIL)	17.57	20.51	19.88	OPMP. (DIL)	19.26	18.97	17.65	OPMP. (FCP)	16.97	11.49	22.02
8	NPMPAM (DIL)	12.2	14.3	15.05	NPMP. (DIL)	15.41	14.96	14.43	NPMP. (FCP)	10.95	4.84	17.87
9	ROCEPAM (DIL)	36.05	47.24	62.58	ROCEP. (DIL)	62.66	80.43	58.64	ROCEP. (FCP)	28.56	21.62	51.11
10	RONWPAM (DIL)	38.54	50.95	58.27	RONWP. (DIL)	58.99	68.01	62.48	RONWP. (FCP)	29.23	16.19	46.54

***Source : Calculated and Collected from Certified Financial Information Sites (BS, RV, MC, ET)**

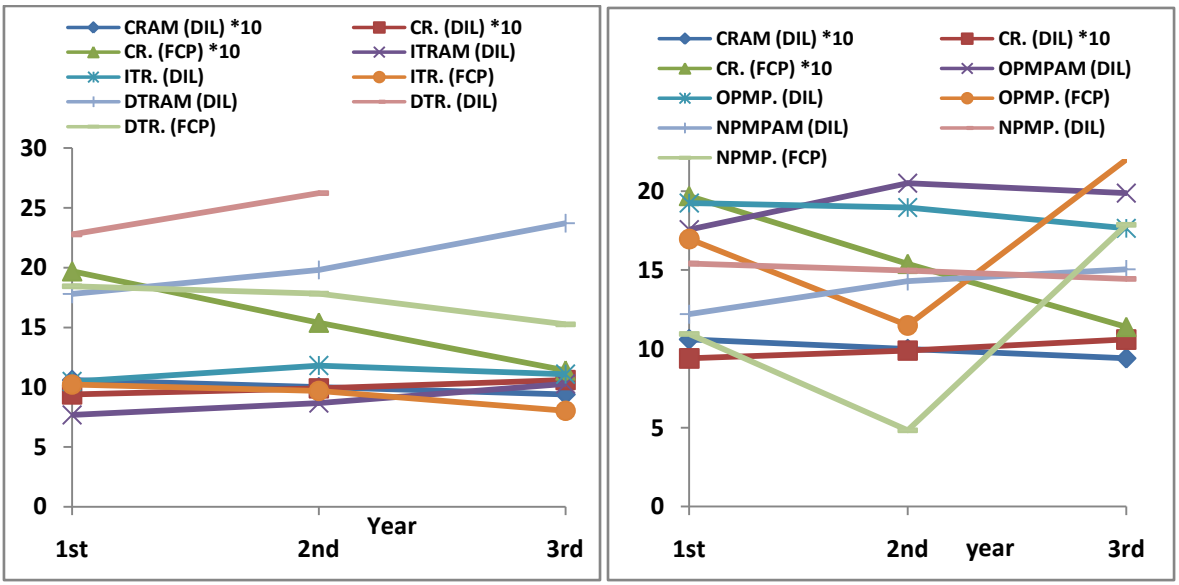


Graph 3.4.1 Various Financial key Ratios before merger and after merger (AM) special Reference to Debt-Equity Ratios for DIL and FCP.

3.4.1.1 (A) Analysis:- From above graph one can conclude/make out that for DIL before merger with increases in D/E ratios in succeeding years NPMP, RONWP, ROCE, OPMP seen continuously increasing while CR kept on decreasing. While for FCP before merger with increases in D/E ratios in succeeding years NPMP, RONWP,

ROCE, OPMP seen continuously decreasing while CR kept on Increasing. And after merger for DIL there was sudden genuine increase in D/E which continued in succeeding years NPMP and OPMP also RONWP, DTR and ROCE observed Decreasing in value, ART increasing and with CR almost constant.

3.4.1.2 (A) Findings:-This was due to clubbing up of Debt and Equity of two companies with few Capital restructuring in Beginning of Merger DIL (2009) and then due to borrowing some of the debt, D/E ratio kept on increasing to increase of the average production and increasing average cost of debt with Decreasing ITR and CR almost constant increasing bill receivable and increasing current liabilities (short term debt) with increased inventories, resulting in low revenue and profit margin undertaking some financial and operational Strategic decision for newly formed merger company (DIL).



Graph 3.4.2 Various Financial key Ratios before merger and after merger (AM) special Reference to Current Ratios (CR) for DIL and FCP.

3.4.1.1 (B) Analysis:- From above graph one can conclude/make out for the FCP before merger with increases in CR ratios there were decrease in OPMP, NPMP, ROCEP and RONWP in succeeding years were as for DIL with decrease in CR there was average increase in OPMP, NPMP, ROCEP and RONWP. And after merger for DIL there was genuine increase in CR with increase in succeeding years in turn decrease in ITR, DTR, OPMP, ROCEP, RONWP, NPMP with almost constant ATR.

3.4.1.2 (B) Findings:- This was due to clubbing up of Current Assets and Current Liabilities of two companies with few Capital restructuring in Beginning of Merger DIL (2010) and then due to increased inventories, decreased current liabilities, CR ratio kept on increasing to almost constant and ITR decreasing; resulting in decreased revenue, decreased RONWP, ROCEPM, NPMP, OPMP putting pressure on asset value with ATR almost constant.

3.4.2 OBJECTIVE: To calculate and diagnose the beta calculated and actual/real with focus on abnormal return (benefit) suggesting/reasoning/answering of the variability.

Table 3.4.2 Beta, Cumulative Abnormal Return and Required Rate of Return for Fem Care Pharma (FCP) and Dubur India Limited (DIL) Merger

FOR FCP+DIL

Sno.	Particulars/ RATIOS	Beta (FCP)	Ri (FCP)	Beta (DIL)	Beta AM- DIL	Ri (DIL)	Rij AM-DIL	AW-Beta-AM	AW-Rij-AM	Rij TAWB	%CARij
1	DER	0.5237	0.2701	0.5492	0.1045	0.0583	0.1728	0.5276	0.2378	0.1841	-6.1298
2	CR	0.2187	1.2296	0.0494	0.0490	0.9428	0.9429	0.1524	1.1174	0.9491	-0.6538
3	ART	0.1013	2.4034	1.3231	0.0227	98.7047	4.5324	1.2810	95.3920	4.6666	-2.8762
4	ITR	0.1002	8.1585	0.0492	0.1206	10.5022	7.8247	0.0724	9.4341	7.7669	0.7439
5	DTR	0.0810	15.3965	0.0706	0.1203	22.9021	18.1176	0.0749	19.8098	17.9976	0.6665
6	IC	0.4446	46.4116	0.0628	0.1018	30.4978	40.5171	0.3059	40.6328	41.4141	-2.1658
7	OPMP	0.2555	12.8538	0.0376	0.0654	17.6867	17.6845	0.1411	15.3929	17.8168	-0.7429
8	NPMP	0.4744	7.8667	0.0268	0.0871	14.4435	12.3437	0.2188	11.6220	12.5611	-1.7306
9	RONCE	0.3729	26.1477	0.1408	0.2237	59.8513	38.8621	0.2184	48.5853	38.7956	0.1714
10	RONWP	0.4055	22.0555	0.0588	0.1653	59.2352	40.3114	0.1721	47.0868	40.3837	-0.1792

***Source : Calculated from Collected data in Table 3.4.1 in Excel.**

3.4.2.1 Analysis:- Average Systematic risk (Beta) associated with DER, CR, ART, OPMP, NPMP, RONCE, RONWP, IC of DIL after merger were somewhat reduced to that of greatest of DIL and FCP before merger, while values for DTR, ITR had been seen increased to that of greatest of DIL and FCP before merger. Average weighted beta of DIL after merger those calculated by the empirical relation were found to be more than those modeled using CAPM except for ITR, DTR and RONCE. Whereas Required Rate of Return generated by CAPM (Rij AM-DIL) for DIL after merger almost matched with the Required rate of return (Rij TAWB) calculated taking Average weighted beta after merger (AW-Beta-AM) by empirical formulae using CAPM for DIL after merger.

3.4.2.1 Findings: Overall Cumulative Abnormal Return (%CARij) for DIL after merger for DTR, ITR, RONCE was found to be positive more than calculated, while those for IC, DER, NPMP, RONCE, RONWP, OPMP and CR was found to be little negative with DER, ATR, IC, NPMP in descending sequence with High negative value revealing that the shareholders of DIL did not respond positively to its merger with FCP or because of some other restricted restructuring strategic practices with high DER and inefficiently low RONCE, RONWP, OPMP and NPMP of FCP before merger.

3.4.3 OBJECTIVE: To study the strategic similarity and dis similarity pre and post merger and its effect on performance variability.

3.4.3.1 Findings:- Strategically by keeping CRAR almost constant, with increase in IC, DER and decreasing DTR and ITR DIL had been trying to match up with its previous productive profit margin that it had before merger.

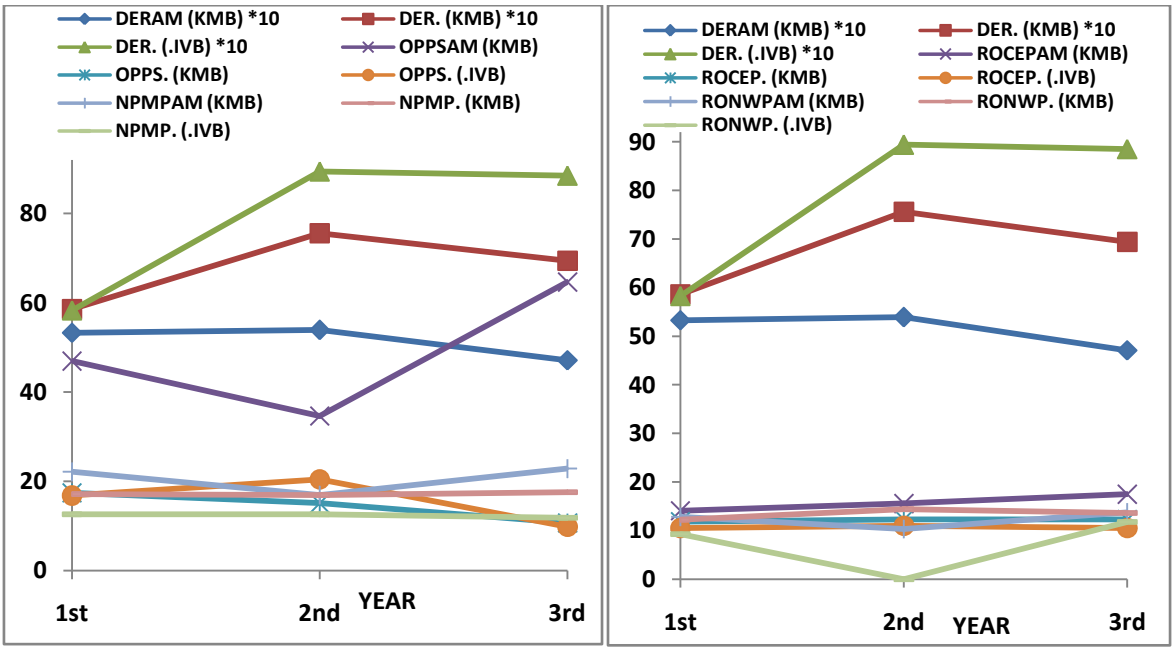
3.5 Ing Vysya Bank (IVB) And Kotak Mahindra Bank (KMB) Merger

3.5.1 OBJECTIVE: To analyze the impact of merger and factually validate the measurable financial healthiness and performance of some companies differing in business type.

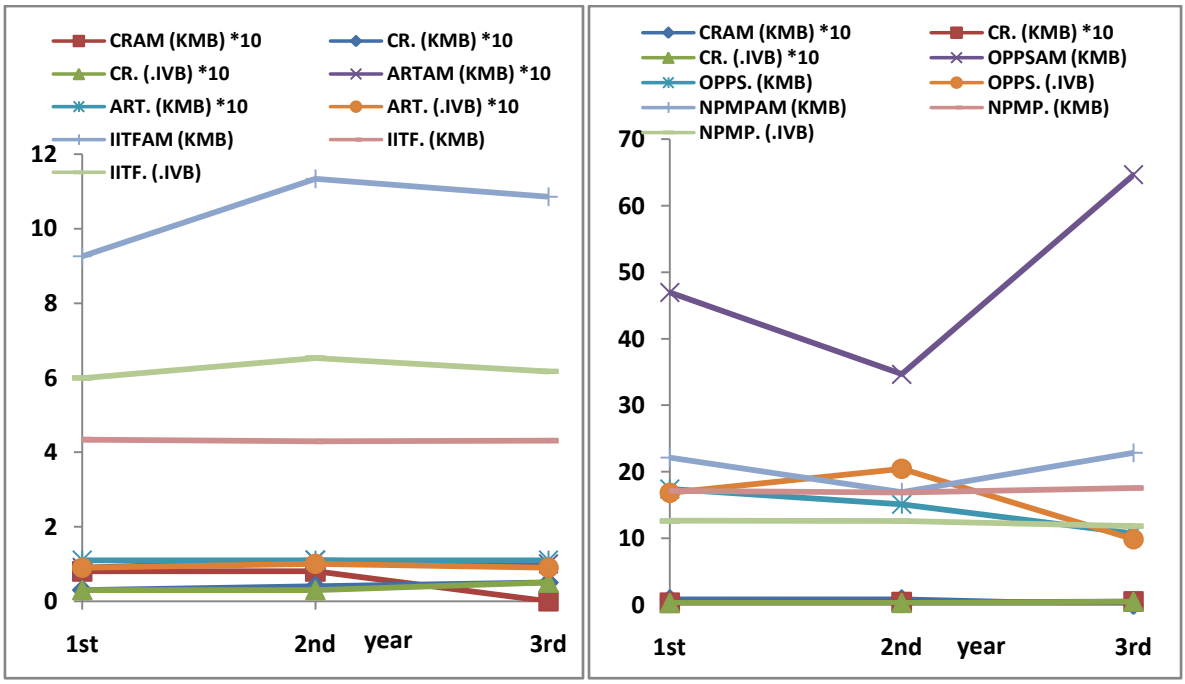
Table 3.5.1 ING Vysya Bank (IVB) and Kotak Mahindra Bank (KMB) Key Financial Ratios

Sno.	Particulars/ RATIOS	2017	2016	2015	Particulars/ RATIOS	2014	2013	2012	Particulars/ RATIOS	2014	2013	2012
1	DERAM (KMB) *10	53.3	53.9	47.1	DER. (KMB) *10	58.6	75.6	69.4	DER. (.IVB) *10	58.3	89.4	88.5
2	CRAM (KMB) *10	0.8	0.8	0	CR. (KMB) *10	0.3	0.4	0.5	CR. (.IVB) *10	0.3	0.3	0.5
3	ARTAM (KMB) *10	0.9	1.1	1	ART. (KMB) *10	1.1	1.1	1.1	ART. (.IVB) *10	0.9	1	0.9
4	IITFAM (KMB)	9.26	11.34	10.86	IITF. (KMB)	4.34	4.29	4.31	IITF. (.IVB)	5.99	6.53	6.17
5	LTRAM (KMB)	0.14	0.17	0.17	LTR. (KMB)	0.17	0.18	0.18	LTR. (.IVB)	0.15	0.16	0.17
6	OPPSAM (KMB)	46.95	34.67	64.64	OPPS. (KMB)	17.43	15.11	10.73	OPPS. (.IVB)	16.84	20.46	9.86
7	NPMPAM (KMB)	22.13	16.95	22.86	NPMP. (KMB)	17.13	16.91	17.55	NPMP. (.IVB)	12.63	12.6	11.83
8	ROCEPAM (KMB)	14.1	15.59	17.5	ROCEP. (KMB)	11.87	12.32	12.29	ROCEP. (.IVB)	10.54	10.99	10.55
9	RONWPAM (KMB)	12.83	10.36	13.75	RONWP. (KMB)	12.24	14.4	13.65	RONWP. (.IVB)	9.3	--	11.77

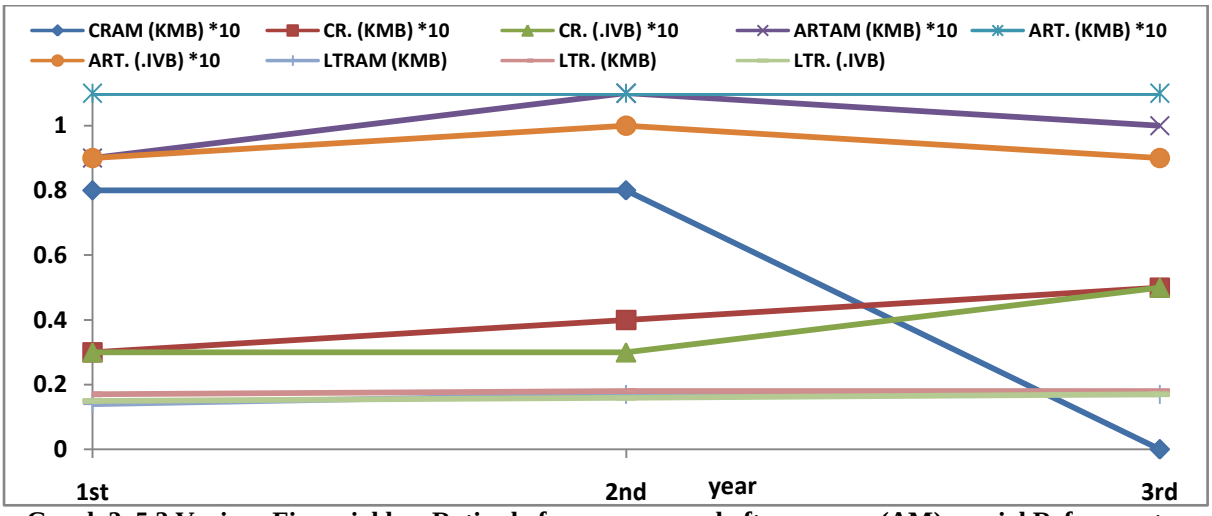
***Source : Calculated and Collected from Certified Financial Information Sites (BS, RV, MC, ET)**



Graph 3.5.1 Various Financial key Ratios before merger and after merger (AM) special Reference to Debt-Equity Ratios for KMB and IVB.



Graph 3.5.2 Various Financial key Ratios before merger and after merger (AM) special Reference to Current Ratios for KMB and IVB.



Graph 3. 5.3 Various Financial key Ratios before merger and after merger (AM) special Reference to Current Ratios for KMB and IVB.

3.5.1.1 Analysis:- From above graph one can conclude/make out that for KMB before merger with fluctuations (increase and decrease) in D/E ratios in succeeding years NPMP, ROCE was kept almost constant but OPPS, LTR,ART,IITF kept on increasing while RONWP kept on directly fluctuating with D/E while CR was controlled to decrease. While for IVB before merger with fluctuations (increase and decrease) in D/E ratios in succeeding years NPMP, RONWP, ROCE, OPMP were kept almost constant with CR decrease. In 2013 both bank increased it D/E being competitive alive in banking market. And after merger for KMB there was sudden decrease in D/E which was kept almost in control in succeeding years NPMP, OPMP, RONWP, OPPS, IITF, CR and ROCE observed increase in value with ART, LTR control to almost constant.

3.5.1.2 Findings:-This was due to clubbing up of Debt and Equity of two companies with few Capital restructuring in Beginning of Merger KMB (2015) D/E ratio kept constant with increased CR with increased Current asset and inventories and decreased current liabilities resulting in increased business revenure, profits and returns. evenue and profit margin with constant ART and decreased IITF by implementing some financial and operational Strategic decision for newly formed merger company (KMB) with all supports from merger partner in business growth.

3.5.2 OBJECTIVE: To calculate and diagnose the beta calculated and actual/real with focus on abnormal return (benefit) suggesting/reasoning/answering of the variability.

Table 3.5.2 Beta, Cumulative Abnormal Return and Required Rate of Return for Ing Vysya Bank (IVB) And Kotak Mahindra Bank (KMB) Merge

FOR INV+KMB

Sno.	Particulars/ RATIOS	Beta (INV)	Ri (INV)	Beta (KMB)	Beta AM- KMB	Ri (KMB)	Rij AM-KMB	AW-Beta-AM	AW-Rij-AM	Rij TAWB	%CARij
1	DER	0.1836	6.2051	0.1035	0.0598	5.9559	4.7359	0.1465	5.5250	4.7735	-0.7874
2	CR	0.2571	0.0317	0.2041	0.2020	0.0320	0.0540	0.2295	0.0434	0.0546	-1.0055
3	ART	0.0505	0.0902	0.0000	0.0816	0.1100	0.0908	0.0232	0.0905	0.0902	0.6480
4	IITF	0.0360	5.9986	0.0048	0.0848	4.2901	9.3640	0.0232	7.3754	9.2885	0.8129
5	LTR	0.0510	0.1505	0.0267	0.0884	0.1702	0.1418	0.0383	0.1459	0.1408	0.7123
6	OPPS	0.2799	11.4999	0.1926	0.2523	11.4414	38.2235	0.2381	24.2869	38.0233	0.5265
7	NPMP	0.0300	11.8457	0.0154	0.1274	16.9144	17.4210	0.0215	15.0903	17.0295	2.2990
8	ROCEP	0.0196	10.5430	0.0169	0.0885	11.8749	14.2442	0.0182	12.5124	14.1296	0.8109
9	RONWP	0.1172	9.4448	0.0667	0.1162	12.3193	10.5871	0.0889	10.0849	10.5336	0.5071

***Source :** **Calculated Using collected Data in Table 3.5.1 in Excel.**

3.5.2.1 Analysis:- Average Systematic risk (Beta) associated with DER, CR, OPPS, RONWP of KMB after merger were somewhat reduced to that of greatest of KMB and IVB before merger, while values for ART, IIFT, LTR, NPMP, ROCEP were observed to increase to that of greatest of KMB and IVB before merger. Average weighted beta of KMB after merger those calculated by the empirical relation were found to be more than those modeled using CAPM except for DER, CR. Whereas Required Rate of Return generated by CAPM (Rij AM-KMB) for KMB after merger almost matched with the Required rate of return (Rij TAWB) calculated taking

Average weighted beta after merger (AW-Beta-AM) by empirical formulae using CAPM for KMB after merger.

3.5.2.2 Findings: Overall Cumulative Abnormal Return (%CARij) for KMB after merger for NPMP,IIFTD, LTR, ROCEP, ART, OPPS were found to be positive more than calculated, while those for was found to be little negative with CR, DER in descending sequence with High negative value revealing that the shareholders of DIL did not respond positively to its merger with IVB or because of some other restricted restructuring strategic practices with high DER and increasing CR for better merger performance.

3.5.3 OBJECTIVE: To study the strategic similarity and dis similarity pre and post merger and its effect on performance variability.

3.5.3.1 Findings: Strategically by keeping DER, ART, LTR almost constant, with increase in CR, decreasing-IIFT KMB was successful to match up with its previous productive profit margin that it had before merger.

IV. Conclusion

Net Requirement for any merger's is to gain maximise sustainable profit/benefits in the area of economic/social/financial/ political/ecological-environment (proportional choice varying with current demand of market dealing with) which result after satisfying scarification after negotiation (efficiency and effective negotiation depending on number of factors). ***Overvaluation, Intervention by third party, Distraction to focus on the real business, Fear and Greed, unfit culture, Bad leadership and in depth Analysis of business performance before and after merger.*** But remember, not all mergers fail. Size and global reach can be advantageous, and strong managers can often squeeze greater efficiency out of badly run rivals.

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