

*Abstract of Doctoral Dissertation*

## **Impact of Mergers on the Wealth of Acquirer and Target Companies in India<sup>1</sup>**

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### **I. Introduction**

MERGER AND ACQUISITION in India have become a routine event in the changed economic environment in the post reform India (since 1991) It is true that there is little scope for companies to learn from their past experience. Therefore, to determine the success of a merger, it is to be ascertained if there is financial gain from mergers. Post- merger financial gain will be generated only when the two companies are worth more together than apart. The basic motive for merger is an attempt to create value. The explanations offered for merger at various points of time, are exploitation of economies of scale, synergy, acquisition of market share, growth, diversification, tax advantage, etc. Most mergers are controlled by multiple motives rather than a single one.

Therefore, there is a need to study the wealth enhancement with respect to mergers, which can be helpful in assessing the success of merger. Wealth includes the financial performance of the acquirer and target companies. Many studies have been conducted to analyze both acquiring and target companies in the pre-merger period, or more specifically, acquirer companies in the pre- and post-merger periods in industries like manufacturing, banking, insurance, cement and pharmaceutical. It is equally important to analyze from the view point of the acquirer and target companies in the pre- and post-merger periods also. Hence an attempt has been made to study the wealth of both acquirer and target companies in the pre- and post-merger period.

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