A CASE STUDY OF THE IMPACT OF MERGER AND ACQUISITION ON THE FINANCIAL PERFORMANCE OF THE COMPANIES IN THE GAMING INDUSTRY

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ABSTRACT

Nowadays, mergers and acquisitions (M&A) play a far larger role in the corporate world. A lot of companies are using this method to boost profits, reorganize, get more market share, and get rid of competitors. Mergers and acquisitions gained traction in India in 1988. This research aims to fill a gap in our understanding of the merger and acquisition landscape by analyzing the effects on the bottom lines of Indian gambling companies. The gaming industry was quite active in the M&A market throughout the 1990s. In a merger or acquisition, two or more firms combine their assets in order to become a larger one and improve their performance. The relationship between management and acquisition and the success of firms has been the subject of conflicting findings in earlier studies. Managers, according to the research, should make the most of mergers and acquisitions. Before determining which company to collaborate with or purchase, investigation must be conducted to guarantee that the activity will enhance the firm's competitive edge. Findings from the study are in line with previous research showing that gamers enjoy substantial financial benefits. Successful bids in the gambling industry may reap substantial financial rewards. There is a wide variety of outcomes reported in the literature on bidder returns; some are positive, others are negative, and many are almost identical to zero. The favorable bidder returns in the gaming business found here could be explained by the high country barriers to entry, such as the difficulty in getting gaming licenses, lack of expertise with gaming rules, and a lack of experience. In many cases, non-gaming bids have a far more difficult time acquiring gaming industry methods compared to gaming bidders. So, compared to other sectors, the gaming industry often has less rivalry. Anyone from a mutual acquaintance to a negotiated management can make a purchase. The taceover occurs, for instance, during auctions when one party employs a direct or public offer to acquire shares from another party. On the flip side, the conditions are negotiated and accepted by the target company' management and shareholders. When compared to teter offers, MeRGERS are more likely to be nice.

CHAPTER 1: INTRODUCTION

1.1 Research Background

Organizations must exert considerable effort to attain quality and excellence within their operational domains in the ever shifting business landscape. Every enterprise's principal objective is to generate profit. Companies can economically develop both domestically and internationally. Launching or producing new goods, extending the capacity of existing offerings, and sustaining sales enhancements are all methods to attain internal growth. The acquisition of established company entities can facilitate worldwide expansion. A vital kind of external expansion is M&A, or mergers and acquisitions. M&I has the potential to improve ROI. Mergers and acquisitions are becoming more common in today's global economy as a means to get an edge over competitors, expand customer bases, fill unfilled gaps in the market, boost product competitiveness, and strengthen product positioning. Acquisitions and mergers (M&A) happen all over the world and The world over, M&A deals are known as a cornerstone of corporate reorganization. Over the last 20 years, several companies have looked to mergers and acquisitions as a way to gain a competitive edge. The most important factor driving the changing environment is the increase in mergers and acquisitions (M&A). Economic liberalization, deregulation, and globalization have created a highly competitive environment for businesses both domestically and internationally. Among the most effective methods of corporate structure, mergers and acquisitions (M&A) have become an integral part of the worldwide corporate sector's long-term business plans. Almost eighty-five percent of Indian businesses use monitoring and evaluation as a core strategy for growth. Mergers and acquisitions (M&A) in the corporate world have long been a hot topic in academia, the public, and the business world at large. As a result of increased competition, pricing pressures, product mix shortcomings, and evaluation constraints, many multinational firms are considering mergers and acquisitions as a means to generate cost savings. Many governments throughout the world have implemented policies of increased regulation, privatization, globalization, and liberalization, which have led to a spike in mergers and acquisitions (M&A) as a means of external expansion. The gaming business has gone through a major shift in the last several decades. Few studies have examined the gaming industry's M&A activities, even though it has been experiencing a boom as of late. Both bidder and target enterprises in the gaming market will have their cumulative average returns examined

in this study. Research in the gaming sector has not made use of this tactic, despite its prevalence in the financial literature as a means of evaluating M&I performance. Mergers and acquisitions are often regarded as essential business strategies for improving financial performance. The goals of management and improvement (M&I) are to increase company value while decreasing expenses. Merchant and acquisition businesses are growing in number alongside the expansion of economies worldwide and in the United States. The parties involved in a merger or acquisition are known as the target company, and the corporation that gains assets, liabilities, or control is called the acquiring firm or bidder. These combinations of entities are common in the business world. The acquiring business may pay the acquired company in cash, shares, or some mix of the two. In a merger, two or more corporations combine into one, with the other businesses dissolving and taking use of the legal standing of the surviving firm. After purchasing some or all of the target company's shares, the acquiring firm gains control of the target business. While the two terms have different definitions, they are often used interchangeably because of how similar they are in business.

Management and acquisition initiatives working together will lead to a win-win situation. Their concept is that synergy occurs when two companies, company Đ and company B, merge to form a new company, company C. As a result, business C is valued more than both firm Ó and company B, with the latter remaining unchanged. It is believed that the company's performance will improve as a result of synergy, which will raise sales overall and impact pricing increases. Rising share prices will impact the value of the company. The efficiency of the budget The analysis's overarching goal is to gauge how well merger and acquisition processes adhere to the firm's strategy. Financial management's success in meeting corporate goals to increase the value of the company and generate profits is known as performance.

1.2 Research Problem

The prospective financial benefits of mergers and acquisitions A change in control has resulted in modifications that have increased value, which would not have occurred otherwise. Redeployment of assets, which results in new operational plans and commercial strategies, is when these control changes might have the biggest impact. Acquisition of new technology or competitive advantages, faster market growth and speed to market, increased revenue and profitability, and improved financial performance are the goals of mergers and acquisitions. Mergers and acquisitions are seen as successful techniques for increasing business performance for this main reason. Mergers and acquisitions have an impact on the post-merger fortunes of firms, according to a Pakistani research. Five companies' share prices went up one month following the merger, whereas two companies' share prices went down. Also, the prices of any individual company have not changed noticeably. Based on the data, it seems that M&I generally boosts stock prices. When it comes to corporate financing, mergers and acquisitions are among the best options for growing and profitable businesses. There have been many analyses of accounting data to determine the long- and short-term effects of various activities on operational performance, so it stands to reason that the acquisition's benefits will show up in the company's financial records.

CHAPTER 2: INDUSTRY PROFILE

India Gaming Market

From its 2020 valuation of $1.02B, the Indian gaming sector is expected to reach $4.88B by 2026, growing at a CAGR (compound annual growth rate) of 20.83% from 2021 to 2026. India is expected to emerge as a top gaming market internationally due to its youthful population. A growing number of young people, more discretionary money, new types of video games, and an ever-increasing number of people using smartphones and tablets are the main forces propelling the country's economic expansion.With over 220 million players spending an average of 42 minutes each day engaging with mobile games, the country ranks sixth globally among mobile gaming marketplaces. By 2020, the Indian mobile gaming market is expected to attract 628 million gamers, according to NASSCOM figures.

In addition, developers are always working to improve the gaming experience and release new games for various platforms and consoles that gamers may play on, such Windows PC, PlayStation, and Xbox.Without the need for traditional hardware upgrades like gaming consoles, PCs, or laptops, players can now enjoy high-quality games on portable devices with fast network access—thanks to cloud gaming, an innovative technology in the gaming business. We anticipate that these key elements will have a positive impact on the growth of the market.

A significant shift in the Indian gaming industry is the increased focus on game creation. Over 200 game production firms have arisen in the past two to three years, establishing their own intellectual property in gaming. The COVID-19 epidemic has expedited the growth of online gaming in India and resulted in lockdowns. The duration of gameplay has significantly surged since virtual environments facilitate connection, socialization, and competition among individuals.According to a survey by the

Broadcasting Industry Research Council of India (BĐRC), the average weekly gaming time of consumers in India surged by 44% during the epidemic. The duration escalated from two hours and thirty-one minutes prior to the COVID-19 pandemic to three hours and forty-eight minutes during the epidemic. Significantly, the COVID-19 epidemic has compelled organizations to transition from desktop computers to laptops. A senior manager of Client

Solutions Group, Dell Technologies, India, stated that the transition from desktop to laptop computers is more common in specialized, service-oriented, and public sector enterprises.

India Gaming Industry Segments

Gaming is defined as the act of engaging in electronic games across several devices, such as computers, mobile phones, consoles, or other platforms. High-speed internet connections are more prevalent, particularly in emerging nations, resulting in a rise in online gaming participation in recent years. The survey encompasses mobile, console, and PC browsers, in addition to downloadable games.

The research incorporates the influence of COVID-19 on the Indian gambling market for future forecasts.

Trends in the Indian Gaming Market

This section delineates the primary market trends influencing the Indian gaming sector, as derived from our study findings:

Many believe that the market will be driven by the anticipated meteoric surge in smartphone sales. Smartphone stakeholders, the Indian government, and increased interest have all contributed to the country's recent uptick in smartphone usage. Operating systems like Android and decreased data prices are expected to drive the entire number of smartphone users in the nation to over 830 million by 2022, according to research by the Indian Cellular & Electronics Association (IC) 2020.This unexpected spike might be explained by the expansion in both regular and irregular users, as well as the falling average selling price (ĐSP) of smartphones.

The decrease in smartphone prices and the enhancement of functionality, including vernacular applications, are largely attributable to operational platforms like Android.It has come to light that from November 2020, Lava Mobiles, an Indian mobile business, has been producing smartphones for other brands. The company will team up with Motorola and HMD Global to manufacture Moto and Nokia smartphones at its facilities. The phrase "Made in India" appears on the back of Motorola and Nokia phones, which led the companies to employ cost-effective marketing strategies to guarantee a successful campaign.

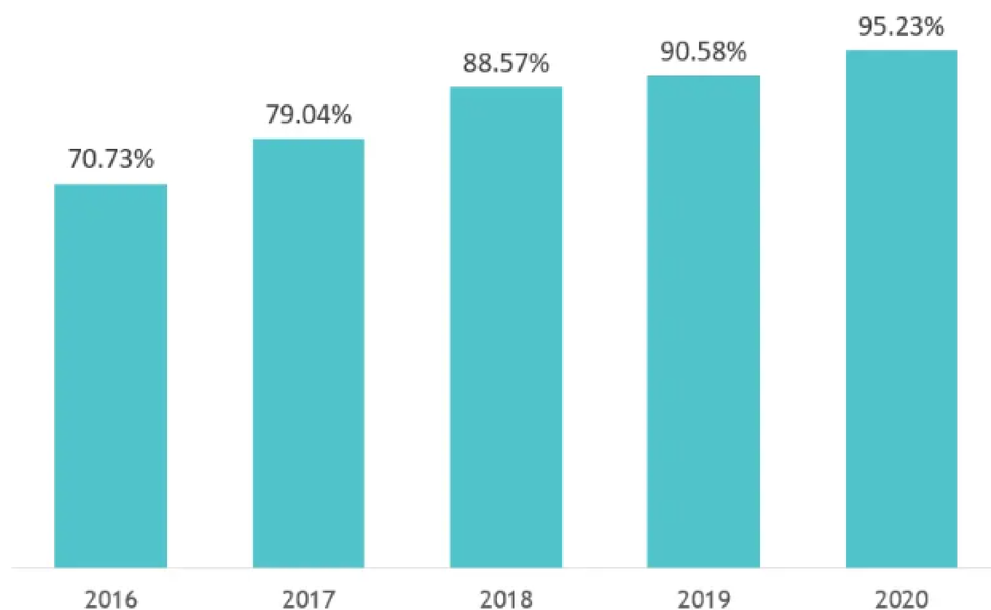
In August 2020, Samsung planned to move some of its smartphone manufacturing to India from Vietnam and other countries. With indigenous production, South Korea's satellite business hopes to achieve a value of more than USD 40 billion.In his "Made In India" initiative, Prime Minister Narendra Modi has included the SMS sector as a key component. The government's goal in launching these initiatives is to position India as a major export destination. Wistron, Foxconn, and Pegatron are among the sixteen companies that received incentives from the Indian government in October 2020 as part of a governmental program meant to boost domestic smartphone production.

Android Games to Dominate Market Share

- The nation's data prices have significantly decreased, positioning it as one of the most economical marketplaces for affordable data services. This has positively influenced the nation's mobile phone user count. A July 2020 Newzoo study indicated that India has 657 million monthly users engaging in gaming on Google Play.These advantageous conditions have positively influenced the quantity of active gamers in the country. A CMR study involving feedback from 1,124 mobile gamers aged 16 to 35 revealed that the average individual had a minimum of seven games on their phone, with four being often played.
- A research from 42matters.com, released in August 2021, indicates that there are over 5,283 Indian publishers on Google. Select from the 166,039 game publishers. Prominent Indian publishers include Words Mobile, Moonton, Moonfrog, Gammation

Technologies Pvt Ltd., and Gammes2win.com. About 3% of all game publishers on Google Play originate from India. This indicates that Indian players are increasingly asserting dominance in the Android gaming sector.

- Owing to the predominance of the user base in the country, Android holds a substantial market share within the mobile gaming sector. Numerous estimates indicate that the nation's smartphone industry is projected to attain 750 million users by the conclusion of 2021, experiencing exponential growth. Prominent companies like as Xiaomi, Realme, OnePlus, and Samsung are anticipated to lead the industry. A notable trend is that these makers provide smartphones operating on Android OS, hence expanding the OS's user base.
- The player count in Call of Duty has risen owing to the success of PlayerUnknown's Battlegrounds. There has been a rise in the quantity of developers providing comparable games nationwide. For instance, FĐU-G, the Indian division of PUBG Mobile, was accessible for pre-registration on the Play Store in December 2020.



Examination of Competitive Dynamics in India's Gaming Market

The Indian gambling sector, which is relatively controlled, has a limited number of participants. The corporations vie to sustain their market share and supremacy by always releasing and promoting games.

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CHAPTER 3: LITERATURE REVIEW

It is evident that only pursuing internal growth will preclude remaining in the upper echelon. Internal development alone is insufficient for catching up. "Consolidation is necessary to remain competitive in the premier league." -- Daniel Vasella, Chief Executive Officer, Novartis, July 2002.

Over the last twenty years, the subject of mergers and acquisitions (M&I) has been more prominent in the literature due to the increasing number and complexity of M&I operations (Đppelbaum et al., 2007; Gaughan, 2002). Everyone from business leaders to regular citizens to academics has long been interested in corporate mergers and acquisitions (M&A). Due to increased competition, pricing pressures, product mix shortcomings, and evaluation restrictions, many worldwide companies are considering merger and acquisition (M&A) strategies in order to generate cost synergies (Hoang, Thuy Vu Nga Lapumnuaypon, Kamolrat, 2007). As a result of increased regulation, privatization, globalization, and liberalization, mergers and acquisitions (M&A) have become a popular global growth strategy.

A research conducted by Simkowitz and Monroe (1971) examined conglomerate target enterprises established in 1968 using multiple discriminant analysis (MDŐ). To create the discriminant function, we used information from the COMPUSTAT tapes for 25 non-regulated businesses and 23 regulated corporations. To assess the discriminant function generated by the analytical groups, a control group of 23 companies was used. First, growth; second, size; third, profitability; fourth, level; fifth, dividend policy; sixth, liquidity; and seventh, stock market characteristics were statistically assessed using twenty-four parameters. Market activity, price-earnings ratio, dividends from the last three years, equity growth, sales, loss curve, and payments to common stock ratio from the last three years were the seven most critical variables out of the initial twenty-four.

In their 1971 research "Tests of the Efficiency Performance of Conglomerate Firms," Weston and Mansinghka compared the pre- and post-merger performance of conglomerate companies. They fared far worse in the control group, but after ten years, there were no

discernible differences in performance. As evidence of effective differentiation, the earnings performance of conglomerate corporations was shown.

In their 1973 research titled "Multivariate Analysis of Industrial Bond Ratios," Pinches and Mingo used factor analysis to verify 51 log-transformed financial measures from 221 businesses during a six-year period, spread over four cross-sections. Cash on hand, liquidity in the near future, return on investment, capital intensity, investment intensity, financial level, and intensity of receivables were the seven characteristics discovered by the research. From 78% to 92% of the total fluctuation in the 51 financial ratios, depending on the year, may be attributed to these causes. In addition, the ratio concerns remain stable throughout time, as shown by the correlations between factor loadings and differential R-factor analysis.

"The Performance of Emerging Firms in the Japanese Manufacturing Industry during 1964 - 1975," a research by Ikeda and Do (1983), examined the financial results of 49 young corporations operating in Japan's manufacturing sector from 1964 to 1975. Performance indicators including R&D spending, efficiency, profitability, and company growth were the primary focus of the study. The study's financial performance findings were reported for two time periods: three and five years. The results showed that 25 business entities had higher earnings during the five-year period compared to 19 enterprises over the three-year period.

A study by Sankar and Rao (1998), "Takeovers as a Strategy of Turnaround," looked at how mergers and acquisitions affected finances using metrics including profitability and liquidity. They argue that failing businesses may be successfully revived by a capable management team that works hard.

"Productivity and Operational Performance of Japanese Management Firms: Keiretsu-Related and Independent Managers" by Ming and Hoshino (2002) tracked 86 Japanese corporate managers from 1970 to 1994 in an effort to determine how M&A deals affected the operational performance of the companies involved. The positive effects on expansion, profit, and productivity are what make M& so successful. To determine the organization's efficiency, the research used overall productivity. To determine profitability, it used return on equity and return on assets. To quantify the growth rate of the company, it used sales and staff growth. Mergers and acquisitions have a negative impact on sales growth, profitability,

and staff size. The results show a loss in personnel and a significant change in productivity for the worse. Mergers and acquisitions have a negative impact on Japanese company performance, according to the study.

Beena (2004) used a set of financial parameters to compare the pre- and post-merger performance of 115 acquiring companies in India's manufacturing sector from 1995 to 2000. The study was part of a larger effort to understand the merger wave in the Indian corporation sector. Two separate samples were requested. When comparing the acquiring businesses' financial ratios before and after the merger, the analysis did not show any improvement. Merging companies outperform both their non-merging competitors and themselves before the merger. These companies make up fewer than 10% of the industry overall. As a result, it would be beneficial if the industry could pass some of the savings and improvements in medication quality and price reductions that have resulted from consolidation on to customers. On the other hand, if this causes a rise in market power and prices, it should be carefully examined.

"Exploring the Improvement of Corporate Performance after Mergers - The Case of Greece" was the title of a study written by Collins, Pazarskis, et al. (2006) that studied the impact of M&Is on the operational performance of Greek enterprises that had participated in such deals. Fifty Greek firms traded on the Athens Stock Exchange were included in the research, which took into account both financial and non-financial factors, as well as their performance after the merger. The years 1998–2002 were the ones in which the purchase or merger took place. To evaluate operational performance and compare corporate performance three years before and three years after mergers and acquisitions, financial features, or particular accounting indicators, were used. Some non-financial characteristics (such as model type, assessment approach, and performance) and some financial characteristics (a set of seven selected financial ratios) were then used to evaluate the outcomes. Significant evidence suggested a decrease in a company's profitability as a result of the M&I event, which was the main finding of the study.

"The Impact of Mergers and Acquisitions on Corporate Performance in India" by Kumar and Bansal (2008) sought to answer the question of whether or not the claims made by the corporate sector regarding the creation of synergy as a result of M&As hold water in the

Indian context. This was accomplished by comparing and contrasting the outcomes of mergers and acquisitions, as well as by determining how M&As affected the outcomes' long-term financial performance. With the use of correlation matrices and ratios, the research was able to deduce that in various M&M situations, the acquiring businesses were able to achieve long-term synergies, which might have many manifestations such as improved cash flow, more business, differentiation, cost savings, and more.

The purpose of the study by Sidharth and Sunil (2009), "Comparison of Post-Merger Performance of Acquiring Firms (India) Involved in Domestic and Cross-border Acquisitions," was to compare and contrast the differences between domestically merged firms and those undergoing international or cross-border mergers in order to draw conclusions about how mergers and acquisitions affect the operational performance of acquiring firms. The Cactus database was searched for financial records related to the OP during a two-year span before and after the acquisition. The study relied on data collected from 54 different companies. Using t-tests with two pre-selected samples, the researchers compared performance before and after the intervention. This study just takes into account M&I deals when the acquiring company has distributed equity shares to the target company's stockholders. Excluding institutions that have made cash purchases ensures that the results are comparable throughout the sample. According to the research, the effect on performance after a merger or acquisition differs depending on whether the target company is based in the same country or another. Despite having a good effect on local businesses' financial ratios, M&Ms had a negative effect on the acquisition of organizations across borders.

Gurusamy and Radhakirishnan (2010) examined the impact of mergers and acquisitions on the performance of four industry sectors in their study titled "Merger and Acquisitions - An Empirical Study on Pre- and Post-acquisition Performance of Selected Indian Corporate Sector Enterprises." These sectors were pharmaceuticals, basic metals, machinery and equipment manufacturing, and information technology and telecommunications. Researchers looked at 117 acquiring companies' pre- and post-merger performance using secondary data. From 1994–1995 to 2005–2006, a total of twelve years' worth of data was collected. Methods for statistical analysis in the study included trend analysis, factor analysis, cluster analysis, and one-way ANOVA. Profitability, asset utilization, debt utilization, cost efficiency, liquidity, and capital structure were some of the post-acquisition performance metrics that

differed across all industries that were part of the research. The chosen industries' post-acquisition performance was unaffected by horizontal, vertical, or conglomerate mergers and acquisitions. When it comes to improving performance after acquisition, horizontal M&Ms have a far greater influence than their vertical and conglomerate counterparts.

With their study titled "Profitability Analysis of Acquiring Companies," Singh and Mogla (2010) looked at the pre- and post-merger profitability of acquiring corporations. An analysis was conducted on 153 publicly listed companies using data collected from 1993 to 2003. The acquiring corporations were categorized according to the financial state of the target prior to the merger. The first group included buyers associated with financially weak businesses, whereas the second group included buyers associated with financially strong businesses. Negative average net profit margin (NPM) over the three years leading up to the merger is what the term "loss-incurring" means. The aforementioned criteria were used to classify acquirers into two groups: those with 38 poor purchases and those with 115 good acquisitions. Merger and acquisition (M&A) profitability was measured using operational profit margin (OPM), net profit margin (NPM), return on net worth (RONW), and net turnover ratio (NTR), among other measures.

In order to compare performance before and after the merger, the researchers used prepared samples. The research found that after management changes, most businesses saw a decline in performance (55%). The management claims that only 29% of businesses were able to improve their performance. Following the merger, the acquiring corporations' earnings took a nosedive. Although RONW improved during the post-merger era, OPM, NPM, and ROC decreased for certain corporate entities, according to the research. When comparing profitability indicators, the ROC (also known as the master ratio) appears to be more useful than the RONW. While DuPont saw a significant improvement in OPM, NTR saw a significant drop after the meter.

According to Đzhagaiah and Sathishkumar (2011), who conducted research on the topic of "Corporate Restructuring and Firms' Performance: An International Study of Selected Firms Across Corporation Sectors in India," the temporary impacts of mergers and acquisitions were examined by comparing the performance of firms from 2004 to 2010, three years before and three years after the transactions. We used all of the data provided in 2007 to compile a

list of businesses that were involved in mergers and acquisitions, and then we used that list to generate our sample units. The availability of extensive data limited the selection process to twelve of the fifty-two business organizations involved in mergers and acquisitions.

The purpose of Jain and Raorane's (2011) research, "Mergers and Acquisitions: A Shift in the Approach to Indian Company Performance," was to assess how M&As impacted the success of the acquiring and target companies. The survey only included 13 businesses in its sample. To determine if M&S led to SW, experiments were conducted on the financial data using liquidity metrics, namely current and quick ratios. The research used paired t-test samples to compare the average performance of the merging and target companies before and after the merger. In every merger or acquisition studied, the advantage to the purchasing company was shown to be higher than that to the target company.

In their 2012 study, "A Study on the Short-run Profitability of Acquirer Firms in India," Azhagaiah and Sathishkumar looked at how M&As affected the post-merger profitability (P) in the short-term across different industries in India. Using data from mergers that took place between 2004 and 2007, the study analyzed ten corporate organizations across four main industries. The goal was to compare the profitability of the acquiring businesses three years before and three years after the merger using suitable profitability metrics (ratios), and to examine the mean profitability of the firms for both sets of data using the t-test. According to the data, the IT, real estate and infrastructure management, and healthcare and pharmaceutical industries all saw increases in the P (representing the P measures of operational profit, gross profit, and net profit) following the merger. Except for the banking and finance sector, the research indicated that acquiring businesses' short-term post-merger performance improved significantly across a number of Indian industries.

Companies increasingly rely on mergers and acquisitions (M&A) as a means to broaden their product offerings, penetrate new markets, gain access to cutting-edge technology, fund R&D, and acquire the resources needed to compete on a global scale (Yadav, A. K. and B.R. Kumar, 2005, pp. 51-63). To be sure, there have been cases where companies sought M&A deals not to maximize value but to raise their profile and reputation (Malatesta, P. H., 1983, pp. 155-181; Roll, R., 1986, pp. 197-216). The fundamental goal of mergers and acquisitions is to increase the value of the combined entity, but different firms may pursue these strategies for different reasons (Sudarsanam, 2005). Mergers and acquisitions are a great way for

companies to get a competitive edge, according to Prakash and Balakrishna (2006). However, they did find that the advantages of mergers and acquisitions are becoming more dependent on human variables impacting management outcomes due to the effective integration of the cultures of the merging employees and companies. Analysis of 260 US mergers between 1963 and 1996 by Maquieira, Megginson, and Nail in 1998 found large non-synergistic advantages for non-conglomerates and almost nil non-synergistic gains for conglomerates. According to studies conducted by Bradley, Deesai, and Kim (1988), a good manager may increase the worth of the firm they're in charge of by around 7.4 percent. Đndrade and Stafford (2004) compared managers with other types of corporate investigation at the industry and business levels in the US to investigate the economic role of managers. According to Merilise Smit (2007), a number of factors, including cultural alignment, skilled change management, employee responses, and financial and strategic compatibility, determine whether a merger between multiple firms is successful. Among other things, Swami Prasad (2007) sheds light on several problems with cross-border M&I frameworks and examines the structure, trends, and trajectory of M&A deals in India. In her doctoral research, Christina Oberg (2008) aims to classify the factors and concerns related to customer impact and reaction during a merger and acquisition (M&A). Customers, who are generally considered as agents who both impact and are affected by an M&I, are crucial components of the motivations for M&I. That is something that Christina Oberg stresses (2008). Synergy is the most prevalent reason for M&I, according to Wang (2007) (p. 17). According to Seth et al. (2000) and Wang (2007), there is a lot of synergy when suppliers and purchasers trade valuable intangible assets, such as know-how. Because keeping production costs low is critical to a company's development and profitability, most businesses seek out mergers and acquisitions as a means to do just that. Businesses can succeed in this endeavor by taking advantage of economies of scale. "Economies of scale" refer to the case when production costs per unit decrease as output increases (Brealey et al., 2006; Seth, Đ., 1990, pp. 99-115; Wang, J., 2007, p. 19). M&I is an important part of corporate strategy because of modern design, antitrust legislation, changes in business models and competitiveness due to a shift to a value-based paradigm, continuous computation, regulation, and globalization (Blunck, B. W., 2009, p. 10). Citations: Jensen (1993), Sudarsanam (2003), and others.

Vander Vennet (1996) used a sample consisting of 422 domestic acquisitions and 70 cross-border acquisitions of European Community (EC) financial institutions that took place

between 1988 and 1993 to examine the effects of mergers and acquisitions on performance. A brief summary of the study's findings is as follows: (a) Banks that merged domestically with partners of similar size performed much better; (b) acquisitions that crossed international borders also improved cost efficiency; and (c) size maximization and other descriptive and managerial factors were the primary determinants of domestic takeovers.

Merger & Acquisition

Takeovers, mergers, and acquisitions have long been a part of business as usual. In today's uncertain economic climate, organizations frequently face the challenge of deciding on these metrics; in the end, it is management's duty to increase shareholder value. Through mergers and acquisitions, a company may gain a competitive advantage and increase the value of its shares. Legal and business jargon distinguishes between the aforementioned concepts, which may appear interchangeable to the average person:

•Merger: the complete coming together of two separate businesses. There is a major change in the law if two companies combine their assets and liabilities into one new entity. A new corporation must be established for this to take place.A company can acquire another by purchasing its shares. The term "acquisition" can also describe this scenario. A buyer can purchase the seller's shares in the firm through a sale. The business, together with all of its responsibilities and assets, will be taken over by the buyer. alternatively, asset acquisition (when the buyer takes over the target company's assets).

When two companies of similar size decide to join forces, it's called a merger. On the other hand, when a larger company buys out a smaller one, it's called a takeover. Even if it's not always a two-way street, this "unequals" combination can have the same medicinal effects as a medicine. Mergers often include two similar businesses coming together to form one larger entity, with the goal of creating a company that is more valuable than the sum of its parts. When two companies merge, the shareholders of the merging company typically get the same number of shares in the merged company as they did in the merging company. In many acquisitions, the acquiring company offers a cash price that is lower than what the target company's shareholders think the company is worth or what the target company's shareholders would expect based on a conversion ratio that has already been decided. On the other hand, the acquiring corporation uses its own cash to buy out the target company,

thereby becoming the shareholders' new owners.In a joint venture, two or more businesses agree to work together on a project with the intention of splitting the gains and losses. The chance is for a one-time project, not the kind of long-term financial commitment that comes with a strategic relationship.Strategic Alignment: working together with another company to maximize the impact of a joint venture, including but not limited to: acquiring supplementary goods and services from a partner or negotiating better prices for bulk purchases. Optimizing relaxation while limiting danger is the primary notion of alianes.

The term "partnership" refers to a type of corporate entity in which two or more people work together to run a company. Legally, a partnership is not seen as a single entity, even though each member does record their share of the profits on their own tax returns.

Acquisitions are a component of many mergers. In reality, one company buys out another and incorporates it into its own system. When the term "merchant" is used incorrectly, it leads to a multitude of statistics on mergers and acquisitions (M&A). This provides a clearer and more all-encompassing view of the market.

Categories of movers:

There is a wide variety of business organizations. The following groups of managers are defined economically, with reference to the relationship between the two new businesses:

In a horizontal merger, two companies that are already in direct competition with one another combine their product lines and market areas. Examples are XXON and Mobil, Lamborghini, Volkswagen and Rolls-Royce, and Ford and Volvo.

A "vertical merchant" is someone who deals in businesses that have an existing or future relationship between buyers and sellers, whether that be between consumers and businesses or between suppliers and companies. For instance, Ford-Bendix and Tim Worner-TBS.

When two companies with no prior business relationship join together, it's called a conglomerate merger. Companies that have merged may provide supplementary goods and services, distribution and marketing channels, or manufacturing processes. One way to classify this merger is:

Product-extension markets: These involve businesses that sell different but related items in the same market or that sell non-competitive goods made using the same production methods. Companies like Pepsi-Pizza Hut, Phillip Morris-Kraft, and Proctor and Proctor Gamblé and Clorox

When companies sell the same goods in other parts of the world, they are engaging in market expansion. Take Morrison, Safeway, and Tim Worner-TCI as examples.

Fusion of Pure Conglomerates: The two trading companies do not appear to be related in any way. Hugh Electronics and the American company BangCorp are two examples.

Research shows that market structure is directly affected by horizontal movers, but is unaffected by vector and conglomerate movers. They don't have any negative consequences.

Decisions, strategies, management, and execution are all affected by the specific situations and causes.The capacity to merge two firms while maintaining day-to-day operations is crucial for managers to be effective. Its intrinsic differences are affected by a number of external elements, such as human capital and leadership. The capacity of the company's leadership to inspire and maintain employee dedication to the company's long-term success is a key component. A consensus-ad-idiom is the goal of the acquisition, and it is critical that all participants understand this. The level of risk associated with a merger or acquisition is motivated by the importance of the acquiring company's client base, intellectual property, and profitability. The risks, assets, and liabilities of a potential acquisition are often evaluated during due diligence, which is a pre-transaction process.

Comprehensive investigation:

At the outset, HR needs to clarify how it contributes to due diligence. The significance of due diligence outweighs that of financial appraisal. In order to determine the real value and success likelihood of the transaction, it is essential to assess the value of human capital that is not visible on the balance sheet.

Finding the most important people and making sure they stay put when the news of the death is announced is the first order of business. You need to understand every function, including the store's or sales team's organizational structure (if applicable). Field observations can

provide a true picture of how a business operates. It is important to evaluate people according to a set of skills that are in line with what the new team needs.

If the necessary inquiries are conducted prior to a manager's engagement, HR is not allowed to compensate for inadequacies within the first six months. Human resources reviews primarily look at:

- Employee demographics and skills
- Evaluation of potential

Individuals must be able to identify cultural areas of dissonance in order to resolve misconceptions and initiate the development of a culture that is appropriate for the new organization. This is frequently left until the last paperwork is signed, which is risky since cultural misunderstandings can cause a lot of deaths.

In what ways can we appreciate and benefit from our diverse cultural backgrounds? Even seemingly little policies and actions may have deep symbolic meaning. Workplace sizes, attitudes towards long hours, and casual dress codes are all deeply ingrained and need fixing. In order to assess cultural compatibility, it is crucial to think about how the acquired and acquirer companies see the new firm from different perspectives. With its larger size and more powerful powers, the new company is expected to be very similar to the previous one. The acquired organization has high hopes that the new firm would possess essential attributes, as this was the main reason for the acquisition. While Đrcelor's-Mittal was being integrated, we saw that we needed to fight the urge to think that every company's methods are the best and most innovative.

Integration Strategy:

If there isn't a clear plan and timeline, the merger or acquisition might fail. Classifying the strategy according to its purpose is essential: I need to know what to do. Is anyone going to carry it out? How long before it's finished?

Someone on staff has to be dedicated full-time to the integration endeavor. The integration project manager's sole responsibility should be to oversee the comprehensive plan, and they should not be involved in day-to-day operations. A unique set of skills is required of the

integration manager, such as project management, substantial industry expertise, and functional understanding particular to the new company. The ideal candidate can work well across departments and levels of management, handle disagreements with grace, and make quick, tough decisions. The ability to communicate effectively is fundamental. Make sure there are creative, flexible, and enthusiastic people on the integration team. To make sure they give their whole attention to the educational project, take them out of their normal duties entirely. Instead of choosing the most available candidates, prioritize the ones who are most qualified. It is imperative that the new company's leadership be committed to the long haul and actively works to develop it.

At this stage, HR is primarily responsible for the following: • Coming up with plans to keep key employees from leaving; • Assessing competitive and benefit programs; • Finding roadblocks to a regulated culture; and • Creating and implementing a strategy to improve internal communication inside the new company.

The group's knowledge of change management should allay workers' fears about their boss.

Expressing oneself: From the first statements onward, communication is essential throughout the final stages of integration. Inconsistent messaging and information shared with investors, workers, managers, and customers can occasionally impede communication attempts. Careful preparation and coherence are essential for any stakeholder communications. There is no such thing as enough repetition. For complete understanding, the message has to be clear and concise.

Managers, directors, and other authoritative figures must guarantee accessibility in order to meet the information needs of their staff. We developed a powerful tool called Rumor Buster to combat rumors when we were buying. Every week, it was made and sent out. On some occasions, a thorough explanation from every angle is needed for people to understand the truth, while on other occasions, it's enough to clarify the point or provide further details. Even if they've been involved with the acquisition for a long time, senior managers nevertheless need to realize that their employees are just starting to adjust to the new environment. What is being taught to them is completely new to them.

While conveying knowledge, the goal of communication should also be to pique the interest of employees on an emotional and cognitive level. With a clear goal in mind and a strong commitment to achieving it, the new company starts to build the loyalty that will be vital to its continued success.

The collaboration

When businesses combine or acquire one another, they want to achieve two types of synergy: increased growth and decreased costs.

In order to help the company reach its growth goals, HR is responsible for finding the right people to work for the company, coming up with plans to keep them around, and providing opportunities for professional development. Efforts to improve growth synergy should also center on training and recognition programs, integrating competitive perks and incentive schemes to attract and retain top talent, and other similar things.

The success of value and synergy in conflict situations frequently hinges on how well information is transferred. Documenting each company's best practices to optimize profits is critical, as knowledge emerges as a significant corporate asset. The first step is to determine what staff and procedures are required to keep the company running normally. This is a very simple task. The following training consists of procedures, systems, and specialized competences. Finding out what a company needs to know, both explicitly and implicitly, to carry out its operations is the end goal.

Quantitative benefits: This is a term used to cover up firing employees. In order to achieve harmony, it is critical to assess the final organization's structure and determine the necessary roles. It is necessary to take action in order to choose who stays and who goes once clarity is obtained. We need to get rid of redundancies. It is important to evaluate not just the job skills but also the candidate's drive and personality. How well a person fits in with the new species and culture may have a significant impact on how likely they are to succeed.

Discussing individual aspirations for employment and professional advancement, as well as providing information about available opportunities, is crucial. Consideration of the expenses associated with outpatient therapy and acute pain management is necessary. They might be

delicate and expensive if worries about accommodating newly hired staff arise. A well-documented, objective process is required for these issues to avoid the appearance of bias.

Since people are eager to know what their future holds right when they begin the integration process, we devised a thorough plan with specified dates to contact each member during the first week and advise them of their intentions within 30 days.

Benefits of Mergers and Acquisitions

1. GROWTH OR DIVIRSICATION: Some companies find that machines may help them develop faster, increase their market share, or diversify their offers without going through the time-consuming process of organic growth or differentiation. By teaming up with an existing business, the startup may be able to reach its objective more rapidly. On top of that, it's usually cheaper to go this route than to build up the required production capacity and competence. If a business is looking to grow into new or existing product categories, it could find a good continuing concern to do so. It has the potential to manufacture the sale of new or more things, as well as to eliminate many of the problems associated with a design. When one business buys out another, it not only enhances its product range but also gets rid of a possible competitor.

2. Synergism is basically a pretty simple concept. To put it simply, synergism happens when the combined value of the two or more components is higher than the sum of their individual values. So, synergism is like the equation "2+2=5" in reverse. On the other hand, its modest implementations might make it hard to spot synergy in its improvement. Value creation through mergers, acquisitions, and synergy in the core economic justifications of management is largely embraced.

The increase in value might be due to a rise in either operational or financial efficiency.

Reducing costs, weakening monopolistic strength, or improving management efficiency can all lead to operational synergism. One way to do this is by reducing operational risks or boosting sales volume in correlation with employees' enhanced profit margins. Vertical and horizontal integration are common causes of operational synergy, while conglomerate growth is another possible source. In addition, a business may buy out another on occasion to get access to technological know-how, copyrights, marketing prowess, specialty remedies, client connections, management staff, or patents. There is a rise in value due to operational

synergism when these intangible assets are integrated with the purchasing company's current assets and structure. Although such value may be difficult to defend, it may nevertheless serve as the primary motivator for the acquisition.

Synergy in finance: Enhanced internal fund flows, better utilization of financial levels, enhanced external financial capability, and tax benefits on revenue are all part of the package.

a) Finalize the company's cash flow

Cash flow changes due to seasonal or cyclical factors may be mitigated or eliminated at times by management. If this is so, the combined entity's working capital needs will be lower than those of the separate businesses due to financial synergy.

b) Financial leverage is used more economically.

Financial synergy might result from better utilization of financial leverage. The combining business may take on more debt if it borrows money to finance the acquisition of a low-debt company, or it may utilize the acquired company's big debt to finance its own combination if it has a smaller amount of debt. The financial level benefit needs to be considered with the higher financial risk.

c) Strengthened capacities in international finance

The acquired company's inability to get finances for its operations is a common reason for mergers, particularly those involving smaller enterprises. An example that comes to mind is a small business that is growing and has increasing financial requirements. Almost no long-term financing or equity markets are available to the corporation, and its bank credit has been enhanced. The little firm has experienced operating problems on occasion, and the bank has decided not to extend its credit. Local companies with the financial resources to meet the demands of smaller competitors should have little trouble negotiating a fair price in this type of situation. delivering a more refined proposal to the local firm. To increase competition among acquisition bidders, the small business may only hope that two or more larger firms will make proposals. Maybe things aren't that bad for the tiny business. The aging loan's non-renewability might not set it off. Its management may, however, come to the realization that financing is required for continuous development in order to capitalize on its market. Despite having a stronger negotiating position, the merger might nevertheless reap financial benefits

from the combined resources of the purchasing company. Sometimes the purchased firm can afford it.

Acquiring a cash-rich, well-established firm could lead to more capital to fuel growth. After the merger is finalized and the cash becomes the property of the acquiring firm, it may be possible for the acquiring company to recoup some or all of the costs associated with buying the cash-rich company.

b) The Income Tax Benefits

In certain situations, income tax consideration may offer the financial synergy that drives a manager, such as..... Assume that business A had earnings before taxes of rupees ten crores for the previous year, while firm B has now broken even, with a loss of rupees twenty crores accumulated from profitable operations of previous years. The merger of A and B will enable the remaining corporation to use the loss proceeds going forward, so removing income taxes in subsequent periods.

Defend Against Synergism: Some factors may work against a mediator's synergistic effect. An additional layer of overhead and bureaucracy is frequently added. Are the benefits greater than the drawbacks? Sometimes, the acquiring company agrees to long-term employees' interactions with the acquiring company's managers. They may be the opposite, yet they are frequently beneficial. Conflicts of policy or personality may arise that either restrict operations or require purchasing such conflicts in order to remove the person's position of authority. Particularly in a conglomerate merger, the management of the acquiring company may simply lack the necessary business knowledge to adequately oversee the acquired company. Employees of the acquired company may exhibit resistance as a result of attempts to maintain control. The resulting decrease in efficiency may eliminate anticipated operational synergy or perhaps lower the acquired firm's post-merger profitability. The list of potential synergism factors might go on forever; the important thing to remember is that the managers don't always get the desired outcomes. In order to raise a proactive manager, negative factors and the dangers associated with them must also be taken into consideration.

Additional reasons for Merger

Two other factors that shouldn't be classified as synergism may motivate Mergeer. These are opportunities for the acquiring company to acquire assets at a discount and the desire of the acquired company's shareholders to increase the liquidity of their shares.

1. Purchasing items at discounted prices

The opportunity to acquire assets, such as mining rights, plant, and equipment, at a discount compared to what would be needed to buy or construct them at the present market pricing is one defining feature of a merchant. Many times, when the market price drops below the replacement cost of the items they sell, expanding businesses looking to buy mining equipment, building materials, or other similar items find that they can get what they want by buying an existing company or just buying the item itself. There was less room for error as the necessary resources were on hand and the team was well-versed in product operation and promotion. To fund many of these acquisitions, the acquiring company's shareholders might be offered cash at prices that are far higher than the market price. Consequently, it's possible to buy the assets for less than what they're now worth in building. It seems that the main reason for this is that, because of high interest rates and investors' pessimism about the future of the economy, growing building expenditures have not fully translated into higher stock values.

2. Better Role of Technology or Management

There are instances when a company's management or the availability of key manufacturing technologies or goods prevent it from fully realizing its great potential. If the company is having trouble finding the right people to fill managerial or technical positions, it may look to form a partnership with another business that does. Of course, the goal of every action should be to increase the owner's wealth to the greatest extent possible.

3. purchasing cutting-edge technological equipment: Companies that wanted to stay competitive had to keep up with the latest digital trends and how to use them in the workplace. In order to keep or gain a competitive advantage, larger companies often acquire smaller ones that have distinctive technology.

A manager's or acquirer's role in working with investment banks

Investment banks provide a variety of services in M&Is. As an example, they may offer price guidance or aid acquiring businesses in maximizing accounting, tax, and legal treatment. Plus, they have the option to provide finance for the transactions. Deals are often initiated by banks, and they end up being the "principal architects" of company mergers and acquisitions.

The research on the health effects of M&I banks is still divided, despite the fact that these institutions provide a wide range of services. A lack of correlation between investment bank usage and enhanced wealth for purchasing firms has been found by researchers. According to studies, the bidder's absolute wealth gain and percentage of the overall take-over wealth gain are both enhanced when the bidder and the trader's advisors have a good reputation. Findings show that total wealth increases more when first-time investment bankers are used in acquisitions (either by the target company or the bidding firm), as opposed to when a renowned banker is used by either firm. According to studies, acquiring companies lose more wealth when dealing with higher-tiered investment banks compared to lower-tiered investment banks. The researcher points out that the data may have to finish collecting in order to give recommendations due to the investigative hurdles. These studies look at the effects of investment banks in different situations, but they don't look at how the government evaluates the quality of the businesses they acquire. The parts that follow address this matter by establishing a connection between investment banks and the government. Investment banks are hired by the management of the purchasing companies. Their shadow guards are agents of these supervisors. Investigative banks are agents' agents since they are employed by these agents. The recruitment managers' expectations and the dynamics between managers and banks affect the efficiency and effectiveness of the banks. In the absence of management commitment, it is reasonable to assume that banks will put shared holders' interests first. Furthermore, investment banks are only paid when a deal closes, not how well it performed. Investment banks rely on deal closures to generate fee income, and the size of this charge is on the rise. Evidence suggests that, on average, purchase completion is a precondition for payment of more than 80% of the fee under a contract. As long as they stick to the duties laid forth in the agreement, investigating banks are free to use all measures necessary to reach the ultimate completion. That may be particularly the case if the purchasing firms' governments are inadequate and their management teams are understaffed. Because they encourage the

closing of acquisitions that may not have any synergy, investment banks' involvement in this case might hurt stakeholders.

With strong governance in place, the acquiring businesses' managers may represent shareholder interests while negotiating with investment banks. Whether requirements are explicit or implicit, the involved process may provide light on them once transactions are finalized. If management at purchasing firms with strong governance feel that the bank's proposed solutions are not in the shareholders' best interest, they have the right to reject them throughout the advising process. As a result of the denial, the investigation may have to come up with new tactics to better meet the needs of the shareholders.

Investigation banks may prioritize deal completion above thorough oversight due to the competitive nature of the competition system. The need of completing and signing the required documentation to optimize the welfare of the holders is emphasized in the intervention process between managers under insufficient government and investment banks. So, investment banks can close the agreements anyhow they see fit by utilizing their experience. The investigative banks may prioritize shareholder interests above ultimate completion due to managerial control, even while the acquisition firms' government quality is strong.

Public versus Private

In the past, public companies have benefited most from the opinions of others. There is frequently a diverse collection of shareholders, which increases the possibility of lawsuits, and some directors are aware of their fiduciary duties. However, in the course of important transactions, owners and directors of private companies also seek out the opinions of others.

Private companies may have complex capital structures and several ownership classes. A wide range of family ownership issues among a large number of sharinges are highlighted by this diversity of interests. Discriminating against a minority group might jeopardize the success of a campaign. The value of an independent financial advisor's candid view is very close to that of a private company's board of directors. Directors of private companies frequently have little or no outside representation. An independent advisor's viewpoint offers an objective perspective that is free of conflicts of interest.

Buyers vs Sellers

In a transaction, both the buyer and the seller benefit from a fair assessment, particularly if a seller's approval is needed. In order to provide outside parties the time to present higher bids, selling companies should secure bids early in the process.

As per the National Law Journal:

The Board of Directors of the selling company will require at least one investigative banking firm to verify that the price to be paid is fair from a financial perspective in virtually every significant transaction. Typically, the acquiring company's board would want similar confirmation from its financial advisors.

Generally speaking, a fair opinion should be obtained [by the acquiring company] if the acquisition requires shareholder approval, involves the purchase of a significant amount of assets outside the regular course of business, or will significantly affect how the acquiring company does business.

Generally speaking, a public selling company should only forego an opinion if it is selling a small quantity of assets or a little subsidy. An opinion should be obtained if the action will result in a change of control, if it is a measure or sale that requires supervisory approval, or if it involves the disposition of a major operating division. In these cases, the directors' exposure to fiduciary duty and corporate waste claims is significant.

Different Types of Transitions

During a change-of-control action, a company's board of directors' fiduciary obligation is subject to intense examination. “The fairness opinion provides an objective standard against which a company’s directors, shareholders and other interested parties can evaluate proposals such as tender offers (including leveraged buyouts and going private transactions), purchases of blocks of securities, mergers (particularly cash-out mergers) and potentially hostile takeovers.” Minority shareholders also rely on fairness opinions in the course of asset sales, subsidiary spin-offs and joint ventures. "Fairness opinions are also used by other fiduciaries who are responsible for protecting the interests of their group." Given the nature of a fiduciary's duties and potential liabilities, a fiduciary will want to validate their own judgment beyond a reasonable doubt. Fairness opinions, for instance, are used to advise ESOP trustees

on their responsibility while voting for or against actions that affect the ESOP, which may have different interests than the shared group as a whole.

Management Buyouts

The viewpoint of the firm becomes crucial in the event of a management buyout. There, self-management is unavoidable as it directly benefits from a lower valuation and is deterred by a higher one. It is evident that the interests of managers frequently differ from those of sharingers. "Managers are responsible for managing the company to maximize the value of investors' investments and give them the highest possible return." These same managers play a quite different role when they are asked to present an offer to stockholders in order to get them to purchase the company. This was the situation when RJR Nabisco's management offered stockholders the opportunity to acquire Nabisco privately through a management buyout. Competing players from Kohlberg, Kravis, and Roberts, together with other responding managers, swiftly overtook this offer. Why does management choose to promote an offer that it knows is obviously not in the best interests of stockholders if it genuinely aims to maximize the value of their investments? Many believe that managers are unable to provide this dual, often contradictory role as an agent for both the buyer and the seller. The management buyout is undoubtedly the textbook example of the value of fairnedss viewpoints.

Motives for M & Đ:

These incentives are taken into consideration in order to add value:

The term "économies of scale" often refers to a technique wherein the average cost per unit is reduced by increased production, since fixed expenses are spread across a greater quantity of items. More items equal more bargaining power in a layman's language. This is only possible when the companies merge, acquire, or merge because they may often eliminate redundant departments or operations, lowering the company's costs relative to the same revenue stream and increasing profit. Additionally, it offers a diverse pool of resources from both merging companies as well as a market where the resources might be used.

Increased revenue or increased market share: This incentive is predicated on the idea that the business will be absorbing the main rival and subsequently increasing its power (by capturing increased market share) to set prices.

For instance, a bank purchasing a stock broker may then sell its banking products to the stock broker's clients, while the broker may register the bank's clients for a brokerage account. Alternatively, a manufacturer may purchase and sell complementary goods.

Corporate Synergy: Improved utilization of complementary resources. It might take the shape of revenue enhancement (to generate more revenue than its two predecessor standard companies could generate) and cost savings (to minimize or eliminate expenses related to operating a business).

Taxes: Profitable individuals can purchase a loss maker to use the target's tax immediately, i.e. wherein giants purchase a sick company.

Geographical or other division: this is intended to smooth a company's earnings results, which over time smoothes the company's stock price and gives prospective investors greater confidence in investing in the company. This does not, however, always provide value to sharedders.

Resources are widely dispersed throughout businesses, and the acquisition of resources by acquiring organizations can generate value either by integrating existing resources or by using incoming information asymmetries. For example, laying off workers, lowering taxes, etc.

Enhanced market research and industry visibility: Businesses purchase other businesses to target new markets and expand their revenue and earnings. Đ merge may expand the marketing and distribution of two companies, providing them with new sales opportunities. It can also help a company's standing in the investor community: larger companies tend to get capital more easily than smaller ones.

Legal procedures for managers, administrators, and takeovers:

Along with other regulatory measures, the Indian Companies Act of 1956 codifies the basic legislation related to merchants. Commitment and agreement with creditors and members of a firm necessary for a merger are addressed in Sections 391 to 396 of the Companies Act of 1956, which enshrines the general regulations related to mergers, amalgamations, and reconstruction. The Tribunal has the power to approve a settlement or agreement between a company and its members or creditors under Section 391 provided the agreement meets

certain conditions. The Tribunal can advise on and enforce such agreements or arrangements with members and contributors according to Section 392. The availability of necessary information for the donors and members of the relevant firm is guaranteed by Section 393 in response to such an arrangement. Section 394 lays out regulations to help with company reconstruction and merger through the submission of suitable applications to the Tribunal. The majority-approved scheme or conflict may be subject to a review of documents pertaining to individuals who have expressed disapproval under Section 395. Section 396 lays out the authority of the federal government to facilitate the merger of corporations for the benefit of the nation. All parties involved, including the firm or companies making the changes and the altered company, must comply with the regulations set forth in sections 391 to 394 and provide the Tribunal with the relevant paperwork for their review. There ought to be more than just one company that satisfies the criteria. In order to bring about corporate amalgamations, certain processes and regulations must be fulfilled, as outlined in Sections 394 and 394• of the Companies Act. The rules related to the Tribunal and the authorities of the central government are also addressed in these sections.

In the event that the application is submitted, the Tribunal will then make decisions regarding the scheduling of the hearing and the distribution of copies of the application to the Regional Director of the Company Law Board (per section 394) and the Official Liquidator (regarding the report confirming that the company's activities have not harmed the public or shareholders). The Tribunal is obligated to inform the central government of all petitions submitted in compliance with sections 391 to 394 before endorsing the merger plan. Before deciding whether to approve or reject an order, the Tribunal should also consider the government's arguments. As a result, the federal government has an opportunity to weigh in on the subject of firm mergers before the Tribunal decides whether to accept or reject the application.

In this area, the Company Law Board carries out the duties and functions of the federal government via its Regional Directors. During the hearings on the petitions related to the ammament program, the Tribunal would provide the petitioning firm an opportunity to address any concerns voiced by shareholders, opponents, the government, and others. So, in order to overcome all of the difficulties, the firm must be well-prepared. The Tribunal's ruling effectively transfers the features or obligations of the merging corporation to the merged entity. In order to authorize arbitration for all or part of the associated firm's assets, debts,

etc., of the combined company, the Tribunal has the authority to take particular actions under Section 394. It is only in cases when the Tribunal expressly states so in its ruling that the rights and obligations of the merging company's workers become apparent.

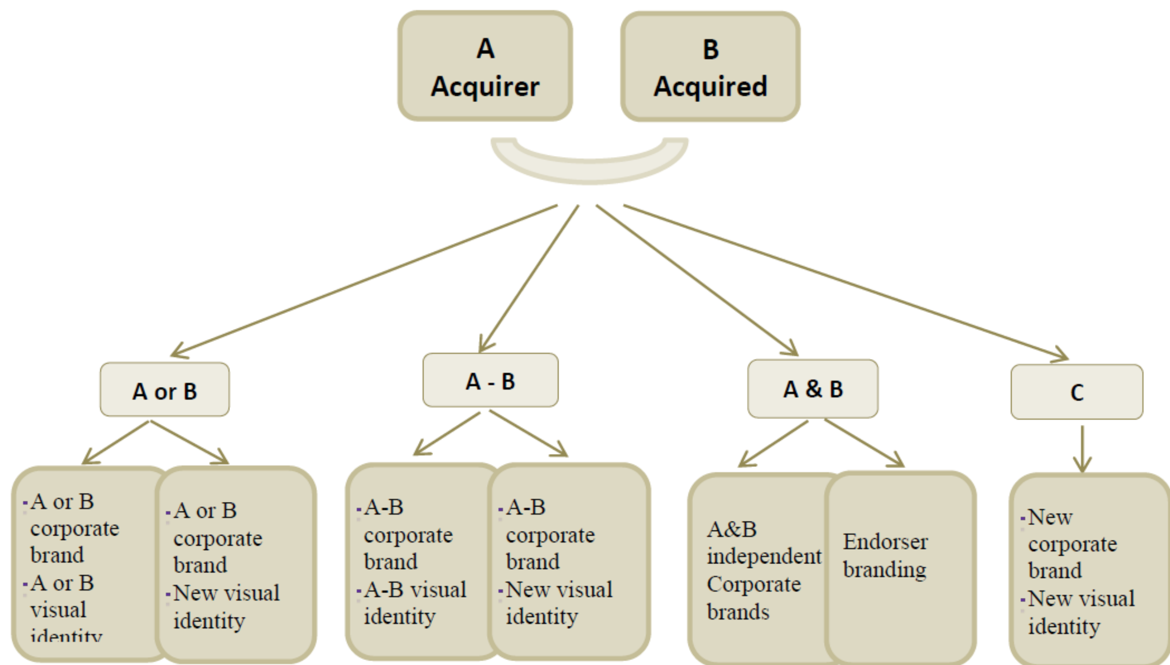
As a result of the Tribunal's order, the amalgamated company takes over the duties and assets of the amalgamating firm. The Tribunal also make provisions for the means of payment to the shareholders of the transferor companies, continuation by or against the transferee company of any legal proceedings pending by or against any transferor company, the dissolution (without winding up) of any transferor company, the provision to be made for any person who dissents from the compromise or arrangement, and any other incidental consequential and supplementary matters to secure the amalgamation process if it is necessary. Within 30 days of receiving the ruling, the amalgamating and amalgated companies are required by the Tribunal to register the order granting sanction to the amalgation plan with the Register of Companies.

The brand strategy of M&I

Brands have the power to create superior value that gives a company a sustained competitive advantage over its rivals. For this reason, when a company establishes different competitive sources, it is crucial that it decide on its brand strategy, especially if it is long-term.

The current corporate identity

When two companies combine or acquire each other, they form a new entity with the opportunity to establish a strong brand identity through strategic positioning. Basu (2006) proposed four potential courses of action that a company may pursue after completing the M&I process. Each company has its own unique name and set of traits, as well as a larger scale that encompasses all of these visual aspects. The decision to adopt one of the two visual identities, mix them, or develop a new one is ultimately up to the participating firms in the management or acquisition. Hence, the plan is to merge the models put forward by Õttenson and Knowles (2006) and Olins (1990) about the visual identifier, with the one put forth by Base (2006) regarding the corporature names.



It is essential to establish and understand one's company's visual identity before exploring any of the aforementioned alternatives. The logotypeand/or symbol, name, typography, color, and slogan are all parts of the text, according to Dowling (1994) and Olins (1990). It considers how a brand's visual identity embodies its mission, culture, messaging, and wares. Signage, printed materials, equipment, packaging, advertising, exhibition design, the inside and outside of vehicles, ads, and the objects themselves all contribute to visually identifying the organization and making it easier for employees to accomplish their jobs.

If A, then B

At first, after the purchase process, a single brand is chosen, often the one owned by the buyer (Company ï). The dominant brand often benefits from the practice of "backing the stronger horse," which means removing the acquired company's corporate brand in favor of the buyer's brand. This happens in most acquisitions.

Deciding between the names and logos of the two company brands

A large number of M&Is take after the dominant company's name and logo. This is common when one firm tries to build a strong corporate brand through a unified political strategy, and it happens most often in the context of acquisitions involving corporations of different sizes and powers. After the purchase, the corporation will be in a state of transition, and this plan will help it navigate that period. According to Keller (1999), this strategy permits the synergy

of marketing operations, and they think that using one's name and visual identity increases the brand's visibility. Therefore, a larger, more illustrious company may attract more clients. However, the purchased company's customers may be dissatisfied since this brand strategy fails to leverage on the fading brand's value. When this happens, the acquiring business often adopts a temporary hybrid strategy that incorporates elements of both the acquired and leading brands. As the old brand fades away, this strategy eases customers into the new corporate identity without completely alienating them. This strategy also allows the dominant brand to slowly absorb the acquired brand's equity. After an acquisition, it's not out of the question that the merged company will take on the acquired name and logo. This is particularly likely to happen if the target company is very well-known in its industry and has a lot of positive connotations associated with it.

Choosing a new visual identity but one of the two corporate brands' names

The new corporate brand may pay homage to the old one while staying true to its roots by using this method. Additionally, a new visual identity could pave the way for a brand repositioning or even a new beginning.

The é-B

When it comes to the second scenario, it may be more like a joint brand where the buyer's and the acquired company's brands are mixed due to different factors. As a result, the terms "acquisition" and "target" are synonymous. Each of the merged brand's clients will likely have a robust franchise, as Basu (2006) predicts, leading to a situation of equality. If both brands have become national symbols and their removal will cause internal and external consequences, this plan has a better chance of succeeding. For example, when a major multinational firm teams up with a smaller local firm to break into a new market, the result is likely to be a joint brand. It is common practice, nevertheless, to employ this tactic just temporarily, to handle the changeover in an overarching fashion.

The decision to merge the two company companies' names and logos

It is often enough to merge the identities of two business brands when one has a distinctive name and the other has a deep symbolic significance. Just because a sign physically conveys

the acquired brand name doesn't mean it needs to be mentioned. On the other hand, using a very meaningful symbol is often like using an unpleasant name. Furthermore, the incorporation of both trademarks within the identification signs might be seen as a representation of maintaining continuity while honoring the histories of the brands.

settling on a new visual identity that merges the two company brands: different brands

Customers will feel more connected and acquainted with the firm and a new visual brand will be established by combining the two corporate identities. Just combining the names of the two companies may not be enough to make an alluring promise unless the corporation explains that the result of the merger is more important than the profits. Customers could also have problems pronouncing and keeping the long name in their heads, which could affect the company's success.

It and B

The third scenario involves the selective employment of both brands, and the brand in question is very adaptable. If an acquired firm is highly focused on one or more market sectors, ĭ&B, which is also called a mixed branding strategy, is an option to consider.

Choosing to independently use both corporate brands

Using a diversified identity framework, the firm may position its brands clearly according to the benefits of both businesses and get the most out of the market. In addition to retaining value associated with the acquired brand's name, the multi-brand strategy also eliminates the chance that the firms' new goods may develop conflicting connotations. Because increasing brand equity requires continuous support from consumers of several brand equity components—including awareness, association, quality, and loyalty—this brand approach may be exceedingly costly and prevents organizations from benefiting from synergistic economies. Whatever its source, this equity can take the following two forms: The preference for a certain brand or the extent to which consumers are ready to pay a premium for it.

Two business brands are easily distinguishable from one another thanks to their names and visual identities. Providing support for

By merging the purchased brand with its own name and identity, the corporation hopes to reap the benefits of both corporate brands. Customers are more likely to buy the

recommended brand since they know it will perform and look just like the endorsing brand. With any luck, this strategy will make the recommended brand more appealing to customers. If the purchased brand isn't doing well in a particular market niche, there's still a chance that lending it some positive connections can boost its corporate image.

It might be beneficial for the parent company to avoid taking initiative if the acquired company's products aren't as good as their own and the parent company wants to sell them in markets where they have a good reputation.

This tactic might backfire if it causes confusion about the meaning of the company's brand, which could happen if the endorsements are for different products or services that don't have any connection to one another.

New company names and visual identities

In most cases, establishing a new identity marks the start of something new and facilitates communication about the changes inside the organization. This brand approach is extremely risky, even if it is associated with the two corporate brands' equity declining. On top of that, different publics may be resistant and anxious about this radical shift.

The updated framework of the trademark

Brands are more powerful when they stand on their own, which is why it's so important for a firm to establish their brand structure. This will show how a brand identifies a product. According to Ugglá (2006), there are three distinct kinds of brand structures:

structure that places an emphasis on developing distinct brands for each product; corporation-dominant, which is based on the idea that the organization and the company are the worldwide origin of brand value; product-dominant

The company and product brands are both considered in a hybrid framework.

There are pros and cons to any strategy from the perspective of both suppliers and consumers, but ultimately, what matters most is how the corporate brand is associated with the product.

The product-dominant branding strategy prioritizes a strategic interest on a shorter time horizon, similar to the life of the branded product, in contrast to the corporate branding model, which allows marketers to leverage the company's vision and culture as a specific

component of its USP over an extended period of time. For customers and other internal and external stakeholder groups like employees, investors, suppliers, partners, specialists, local communities, regulators, and customers themselves, the corporate branding approach helps boost stability, trust, reputation, recognition, and differentiation in highly competitive markets. However, in terms of branding strategies, the product is king, serving as the main draw for consumers. The chief executive officer is responsible for the company's overall image in corporate branding, which is maintained through comprehensive corporate communication. In contrast, the marketing manager oversees product branding, which is focused on the product itself.

By giving a product a second name, the corporation intends to reap double the advantage of its brand equity. Researcher Spry and others have defined brand equity as "the incremental value added by a brand name to a product." Because brand equity is strongly related to the number of individuals who buy it frequently, brand loyalty is considered an important part of brand equity. Improving brand loyalty, service quality, and attention are crucial for building and sustaining brand equity (ibid).

M&A’s portfolio of brands

The new brand portfolio

It takes a chronological and experience-building process to create a portfolio. Three guidelines must be followed in order to create a brand portfolio. These guidelines begin with the basic juxtaposition of brands to satisfy various consumer needs and continue until the company formalizes the brand portfolio as its strategic instrument.

He proposed that it is crucial to determine how to investigate, categorize, and classify the current brands in a portfolio. However, this necessitates defining: the brand's adaptability and relevance to various customer needs; the restrictions that could impede the business's expansion and expansion; the overlapping brands that could be combined or separated; the gaps in the brand portfolio; and the approximate size of potential opportunities.

He discusses two cutting-edge branding techniques: "trading" and "pooling."

Brand pooling necessitates having many unique brands in the portfolio that cater to a wide range of consumer needs. Every brand in the portfolio has unique assets and provides the client with a unique set of values. This strategy gives the company advantages from the

collection brands and strengthens the portfolio by achieving more relevance to a broker market and making the most of opportunities for cross-selling and loyalty-building across the portfolio's brands.

The "trading" approach eliminates each other's values by using two or more branches. This approach seeks to close gaps in the portfolio and might result in a combined offer of value that a single brand cannot match.

Constructing a new brand portfolio

A brand portfolio is more than simply a collection of brands; it is a cumulative process that is closely linked to time and experience factors. Moreover Chailan (2008) identified three crucial steps that a business takes after completing the M&I process to review its brand portfolio:

Đ. Accumulation of brands

When a company launches or purchases new brands, it must respond in the best possible way to meet customer expectations, cultural differences, or new product ranges. This phase adds the requirements created by market segmentation.

B. Restructuring the Brand Portfolio

Companies are going through a transition period in which they are attempting to reduce the number of their brands by reorganizing the brand group that was developed in the previous phase. This phase is a result of the pressures created by many stakers. In order to avoid wasting resources, the company tries to concentrate its methods (such brand extensions, capita, or media) on a smaller number of brands. The brands are now presented as a part of a whole rather than as separate responses to consumer needs.

C. Creating a model based on a structured brand family

The goal in the last phase is to develop brand groupings that will serve as a reliable source of competitive advantage. The company has already developed its key competencies that enable it to create as much organized a brand integration as possible and develop its development model based on each brand's role. Nonetheless, businesses may find themselves in one of these three phases.

Benefits of Having a Brand Portfolio

Initially, a brand portfolio enables a company to overcome the limitations of current brands, such as economical (the expenses of breaking into new markets + the costs of obtaining a higher percentage of the existing market) or competitive (credibility from certain consumer segments). With a brand portfolio, a company may be more visible in various distribution circuits and conduct more rapid and easy research (especially when dealing with distribution-related issues). Last but not least, brand portfolios provide the opportunity to reduce research expenses and maximize market share in areas of technological innovations that may be offered on the market through many brands.

CHAPTER 4: OBJECTIVES AND SCOPE OF THE STUDY

4.1 Objectives

- To measure the impact of mergers and acquisitions on financial Performance of Indian Gaming Sector Companies
- To examine and evaluate the impact of merger and acquisitions on Return on Investment, Profitability and Liquidity position of Gaming Sector Companies

4.2 Scope of the Study

This research evaluates the effect of mergers and acquisitions on the financial performance of Indian gaming sector companies. This research analyzes and assesses the impact of mergers and acquisitions on the return on investment, profitability, and liquidity position of gaming sector companies.

CHAPTER 5: RESEARCH METHODOLOGY

The research problem can be systematized by the use of research methodology. It might be seen as the study of scientific research methods. When and why a research study was conducted, as well as the criteria used to identify the research problem. How and why the hypothesis was developed, what data was gathered, and that specific technique was used. When discussing research methodology, many similar questions are typically addressed, such as why a specific technique for data analysis has been used.

A research design acts as a bridge between the research objectives and the tasks that need to be completed throughout the investigation. All of the research in this project is conclusive. Making a rational decision is made easier with the information provided by conclusive research.

Quality, price, features, technology, after-sale services, etc. are some of the many parameters that descriptive design uses to gauge customer satisfaction. In this way, accuracy and thoroughness were guaranteed. The data collection process was also made more accurate and less prone to bias. This study used a statistical approach as the data was descriptive and allowed for precise generation.

Sources of Data

Primary data:

Primary data are those that are collected fresh and for the first time, making them appear to be original in the field of chemistry. It was gathered through personal interviews and questionnaires.

Number of respondents: 50

Area of study: India

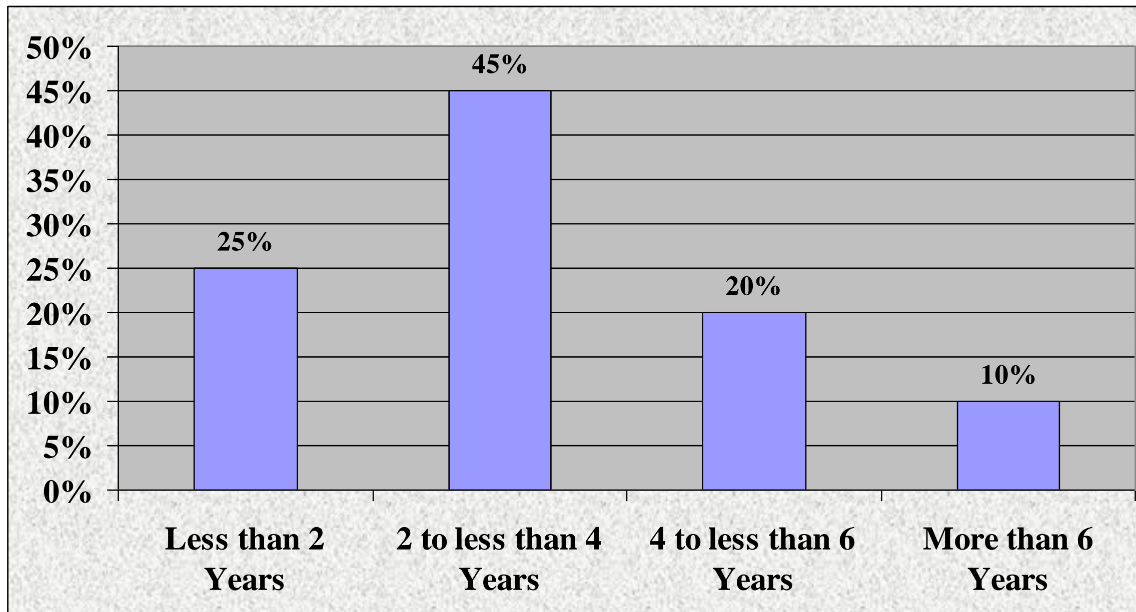
Method used to present the data: Simple percentile methods and bar graphs are used to present primary data.

Secondary data:

The secondary data are those that have already been gathered by another party and have already been subjected to the statistical procedure. The information was gathered in the form of company profiles, which were then created using the websites and news articles. A few of the works were cited for theoretical purposes.

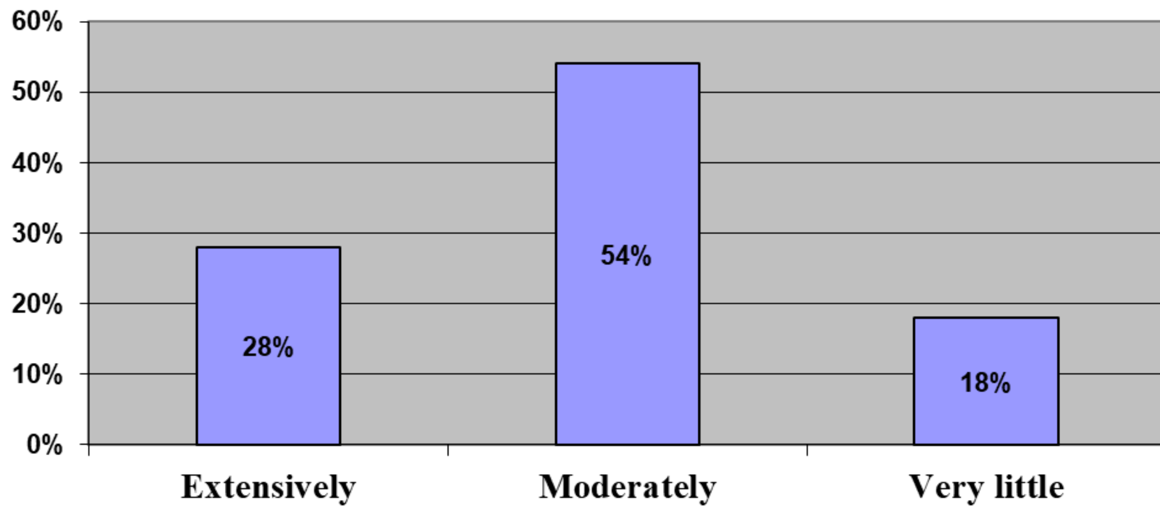
CHAPTER 6: DATA ANALYSIS & FINDINGS

Q1. From how many years you have been working in gaming sector?

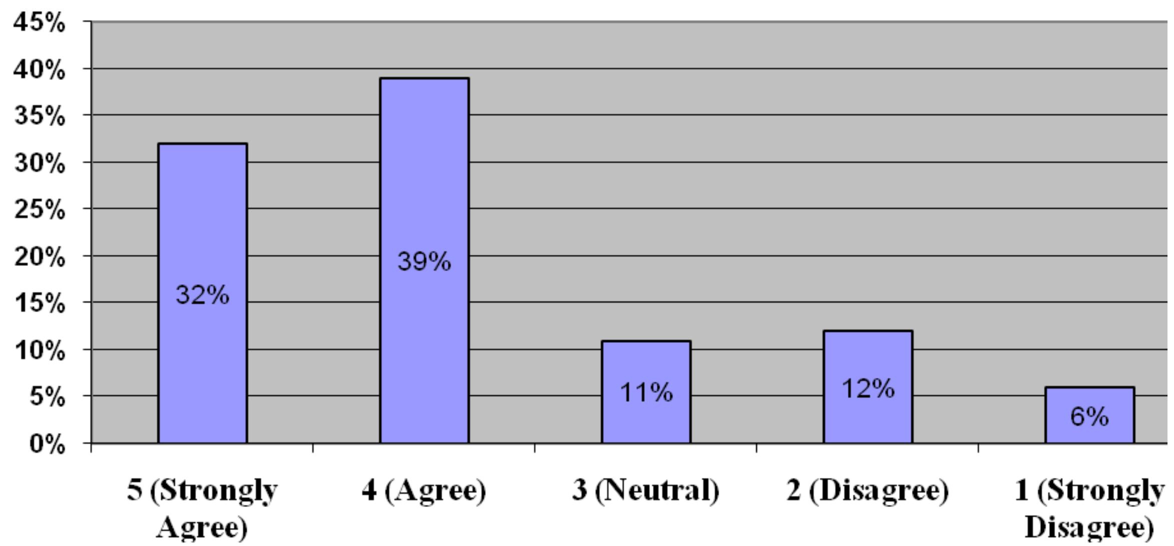


25% of respondents said they had been employed by their organization for less than two years, while 45% said they had been employed there for two to less than four years.

Q2. The degree of Involvement of the managers in the merger/acquisition process

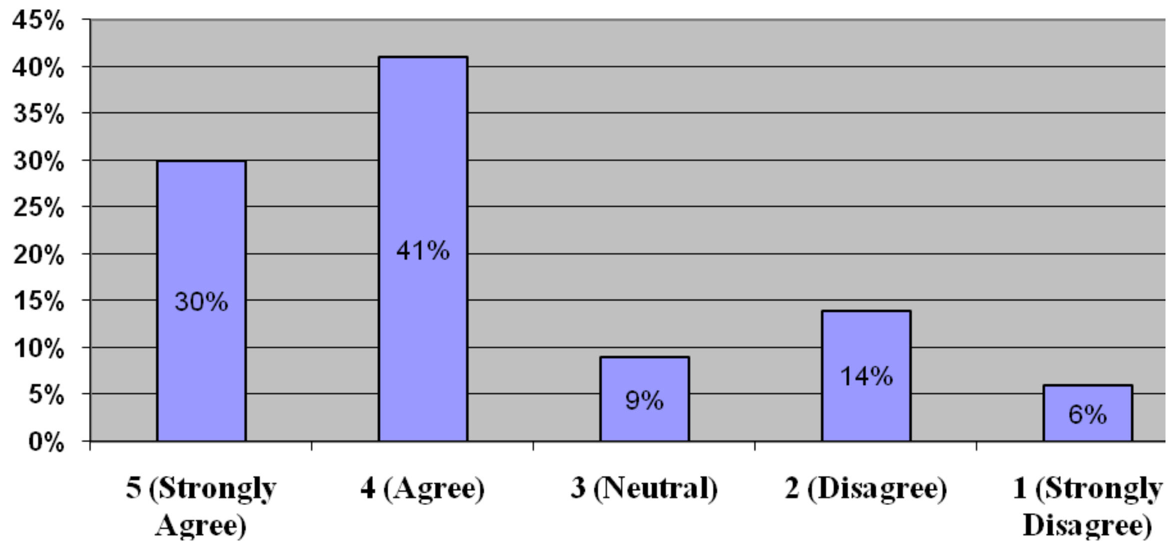


Q3. Profitability is enhanced post-merger & acquisition



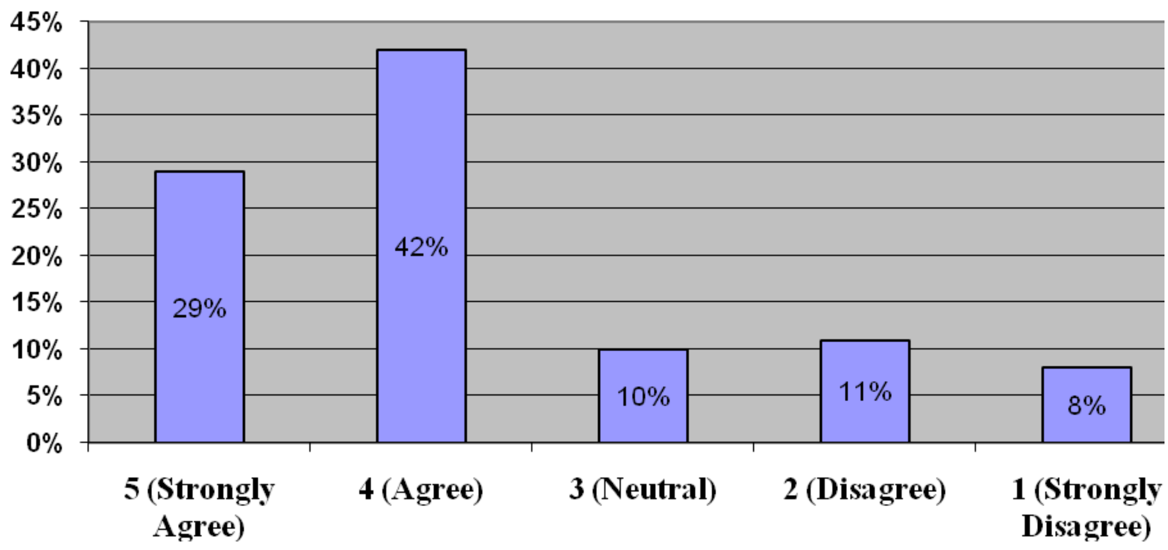
Thirty-two percent of respondents strongly agreed with the statement, while twelve percent disagreed.

Q4. There is a increase in market share after merger & acquisition



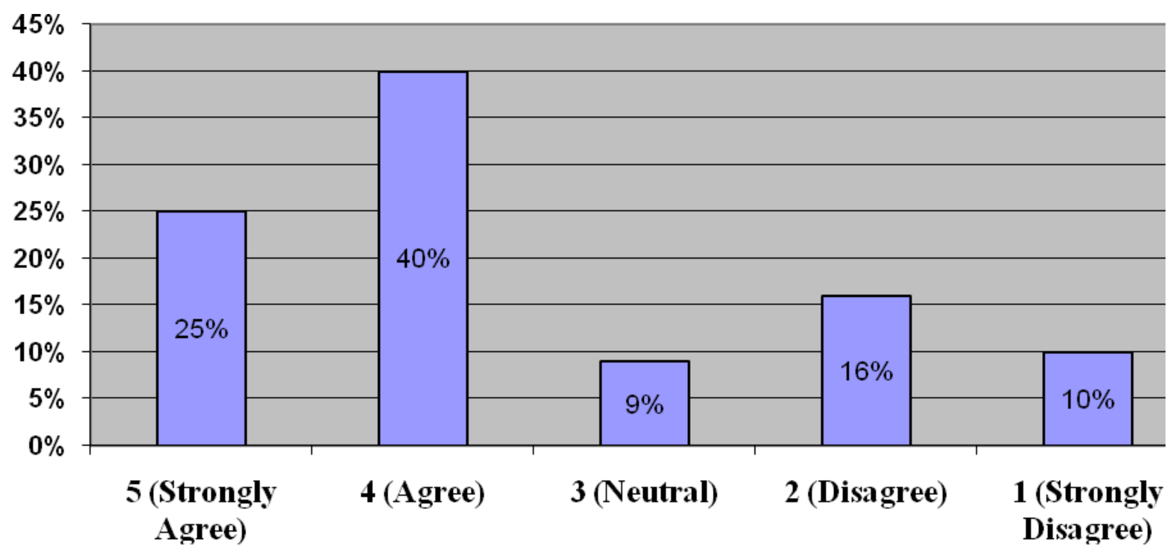
Thirty percent of respondents strongly agreed with the above statement, while fourteen percent disagreed.

Q5. Post merger & acquisition activities created cost advantage for the company



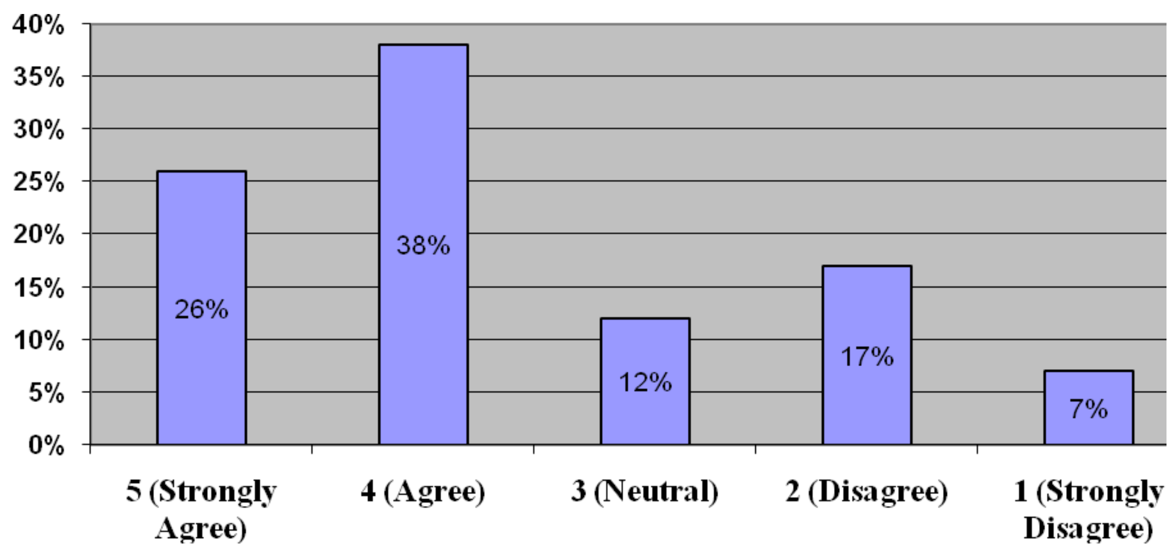
While 11% of respondents disagreed with the above statement, 29% of respondents strongly agreed with it.

Q6. Identifying appropriate strategic fits for the mergers is a task that is embarked on as soon as the deal is sealed



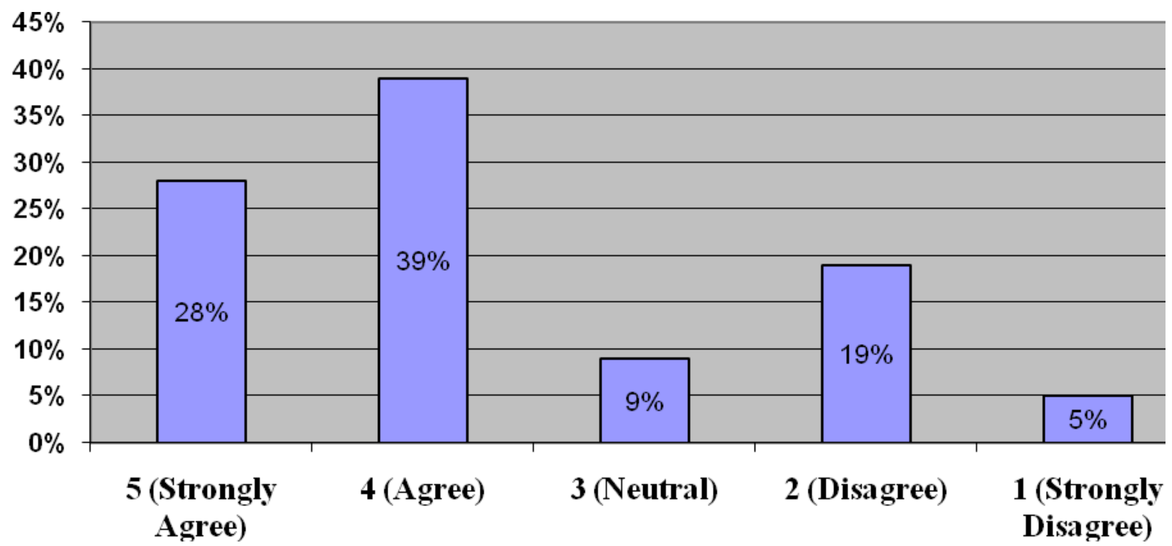
While 16% of respondents disagreed with the above statement, 25% of respondents strongly agreed with it.

Q7. it is important for the affected companies to always make provision for enough funds to be availed for implementation of this activity



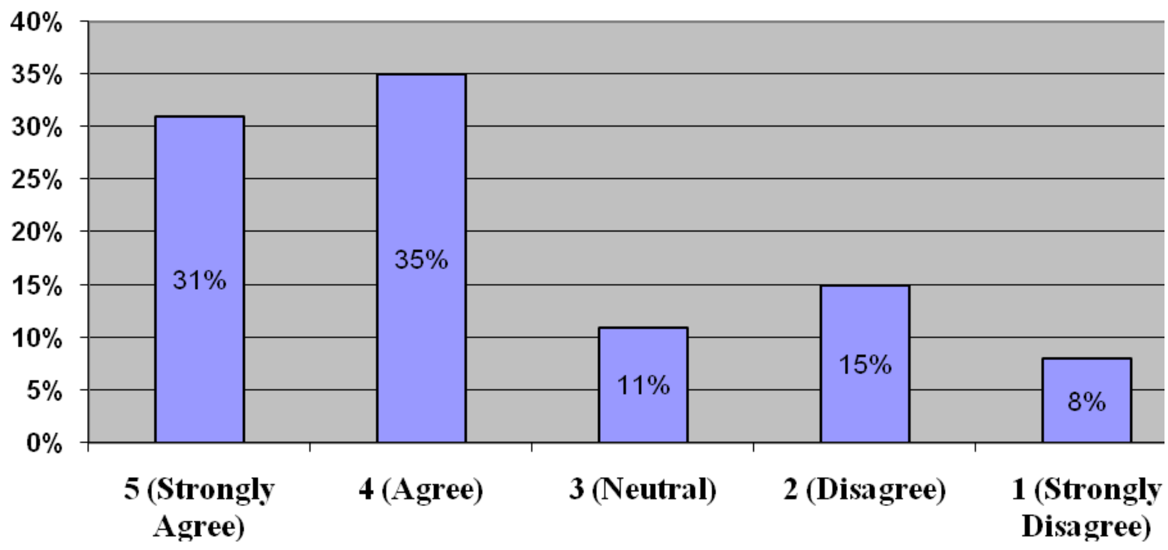
While 17% of respondents disagreed with the above statement, 26% of respondents strongly agreed with it.

Q8. The uncertainty during the M&A activity divert the focus of employees from productive work



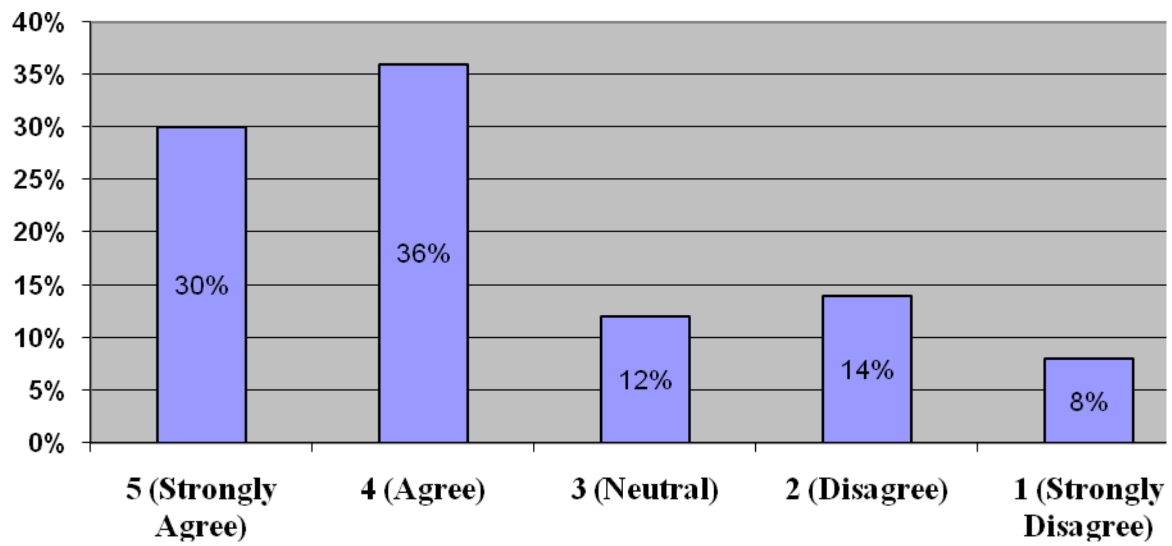
While 19% of respondents disagreed with the above statement, 28% of respondents strongly agreed with it.

Q9. Mergers and acquisitions can be successful but can also leads towards big failures



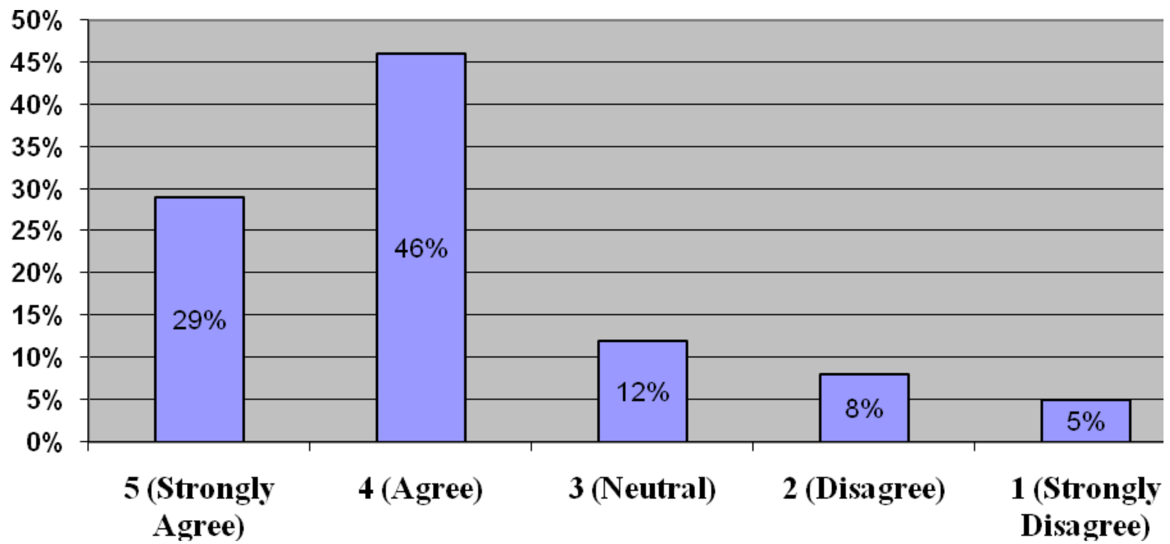
15% of respondents disagreed with the excellent statement, while 31% of respondents strongly agreed with it.

Q10. There was positive movement of financial performance during the post-merger period



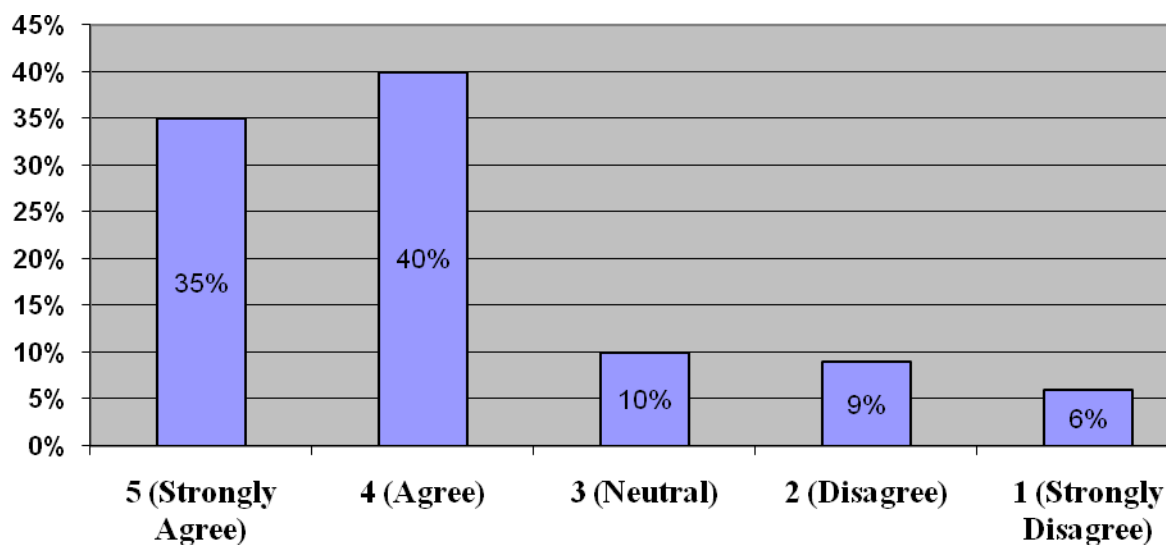
Thirty percent of respondents strongly agreed with the above statement, while fourteen percent disagreed.

Q11. A combined firm may operate more efficiently than two separate firms



29% respondents were strongly agreed with the above statement however 8% respondents were disagreed with the above statement

Q12. A firm can achieve greater operating efficiency in several different ways through a merger or an acquisition



35% respondents were strongly agreed with the above statement however 9% respondents were disagreed with the above statement

CHAPTER 7: CONCLUSION

The purpose of the study was to investigate the impact of managers and acquisition on the financial performance of gaming industry companies. It was discovered that throughout the post-merge period, there was a positive movement in financial performance. Therefore, this analysis concludes that mergers and acquisitions often lead to an improvement in the firm's financial performance. The positive bidder returns observed in the gaming sector are probably caused by strong industry barriers, which lower bidder competition and, in turn, increase returns for successful bidders. The requirements for a gaming license, familiarity with gaming regulations, and industry experience are among the high industry barriers in gaming. As a result, it may be challenging for a non-gaming bidder to get gaming tokens, which reduces competition in the gaming sector. They are related to other industries. However, all of these bearers have already been purged by a gambling bidder. This most likely helps gamblers get higher returns. The fact that the mean return to gaming bidders of gaming targets was much higher than the mean return to gaming bidders of nongaming targets is additional evidence in favor of this argument. The higher returns for bidders of gaming tokens are probably due to the less competition for gaming tokens compared to nongaming ones. The conclusion that emerged from the perspective of visual financial evaluation is that the emerging companies were taken over by companies with a solid reputation and effective management. It was therefore possible for the merged enterprises to successfully turn around in due course.

CHAPTER 8: SUGGESTIONS

1. Before beginning their investigation, the researchers should carefully consider the findings of the study.

2. Before beginning a new process of mergers and acquisitions (M&A), investors should analyze the findings of this research to develop a future strategy.

3. Because the research deals with the use of financial performance indicators both before and after mergers and acquisitions in companies, it should serve as a guide for businesses looking to benefit from its findings before making the decision to invest in mergers and acquisitions.

4. The need that investors use this research to help them make cost-effective decisions on their investments in order to obtain the appropriate return on investment.

5. As long as there are many financial performance indicators used to evaluate the company's performance, the investor should have a general understanding of the company's performance both before and after the investment in mergers and acquisitions.

6. In order for investors to be aware of that variety when they are about to take over another company, the research's findings must indicate which variables have the most significant impact before and after mergers and acquisitions and which do not.

7. The necessity for researchers to benefit from this research in order to develop their research on merchants and acquisitions, as they can use the research's findings as a reference for them. Additionally, there are researchers interested in conducting their research on the performance of merchants and acquisitions in the Iraq Stock Exchange, as well as researchers from various countries around the world.

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ANNEXURE-QUESTIONNAIRE

Q1. From how many years you have been working in gaming sector?

Less than 2 Years

2 to less than 4 Years

4 to less than 6 Years

More than 6 Years

Q2. The degree of Involvement of the managers in the merger/acquisition process

Extensively

Moderately

Very little

Q3. Profitability is enhanced post merger & acquisition

(5) Strongly Agree

(4) Agree

(3) Neutral

(2) Disagree

(1) Strongly Disagree

Q4. There is a increase in market share after merger & acquisition

(5) Strongly Agree

(4) Agree

(3) Neutral

(2) Disagree

(1) Strongly Disagree

Q5. Post merger & acquisition activities created cost advantage for the company

(5) Strongly Agree

(4) Agree

(3) Neutral

(2) Disagree

(1) Strongly Disagree

Q6. Identifying appropriate strategic fits for the mergers is a task that is embarked on as soon as the deal is sealed

(5) Strongly Agree

(4) Agree

(3) Neutral

(2) Disagree

(1) Strongly Disagree

Q7. it is important for the affected companies to always make provision for enough funds to be availed for implementation of this activity

(5) Strongly Agree

(4) Agree

(3) Neutral

(2) Disagree

(1) Strongly Disagree

Q8. The uncertainty during the M&A activity divert the focus of employees from productive work

(5) Strongly Agree

(4) Agree

(3) Neutral

(2) Disagree

(1) Strongly Disagree

Q9. Mergers and acquisitions can be successful but can also leads towards big failures

(5) Strongly Agree

(4) Agree

(3) Neutral

(2) Disagree

(1) Strongly Disagree

Q10. There was positive movement of financial performance during the post-merger period

(5) Strongly Agree

(4) Agree

(3) Neutral

(2) Disagree

(1) Strongly Disagree

Q11. A combined firm may operate more efficiently than two separate firms

(5) Strongly Agree

(4) Agree

(3) Neutral

(2) Disagree

(1) Strongly Disagree

Q12. A firm can achieve greater operating efficiency in several different ways through a merger or an acquisition

(5) Strongly Agree

(4) Agree

(3) Neutral

(2) Disagree

(1) Strongly Disagree