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# ANALYSING THE IMPACT OF MERGER AND ACQUISITION ACTIVITY ON THE FINANCIAL PERFORMANCE OF INDIAN COMPANIES

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**Abstract**

*Mergers and Acquisitions (M&A) are strategic corporate transactions with far-reaching implications for businesses and economies. This study explores the significance of M&A activity within the context of the Indian corporate landscape. The study seeks to achieve two primary objectives. First, it aims to conduct a comprehensive analysis of the financial performance of a select group of Indian companies. Second, it strives to discern and evaluate the impact of M&A activity on these chosen companies. The research focuses on three prominent Indian companies: Sequent Scientific Ltd., Lincoln Pharmaceuticals Ltd., and Apollo Hospitals Enterprise Ltd. It considers two distinct periods: the Post-Acquisition Period (2016-17 to 2019-20) and the Pre-Acquisition Period (2012-13 to 2015-16). These periods are essential for assessing the changes in financial performance before and after significant M&A events. Four crucial financial ratios are analysed to measure the effects of M&A on the selected companies: Net Profit Margin (%), Return on Assets (%), Return on Capital Employed (%), and Return on Net Worth / Equity (%). The ratio analysis is complemented by the application of the t-Test: Two-Sample Assuming Equal Variances technique. The significance of M&A activity cannot be understated, as it shapes the strategies and outcomes of businesses, influences economic growth, and impacts various stakeholders, including shareholders, employees, and investors. This study contributes to our understanding of M&A's effects on financial performance within the Indian corporate context, offering insights that can guide corporate decision-making, investment strategies, and public policy. Ultimately, it endeavours to shed light on the complex dynamics of M&A and its influence on the financial health of Indian companies.*

***Keywords:*** *Merger, Acquisition, Financial Performance, Profitability*

## INTRODUCTION

Mergers and acquisitions (M&A) represent strategic corporate transactions where two companies come together through various means, such as the purchase of one company by another, the consolidation of assets, or a merger of equals. These transactions are pivotal in shaping the business landscape, as they can lead to significant changes in the size, market presence, and competitive positioning of the involved entities. M&A can be driven by a variety of motives, including market expansion, cost synergies, diversification, or access to new technologies. They play a crucial role in the growth and development of companies, allowing them to achieve economies of scale, enter new markets, or streamline operations. However, M&A activities also entail risks, including financial, operational, and cultural challenges, which necessitate careful due diligence and post-transaction integration planning. The success of M&A endeavours is often measured by their impact on the financial performance, market share, and overall strategic objectives of the companies involved. As such, M&A remains a dynamic and complex facet of the corporate world, impacting industries and economies worldwide.

Mergers and acquisitions (M&A) hold significant importance in the business world for various reasons:

- Strategic Growth: M&A can provide companies with a rapid and efficient means of expanding their operations, customer base, and market presence. This strategic growth is often crucial for staying competitive and capturing new opportunities.
- Market Entry and Diversification: M&A allows companies to enter new markets, diversify their product or service offerings, and reduce reliance on a single market or product line. This diversification can enhance stability and reduce risks.
- Economies of Scale: Through consolidation, companies can achieve economies of scale, leading to cost reductions in areas like production, distribution, and overhead. This can improve profitability and operational efficiency.
- Access to Resources: M&A can provide access to valuable resources, such as intellectual property, technologies, human capital, and distribution networks. This access can enhance a company's capabilities and competitiveness.

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- Innovation and R&D: Combining the research and development (R&D) efforts of two companies can lead to innovation and the creation of new products or services that might not have been possible independently.
- Market Leadership: M&A can result in market leaders joining forces to create even stronger industry leaders. This can shape industry dynamics, pricing power, and overall market influence.
- Risk Mitigation: M&A can help companies spread risks and uncertainties associated with their core operations, as they may have diversified revenue streams and a broader customer base.
- Exit Strategy: For business owners and investors, M&A can provide an exit strategy, allowing them to realize the value of their investments and move on to new ventures or retirement.
- Shareholder Value: When executed effectively, M&A can enhance shareholder value through increased stock prices, dividends, and earnings per share. It can be a catalyst for positive financial performance.
- Competitive Advantage: M&A can create synergies, combining complementary strengths and resources. This synergy can lead to a competitive advantage in the marketplace.
- Global Expansion: M&A can facilitate international expansion, enabling companies to reach global markets more efficiently and effectively than starting from scratch.
- Sector Consolidation: In fragmented industries, M&A can lead to sector consolidation, which can streamline operations and reduce market inefficiencies.
- Technological Advancement: Acquiring innovative startups or tech-savvy companies can accelerate technological advancement and digital transformation for established firms.
- Response to Market Changes: M&A allows companies to adapt quickly to market changes, consumer preferences, and industry disruptions, helping them stay relevant and competitive.
- Economic Impact: M&A activity can have significant effects on the broader economy, influencing employment, investment, and overall economic growth.

However, it's important to note that M&A is not without risks and challenges. Poorly executed mergers or acquisitions can lead to financial losses, cultural clashes, and organizational disruption. Due diligence and strategic planning are essential to realizing the full potential of M&A while mitigating associated risks.

## RATIONALE OF THE STUDY

The rationale of the study titled "Analysing the Impact of Merger and Acquisition Activity on the Financial Performance of Indian Companies" is driven by several key factors:

1. Relevance of Mergers and Acquisitions in the Corporate World: Mergers and acquisitions (M&A) represent critical strategic decisions made by businesses worldwide. Their prevalence and significance in the corporate landscape make it essential to understand the implications of M&A on the financial performance of companies.
2. Indian Business Environment: India has experienced a surge in M&A activity across various industries. This makes India an interesting case study to examine how M&A impacts the financial health of companies in a diverse and dynamic market.
3. Economic Implications: The financial health of companies directly affects the overall economic growth and stability of a nation. Understanding how M&A influences the financial performance of Indian companies is crucial for policymakers, investors, and corporate leaders to make informed decisions.
4. Risk and Opportunity Analysis: M&A activities can create both risks and opportunities for companies involved. This study aims to assess these factors comprehensively, helping businesses and investors better evaluate the potential benefits and drawbacks of M&A decisions.
5. Information Gap: While M&A activity in India has been growing, there is a limited pool of comprehensive, data-driven research focusing on the financial outcomes. This study aims to fill this information gap by providing a rigorous analysis of financial performance before and after M&A events.
6. Strategic Decision Making: The study aims to provide insights into the strategic considerations that companies need to take into account when engaging in M&A activities. By understanding the financial impact, companies can make more informed decisions regarding mergers and acquisitions.
7. Investor Confidence: Investors, both domestic and international, closely monitor M&A activities. A clearer understanding of how M&A influences financial performance will help build investor confidence and attract investment to the Indian market.
8. Long-term Sustainability: For companies in India to achieve sustainable growth, they must navigate M&A effectively. By analyzing the financial performance of companies over time, this study will contribute to the discussion of long-term sustainability.
9. Policy Implications: The findings from this study may have implications for regulatory and policy changes related to M&A in India. Understanding these implications is essential for creating a conducive environment for businesses and investors.

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10. Academic Contribution: This study aims to contribute to the existing body of knowledge in the fields of finance, economics, and business management. It will provide a basis for further research and academic exploration of M&A in India.

## LITERATURE REVIEW

Kumar and Tiwary (2020), this study underscored the importance of Mergers and Acquisitions as a development strategy for the banking industry. The long-term viability of smaller financial institutions necessitates mergers with larger ones. Whether or not Mergers and Acquisitions have positively impacted the banking sector in India. Use camel models to assess the pre-and post-merger performance of Indian banks as a performance evaluation in the future and relative risk in the banking sector. The CAMEL model has four components: asset quality, management earnings and liquidity. Several essential ratios are incorporated into this project to gauge the performance of the institutions under consideration. The data utilized in the study are compared to other banks ratios and reports using yearly financial reports from a sample bank. The experiment employs the CAMEL technique to assess the impact of Mergers and Acquisitions on the Indian banking sector before and after the Mergers and Acquisitions. The study relies on various sources for its data, including articles, journals, newspapers, books and the Internet.

Sushant and Bhattacharya (2020), An economy's banking and financial services industry are critical to its success. Over the previous decade, the fastest-growing and most publicly traded companies have generated impressive returns for investors. India's commercial banks have seen drastic changes in off-balance sheet risk management, regulatory modifications and NPA recognition standards, as well as significant consolidation in the financial sector, e-commerce norms and internet banking. The Indian economy resembles those of the other BRICS nations. These countries have greater GDPs and are implementing various changes to increase consumption, transparency and business demands to improve their economies. Comparing recent M&A activity in the Indian banking industry with that in other BRICS nations is an integral part of our research. Based on these essential factors, the M&A transactions in the Indian banking industry and other BRICS countries have occurred. There was little change in most parameters throughout the post-merger era, but some demonstrated an adverse effect of a merger on the acquirer within the period studied in the study.

Pramila and Vinarasi (2021), Employee perceptions of customer attitudes toward Mergers and Acquisitions and company breakup in India are the focus of the researcher's work. The study's primary objective is to evaluate how the interaction between customer service and the financial institution has affected the Indian banking business in real-time. Using methodical methodologies, they have analyzed the most significant M&A deals among ten retail and savings banks in India and the Indian sector between 2019 and 2020. Several Union Bank of India employees used a sophisticated sampling technique to conduct face-to-face exploratory interviews. Employees' estimates of the impact of M&A on customer service growth indicate that financial M&A hurts market prices. The merger and acquisition of the Union Bank of India are examined in the article, which explains the effects of M&A changes on customer service and long-term banking relationships during the Covid-19 outbreak.

Rathi Sejal (2022). The Mergers and Acquisitions (M&A) that have happened in Indian banking system to comprehend the subsequent cooperative synergies and the long-term results of the merger of Indian banks. The focus on noticeable trends in Indian banking system after the mergers and acquisition and thereby suggests some steps that banks should consider for future. The consequence of M&As after studying the flow and patterns in Indian banking system. The paper tried studies to evaluate and assess the performance of M&As in Indian financial system. The results of M&A in Indian financial system have been beautifully carved out but only limited benefits are borne by the Indian economy till date.

Singh & Siddiqui (2022), the pursuits to investigate the conduct of diverse Mergers and Acquisitions which have taken region in the Indian Banking region. The several global and domestic banks are engaged inside the procedure of Mergers and Acquisitions. The main objective to have interaction on this activity is to collect the benefits of economies of scale in the banking sector. It is one method of making sure that an aggressive force is set up to reckon with within the worldwide financial system. Merging of the Indian banking sector through Mergers and Acquisitions on business issues and business techniques is a vital pre-considered necessary.

Kashyap Chetan (2022), the Mergers and Acquisitions in the Indian Banking sector are very important for the growing of Banking Sector in the country. They can be achieved through Cost Reduction and Increasing Revenue. The Merger and acquisition emerge as a reality in the banking sector. Indian Bank mergers are one of the strategies for strengthening the Indian Economy by enhancing the banking sector. The Government of India is pursuing the policy of amalgamating public-sector bank. On 1 April 2019, the merger of Vijaya Bank and Dena Bank with the Bank of Baroda came into effect. After the merger, Bank of Baroda became the third largest bank and second largest public sector bank to serving banking and strengthening the Indian Economy.

Vennila R & Kumari Pooja (2022), the banking in India has undoubtedly earned numerous outstanding achievements, in a comparatively short time, for the World's largest and the most diverse democracy. The banking sector reform process of the banking sector or industry is part and parcel of the government strategic agenda aimed at repositioning and integrating the Indian banking sector into the global financial system. The several reforms in the Indian banking sector, as well as quite a few successful Mergers and Acquisitions, which have helped to grow manifold. The Mergers and Acquisitions are most widely used strategy by firms to strengthen and maintain their position in the marketplace. In the present times, the banking sector is a rapidly growing industry in India. A comparatively new development in the Indian banking sector is enhanced through Mergers and Acquisitions. It permits banks to achieve a world class position and throw superior value to the stakeholders. The impact of merger on a bank's stock and the effect on the equity share of the shareholder's capital is usually proportional. Performance of the bank pre-and post-merger usually is in the green and improved. Most findings of research state that to a certain extent M&A's have been successful in Indian banking sector.

## RESEARCH METHODOLOGY

OBJECTIVES OF THE STUDY
1. To analyse the financial performance of selected Indian companies.
2. To find out the impact of M&A activity on selected companies of India.

SAMPLE SIZE
In this study below mentioned 3 companies have been taken.
1. Sequent Scientific Ltd.
2. Lincoln Pharmaceuticals Ltd.
3. Apollo Hospitals Enterprise Ltd.

## DATA ANALYSIS

### 1. NET PROFIT MARGIN (%)

| NET PROFIT MARGIN (%) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **COMPANY** | **2019-20** | **2018-19** | **2017-18** | **2017-18** | **2015-16** | **2014-15** | **2013-14** | **2012-13** |
| Sequent Scientific Ltd. | 9.38 | 4.56 | 383.37 | -0.01 | 1.78 | 10.75 | -33.55 | -17.35 |
| Lincoln Pharmaceuticals Ltd. | 13.17 | 13.21 | 10.08 | 9.00 | 6.99 | 6.61 | 5.48 | 5.13 |
| Apollo Hospitals Enterprise Ltd. | 4.80 | 3.63 | 3.24 | 4.52 | 6.82 | 7.54 | 8.56 | 9.31 |

The table provides the Net Profit Margin (%) for three different companies over an eight-year period, with a focus on two distinct time frames: the Post-Acquisition Period (2016-17 to 2019-20) and the Pre-Acquisition Period (2012-13 to 2015-16). Let's analyze the data and perform a comparative analysis for each company.

Sequent Scientific Ltd:
- Post-Acquisition Period (2016-17 to 2019-20): During this period, Sequent Scientific Ltd. showed a significant improvement in its Net Profit Margin, increasing from -0.01% to 383.37%. This indicates a positive trend in profitability post-acquisition.
- Pre-Acquisition Period (2012-13 to 2015-16): The company faced losses during this period, with negative Net Profit Margins. However, it seems to have turned around its performance in the subsequent years.

Lincoln Pharmaceuticals Ltd:
- Post-Acquisition Period (2016-17 to 2019-20): Lincoln Pharmaceuticals Ltd. maintained a fairly stable Net Profit Margin, with small fluctuations between 13.17% and 13.21%. The consistency in profitability is notable.
- Pre-Acquisition Period (2012-13 to 2015-16): Similarly, during the years leading up to the acquisition, Lincoln Pharmaceuticals also demonstrated relatively steady profitability.

Apollo Hospitals Enterprise Ltd:
- Post-Acquisition Period (2016-17 to 2019-20): Apollo Hospitals Enterprise Ltd. showed some fluctuations in its Net Profit Margin, with values ranging from 3.24% to 4.80%. There was a slight increase during these years.

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- Pre-Acquisition Period (2012-13 to 2015-16): The company exhibited higher Net Profit Margins in the years preceding the acquisition, with margins ranging from 6.82% to 9.31%.

t-Test: Two-Sample Assuming Equal Variances

| | *Post-Acquisition* | *Pre-Acquisition* |
|---|---|---|
| Mean | 38.24583 | 1.505833 |
| Variance | 2811.385 | 93.38476 |
| Observations | 3 | 3 |
| Pooled Variance | 1452.385 | |
| Hypothesized Mean Difference | 0 | |
| df | 4 | |
| t Stat | 1.180712 | |
| P(T<=t) one-tail | 0.151565 | |
| t Critical one-tail | 2.131847 | |
| P(T<=t) two-tail | 0.30313 | |
| t Critical two-tail | 2.776445 | |

H0 : There is no significant difference in net profit margin ratio post and pre acquisition of selected 3 companies of India.
H1 : There is significant difference in net profit margin ratio post and pre acquisition of selected 3 companies of India.

**RESULT**

Based on the data in the table, it's evident that the two-tailed P-value is 0.30313, exceeding the significance level of 0.05 (P-value < 0.05). As a result, the Null Hypothesis (H0) is upheld, leading to the conclusion that there isn't a statistically significant variance in the net profit margin ratio between the post and pre-acquisition periods for the three selected Indian companies.

**2. RETURN ON ASSETS (%)**

| **RETURN ON ASSETS (%)** | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **COMPANY** | **2019-20** | **2018-19** | **2017-18** | **2017-18** | **2015-16** | **2014-15** | **2013-14** | **2012-13** |
| Sequent Scientific Ltd. | 2.13 | 0.74 | 41.57 | 0.00 | 0.64 | 6.35 | -20.43 | -10.09 |
| Lincoln Pharmaceuticals Ltd. | 13.49 | 13.44 | 10.04 | 9.72 | 8.98 | 7.65 | 5.20 | 4.63 |
| Apollo Hospitals Enterprise Ltd. | 4.63 | 3.59 | 2.98 | 3.96 | 5.40 | 5.95 | 6.80 | 7.09 |

The table provides the Return on Assets (ROA) (%) for three different companies over an eight-year period, with a focus on two distinct time frames: the Post-Acquisition Period (2016-17 to 2019-20) and the Pre-Acquisition Period (2012-13 to 2015-16). Let's analyze the data and perform a comparative analysis for each company.

Sequent Scientific Ltd:
- Post-Acquisition Period (2016-17 to 2019-20): The company exhibited a significant improvement in ROA during this period, with ROA increasing from 0.00% to 41.57%. This signifies a substantial enhancement in the company's efficiency in utilizing its assets.
- Pre-Acquisition Period (2012-13 to 2015-16): Sequent Scientific had negative ROA values in this period, indicating that the company was less efficient in generating profits from its assets. The post-acquisition improvement in ROA suggests that the acquisition may have positively impacted asset utilization.

Lincoln Pharmaceuticals Ltd:
- Post-Acquisition Period (2016-17 to 2019-20): Lincoln Pharmaceuticals maintained a consistently high ROA during these years, with values above 9%. This demonstrates strong and stable asset efficiency post-acquisition.
- Pre-Acquisition Period (2012-13 to 2015-16): The company exhibited a gradually improving trend in ROA during these years, indicating a positive trajectory in asset utilization.

Apollo Hospitals Enterprise Ltd:

- Post-Acquisition Period (2016-17 to 2019-20): The company saw a moderate improvement in ROA during this period, with values ranging from 2.98% to 4.63%. While the improvement is not as dramatic as in some other cases, it still indicates enhanced asset efficiency.
- Pre-Acquisition Period (2012-13 to 2015-16): Apollo Hospitals had higher ROA values in the years leading up to the acquisition, suggesting more efficient asset utilization during that time.

t-Test: Two-Sample Assuming Equal Variances

| | *Post-Acquisition* | *Pre-Acquisition* |
|---|---|---|
| Mean | 8.8575 | 2.3475 |
| Variance | 19.33877 | 50.82293 |
| Observations | 3 | 3 |
| Pooled Variance | 35.08085 | |
| Hypothesized Mean Difference | 0 | |
| df | 4 | |
| t Stat | 1.346144 | |
| P(T<=t) one-tail | 0.124742 | |
| t Critical one-tail | 2.131847 | |
| P(T<=t) two-tail | 0.249485 | |
| t Critical two-tail | 2.776445 | |

H0 : There is no significant difference in return on asset ratio post and pre acquisition of selected 3 companies of India.
H1 : There is significant difference in return on asset ratio post and pre acquisition of selected 3 companies of India.

**RESULT**
Based on the information provided in the table, it is evident that the two-tailed P-value is 0.249485, which exceeds the significance level of 0.05 (P-value < 0.05). As a result, the Null Hypothesis (H0) is accepted, leading to the conclusion that there is a statistically significant difference in the return on asset ratio between the post and pre-acquisition periods for the three selected Indian companies.

**3. RETURN ON CAPITAL EMPLOYED (%)**

| **RETURN ON CAPITAL EMPLOYED (%)** | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **COMPANY** | **2019-20** | **2018-19** | **2017-18** | **2017-18** | **2015-16** | **2014-15** | **2013-14** | **2012-13** |
| Sequent Scientific Ltd. | 3.07 | 1.00 | 0.23 | -1.15 | 0.71 | 18.67 | -76.94 | -24.39 |
| Lincoln Pharmaceuticals Ltd. | 21.18 | 22.86 | 20.13 | 20.03 | 13.98 | 12.53 | 10.64 | 9.91 |
| Apollo Hospitals Enterprise Ltd. | 11.50 | 10.74 | 8.77 | 8.68 | 6.30 | 6.89 | 7.68 | 8.02 |

The table provides the Return on Capital Employed (ROCE) (%) for three different companies over an eight-year period, with a focus on two distinct time frames: the Post-Acquisition Period (2016-17 to 2019-20) and the Pre-Acquisition Period (2012-13 to 2015-16). Let's analyze the data and perform a comparative analysis for each company.

Sequent Scientific Ltd:
- Post-Acquisition Period (2016-17 to 2019-20): The company demonstrated an improvement in ROCE, with values ranging from -1.15% to 3.07%. While still relatively low, this indicates a positive trend in capital efficiency during the post-acquisition years.
- Pre-Acquisition Period (2012-13 to 2015-16): Sequent Scientific had negative ROCE values during this period, indicating capital inefficiency. The post-acquisition years show some recovery, though it remains relatively low.

Lincoln Pharmaceuticals Ltd:
- Post-Acquisition Period (2016-17 to 2019-20): Lincoln Pharmaceuticals maintained a consistently high ROCE, with values above 20%, indicating strong capital efficiency post-acquisition.
- Pre-Acquisition Period (2012-13 to 2015-16): The company showed a gradually improving trend in ROCE during these years, reflecting a positive trajectory in capital efficiency.

Apollo Hospitals Enterprise Ltd:

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- Post-Acquisition Period (2016-17 to 2019-20): Apollo Hospitals demonstrated an improvement in ROCE, with values ranging from 8.68% to 11.50%. This indicates enhanced capital efficiency during these years.
- Pre-Acquisition Period (2012-13 to 2015-16): The company had higher ROCE values in the years leading up to the acquisition, suggesting stronger capital efficiency during that time.

t-Test: Two-Sample Assuming Equal Variances

| | *Post-Acquisition* | *Pre-Acquisition* |
|---|---|---|
| Mean | 10.58667 | -0.5 |
| Variance | 102.9731 | 304.7837 |
| Observations | 3 | 3 |
| Pooled Variance | 203.8784 | |
| Hypothesized Mean Difference | 0 | |
| df | 4 | |
| t Stat | 0.950957 | |
| P(T<=t) one-tail | 0.197738 | |
| t Critical one-tail | 2.131847 | |
| P(T<=t) two-tail | 0.395476 | |
| t Critical two-tail | 2.776445 | |

H0 : There is no significant difference in return on capital employed ratio post and pre acquisition of selected 3 companies of India.
H1 : There is significant difference in return on capital employed ratio post and pre acquisition of selected 3 companies of India.

**RESULT**
Based on the data presented in the table, it is evident that the two-tailed P-value is 0.395476, which exceeds the significance level of 0.05 (P-value < 0.05). Consequently, the Null Hypothesis (H0) is accepted, leading to the conclusion that there is no statistically significant difference in the return on capital employed ratio between the post and pre-acquisition periods for the three selected Indian companies.

**4. RETURN ON NETWORTH / EQUITY (%)**

| **RETURN ON NETWORTH / EQUITY (%)** | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **COMPANY** | **2019-20** | **2018-19** | **2017-18** | **2017-18** | **2015-16** | **2014-15** | **2013-14** | **2012-13** |
| Sequent Scientific Ltd. | 2.40 | 0.82 | 42.84 | 0.00 | 0.73 | 26.32 | -227.68 | -49.79 |
| Lincoln Pharmaceuticals Ltd. | 16.27 | 17.75 | 14.92 | 14.45 | 15.67 | 13.26 | 11.52 | 11.04 |
| Apollo Hospitals Enterprise Ltd. | 11.79 | 7.79 | 6.31 | 7.96 | 10.77 | 10.96 | 11.15 | 11.33 |

The table provides the Return on Net Worth or Equity (%) for three different companies over an eight-year period, with a focus on two distinct time frames: the Post-Acquisition Period (2016-17 to 2019-20) and the Pre-Acquisition Period (2012-13 to 2015-16). Let's analyze the data and perform a comparative analysis for each company.

Sequent Scientific Ltd:
- Post-Acquisition Period (2016-17 to 2019-20): The company experienced an improvement in Return on Net Worth, with values increasing from 0.00% to 42.84%. While still relatively low, this suggests a positive trend in utilizing net worth more efficiently during the post-acquisition years.
- Pre-Acquisition Period (2012-13 to 2015-16): Sequent Scientific had negative or very low Return on Net Worth values during this period, indicating suboptimal utilization of equity. The post-acquisition years show some improvement, but the values remain relatively low.

Lincoln Pharmaceuticals Ltd:
- Post-Acquisition Period (2016-17 to 2019-20): Lincoln Pharmaceuticals maintained a relatively high Return on Net Worth, with values above 14%. This indicates consistent and efficient utilization of net worth post-acquisition.
- Pre-Acquisition Period (2012-13 to 2015-16): The company exhibited a gradual improvement in Return on Net Worth during these years, reflecting a positive trajectory in equity utilization.

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Apollo Hospitals Enterprise Ltd:

- Post-Acquisition Period (2016-17 to 2019-20): Apollo Hospitals showed an improvement in Return on Net Worth, with values ranging from 6.31% to 11.79%. This indicates enhanced utilization of equity during these years.
- Pre-Acquisition Period (2012-13 to 2015-16): The company had higher Return on Net Worth values in the years leading up to the acquisition, suggesting more efficient equity utilization during that time.

t-Test: Two-Sample Assuming Equal Variances

| | *Post-Acquisition* | *Pre-Acquisition* |
|---|---|---|
| Mean | 11.94167 | -12.8933 |
| Variance | 13.77109 | 1854.265 |
| Observations | 3 | 3 |
| Pooled Variance | 934.0183 | |
| Hypothesized Mean Difference | 0 | |
| df | 4 | |
| t Stat | 0.99525 | |
| P(T<=t) one-tail | 0.187973 | |
| t Critical one-tail | 2.131847 | |
| P(T<=t) two-tail | 0.375945 | |
| t Critical two-tail | 2.776445 | |

H0 : There is no significant difference in return on net worth ratio post and pre acquisition of selected 3 companies of India.
H1 : There is significant difference in return on net worth ratio post and pre acquisition of selected 3 companies of India.

**RESULT**
Based on the data provided in the table, it is evident that the two-tailed P-value is 0.375945, which exceeds the significance level of 0.05 (P-value < 0.05). Consequently, the Null Hypothesis (H0) is accepted, leading to the conclusion that there is no statistically significant difference in the return on net worth ratio between the post and pre-acquisition periods for the three selected Indian companies.

## CONCLUSION

Based on the analysis of the Net Profit Margin, Return on Assets, Return on Capital Employed, and Return on Net Worth ratios for the selected three companies in India over the specified periods (Post-Acquisition Period: 2016-17 to 2019-20 and Pre-Acquisition Period: 2012-13 to 2015-16), the following conclusions can be drawn:

NET PROFIT MARGIN (%)
Sequent Scientific Ltd: This company experienced a remarkable turnaround in profitability during the Post-Acquisition Period compared to the Pre-Acquisition Period. The acquisition seems to have positively impacted its financial performance.
Lincoln Pharmaceuticals Ltd: Lincoln Pharmaceuticals maintained a consistent Net Profit Margin in both periods, indicating a stable financial performance irrespective of the acquisition.
Apollo Hospitals Enterprise Ltd: This company saw a slight increase in profitability during the Post-Acquisition Period. However, it had higher Net Profit Margins in the Pre-Acquisition Period, suggesting that the acquisition may not have had an immediate significant impact on profitability.
The analysis indicates that there is no significant difference in the Net Profit Margin ratio between the post-acquisition and pre-acquisition periods for the selected companies. While individual companies may have experienced changes in profitability, when considering the group as a whole, there is no clear pattern of significant variation in net profit margins.

RETURN ON ASSETS (%)
Sequent Scientific Ltd: The company experienced a significant improvement in asset efficiency during the Post-Acquisition Period, indicating that the acquisition likely had a positive impact on the utilization of its assets.
Lincoln Pharmaceuticals Ltd: Lincoln Pharmaceuticals maintained consistently high ROA values in both the Pre-Acquisition and Post-Acquisition Periods, suggesting a strong and stable performance.

Apollo Hospitals Enterprise Ltd: While the company did improve its ROA post-acquisition, it had higher asset efficiency in the years preceding the acquisition. This may indicate that the acquisition did not immediately lead to a substantial boost in asset utilization.
There is a significant difference in the Return on Asset (ROA) ratio between the post-acquisition and pre-acquisition periods for the selected companies. The ROA values have shown variations, with some companies experiencing improvements in asset efficiency post-acquisition, while others displayed different trends. These differences may be attributed to the unique characteristics and strategies of each company.

RETURN ON CAPITAL EMPLOYED (%)
Sequent Scientific Ltd: The company experienced an improvement in capital efficiency during the Post-Acquisition Period, although the ROCE values are still relatively low. The acquisition seems to have positively impacted capital utilization.
Lincoln Pharmaceuticals Ltd: Lincoln Pharmaceuticals maintained consistently high ROCE values in both the Pre-Acquisition and Post-Acquisition Periods, indicating a strong and stable performance in capital utilization.
Apollo Hospitals Enterprise Ltd: Apollo Hospitals demonstrated improved capital efficiency post-acquisition, but the ROCE values in the years preceding the acquisition were higher, suggesting that the acquisition did not immediately lead to a significant boost in capital utilization.
The analysis suggests that there is no significant difference in the Return on Capital Employed (ROCE) ratio between the post-acquisition and pre-acquisition periods for the selected companies. While individual companies may have witnessed changes in capital efficiency, the overall group analysis does not reveal a consistent pattern of significant variation in ROCE.

RETURN ON NETWORTH / EQUITY (%)
Sequent Scientific Ltd: The company experienced an improvement in the Return on Net Worth during the Post-Acquisition Period, although the values remain relatively low. The acquisition seems to have positively impacted equity utilization.
Lincoln Pharmaceuticals Ltd: Lincoln Pharmaceuticals consistently maintained a high Return on Net Worth in both the Pre-Acquisition and Post-Acquisition Periods, indicating efficient equity utilization.
Apollo Hospitals Enterprise Ltd: Apollo Hospitals demonstrated improved equity utilization post-acquisition, but the Return on Net Worth values in the years preceding the acquisition were higher, suggesting that the acquisition did not immediately lead to a significant boost in equity utilization.
Similar to the Net Profit Margin and ROCE ratios, the analysis indicates that there is no significant difference in the Return on Net Worth (RoNW) ratio between the post-acquisition and pre-acquisition periods for the selected companies. The RoNW values showed variations, but there is no uniform trend of significant variation in equity utilization across the group.

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