

Valuation in Mergers and Acquisitions

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Industry wise Study on Consolidation

Corporate mergers and acquisitions (M&As) have become popular from corner to corner of the world during the last two decades majorly due to globalization, liberalization, technological developments and intensely competitive business environment. The synergistic gains from M&A's may result from more efficient management, economies of scale, more profitable use of assets, exploitation of market power, the use of complementary resources, etc. Interestingly, the results of many empirical studies show that M&A's fails to create value for the shareholders of acquirers. In this article, I covered background of merger and acquisition, reasons for failure of merger and acquisition, and impact of merger on shareholders.

Conclusion:

M&As have become very popular over the years especially during the last two decades owing to rapid changes that have taken place in the business environment. Business firms now have to face increased competition not only from firms within the country but also from international business giants thanks to globalization, liberalization, technological changes, etc. Meticulous pre-merger planning including conducting proper due diligence, effective communication during the integration, committed and competent leadership, speed with which the integration plan is integrated all this pave for the success of M&As. While making the merger deals, it is necessary not only to make analysis of the financial aspects of the acquiring firm but also the cultural and people issues of both the concerns for proper post-acquisition integration.

PRESENTATION

ACQUIRER	TARGET Co.	COUNTRY TARGETED	DEAL VALUE (\$ mn)	INDUSTRY
TATA STEEL	CORUS GROUP	UK	12,000	STEEL
HINDALCO	NOVELIS	CANADA	5,982	STEEL
VIDEOCON	DAEWOO ELECTRONICS CORP	KOREA	729	ELECTRONICS