PREFACE

As per current scenario corporate restructuring is one of the most widely used strategic tools. In daily news we come across frequently with the headlines of merger, acquisitions, takeover, joint venture, demerger and so on. Since last two decades as especially after, the liberalization and consequent globalization and privatization have resulted into tough competition not only in Indian business but globally as well.

The main objective of any company is profitable growth of enterprise to maximize the wealth of its shareholders. Further, to achieve profitable growth of business it is necessary for any company to limit competition, to gain economies of large scale and increase in Income with proportionally less investment, to access foreign market, to achieve diversification and utilize underutilized market opportunities. In order to achieve goals, business needs to remain competitive and work towards its long term sustainability. Corporate restructuring has facilitated thousand of companies to re-establish their competitive advantage and respond more quickly and effectively to new opportunities and unexpected challenges. Under different dynamic situations as laid above, a profitable growth of business can achieved successfully if as a strategic tool merger is adopted. The most remarkable examples of growth and often the largest increases in stock prices are a result of mergers and acquisitions. M&A’s provide tremendous opportunities for companies to grow and add value to stake holder’s wealth. M&A’s increase value and efficiency and thereby increase holders value. M&A’s is a generic term used to represent many different types of corporate restructuring exercises.

In order to avoid difficulties it is necessary to carry out initial investigation in various areas like growth potential, profitability, strength in terms of skills and capabilities, financial projections of the impact and value of merger, etc., need to be systematically thought out and planned.

The main objective of any merger activity is profitable growth of business to maximize wealth of its stakeholders. The trend towards globalization of all national and regional economies has increased the intensity
of mergers, in a bid to create more focused, competitive, viable larger players, in each industry. If an industrial want to survive, it has to excel and compete successfully both with multinational competitors in internal as well as international markets. Merger of companies are implicit in free enterprise system because of their obvious advantages infusion of better management and healthy growth of capital market. Thus, the concept of merger has assumed greater significance as offering number of opportunities.

This research study is divided into six chapters. First chapter is on the introduction. The second chapter covers conceptual framework of corporate restructuring. There are considerable changes in accounting aspects relating to merger, accounting standards and legal acts like in Companies Act 1956; FERA 1973 has been replaced by FEMA 1999, in MRTP Act etc. This chapter also covers laws relating to merger in UK and USA as well. Third chapter tells all about the review of literature based on study conducted on this subject and it’s related by numbers of researchers in India and abroad in different countries. Forth chapter is of research methodology. Basically three financial tools like RONW, MVA and EVA are covered along with certain ratios for study. Fifth chapter is about analysis of selected mergers in manufacturing industries at company and industry level. Finally, sixth chapter’ is all about findings, suggestions and conclusions. The Bibliography shall be followed by these chapters.