4.0 Results and Discussions:
In this chapter, we have discussed the empirical results of announcement effect of merger and acquisitions on the shareholders’ value of acquirer companies of Indian corporate sector. This analysis is carried out by using a diversified and representative sample of 340 companies listed on both the Indian exchange, BSE and NSE during the period 2003 to 2011. In order to examine the effects of announcements, the event study methodology has been employed, taking the cue from the enormous literature available on the topic. The market model (MM) has been used to compute abnormal returns while considering CNX Nifty 50 index as a proxy of market return. An event window of 15 days prior and 15 days after the event is considered appropriate to examine the announcement effects in an information sensitive stock market like India. The results regarding whole sample as well as various sectors of Indian corporate sector are presented in the following sections.

4.1 Whole Sample
The results of the study are based on the fourteen major sectors of Indian economy i.e. auto, commodities, service, infra, media, energy, finance, bank, FMCG, information technology, metal, pharmaceutical and real estate. The average abnormal return (AARs) and the cumulative average abnormal returns (CAARs) are estimated with the help of market model to examine the announcement effect on the stock price of acquirer companies. The actual returns (ARs) and Cumulative actual returns (CARs) are also calculated corresponding to each day of the event window. Total standardised abnormal return (TSAR) and cumulative standardised abnormal returns (CTSAR) are also estimated to test the effect of the announcement on bidder’s firm shareholders’ wealth.

Table 1 reports the results of the event study conducted to examine the impact of announcements of M&A on stock returns. It depicts the AAR(Average Abnormal Return), CAAR(Cumulative Average Abnormal Return), AR(Actual Return), CAR(Cumulative Actual Return), TSAR(Total Standardised Abnormal Return), CTSAR (Cumulative Total Standardised Abnormal Return) and corresponding t-statistic values, median abnormal returns (MARs), the number of the positive and negative ARs, and CAARs for each day in the event window. In addition, Figures 4.1 to 4.6 graphically depicts the value of AAR, CAAR, AR, CAR, TSAR and CTSAR of whole Indian corporate sector corresponding to