



Does Corporate Information Impact the Sentiments of Investors and Corporate Growth? Evidence from the M&A event on the Cement Industry in India.

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Abstract

Sustainable corporate growth is a vital goal in today's competitive business environment, especially in sectors like cement manufacturing, where strong domestic and international competitors drive market forces. To expand strategically and improve operational efficiency, companies increasingly turn to mergers and acquisitions (M&As) as an inorganic way to generate synergies, lessen market competition, gain technical expertise, and better utilise resources. This study aims to assess how M&A transactions influence both investor sentiment and the financial growth of acquiring firms within the Indian cement industry. Using a dual approach comprising financial ratio analysis (Current Ratio, Liquid Ratio, Net Profit Ratio, Gross Profit Ratio, RoNW, RoCE, EPS, DPS, Debt-Equity Ratio, and Interest Coverage Ratio) and an event study method, this research investigates a selection of cement companies listed on Indian stock exchanges, chosen based on market capitalisation. Secondary data were gathered from reliable sources, including the National Stock Exchange (NSE), Money Control, Yahoo Finance, and published annual reports. The event study employs an estimation window of 250 trading days, from 281 to 31 days before the M&A announcement, along with an event window of ± 30 days around the announcement date to capture stock market reactions. The statistical significance of abnormal returns (AR) is tested using *t*-values at a 95% confidence level. Operational efficiency is measured with ratio analysis considering 5 years (two years pre-merger, the year of merger, and two years post-merger). Results show that most of the AR are positive in all the companies under study, and the AR of Ambuja post-merger is statistically significantly positive ($AR > 1.96$), and the same is the case for ACC cement. Though the ARs of Dalmia Bharat and Jay Prakash are not statistically significant, but positive. Additionally, ratio analysis shows that the liquidity, profitability, and solvency position of all the companies under study are found to have been improved post-merger as compared to pre-merger. The authors concluded that investors are more sensitive to the mergers and acquisitions event, and M&A creates value for the shareholders and for the company as well. Beyond empirical evidence, this study contributes to accounting theory by demonstrating how corporate disclosures in M&A events influence investor sentiment, supporting signaling theory, and extending the understanding of how market responses are shaped by accounting information. These insights enrich theoretical debates on the role of disclosure in shareholder value creation.

Keywords: Investors, M&A, Cement Sector, Deal Structure, Value Creation, Event Study, Ratio Analysis

JEL classifications: G30, G32, G34

1. Introduction

Mergers and Acquisitions (M&A) are the modern techniques of corporate restructuring and consolidation. Loss-making businesses or unlevered businesses face the cut-throat competition of price reduction as a challenge, which compels such businesses to either close down or integrate their line of operation with other businesses to operate jointly in the market. Business consolidation through mergers and acquisitions is the most accepted strategy to experience business growth and growth of the shareholders (Martynova & Renneboog, 2008; Giannopoulos et al., 2023). When more than 53 per cent of mergers and acquisitions contribute negatively to the growth of the business and shareholder growth (KPMG, 1999), the researchers are keen to find out the answer to the question: why are mergers and acquisitions increasing day after day?

From the literature review, it is found that a mix of conclusions states M&A destroys shareholders' wealth (Dissanaike et al., 2020; Chung et al., 2020; Frattaroli, 2020; Anonymous Review, 2025; Meckl & Röhrle, 2020), while a group of researchers conclude that M&A substantially contributes to the growth of the business and value for shareholders (Zhang et al., 2020; Chaudhry et al., 2021; Teschner & Paul, 2021; Papachristopoulos et al., 2023). Researchers comment on the impact of M&A on the growth of shareholders' value, but the overall effects are considered to be inadequate because the complete parameters of impact are not sufficiently addressed. Organic growth of a business is achieved through the business's efficiency in operation (Sudrajat, 2020; Aggelopoulos & Lampropoulos, 2023), and inorganic growth becomes evident through business consolidation and restructuring, which can be achieved by the modern accepted theory of M&A (Rohra & Anita, 2023; Lei &

Hitt, 1995). Therefore, the impact of mergers and acquisitions on corporate growth and stock returns that combinedly contribute to shareholders' growth needs to be studied to add to the existing branch of knowledge, whether M&A creates value addition to the growth of shareholders' wealth.

Shareholders are the real owners of an organisation (Berle & Means, 1932), whose value in the business is measured in quantifiable terms for the intrinsic value of shares generated by the business operation, together with the capital appreciation of shareholders' holdings through share price volatility in the stock market. The impact of the merger on the growth of shareholders' wealth can therefore be correctly quantified only when the impact of merger on the growth of the business and the growth of the market value of the shares is correctly measured. This study is designed to measure the shareholders' growth contributed by the growth of the business and market performance on capital appreciation, impacted by M&A.

1.1 Background for the Study:

Mergers and acquisitions (M&As) have long been positioned in academic and corporate discourse as mechanisms capable of creating or destroying firm value. A growing body of literature reveals a paradox: while M&As are widely adopted as strategic tools for growth, empirical evidence suggests that over 53% of such transactions have led to the erosion of shareholder value and the diminution of business performance. This apparent contradiction raises a critical question: why do firms continue to pursue M&A strategies despite the high probability of value destruction? This observation prompts an exploration into the underlying drivers and strategic motivations that compel organisations to engage in M&A activities, even in the face of historically mixed outcomes. Understanding these motivations is essential for decrypting the continued prevalence of mergers and acquisitions across industries and markets.

While mergers and acquisitions are commonly adopted by corporate firms as strategic tools to enhance overall business performance and increase shareholder wealth, a significant body of prior research has reported outcomes that contradict this intent. This discrepancy raises concerns about the methodologies employed in evaluating the success of such transactions. Many existing conclusions appear to offer only a partial assessment, focusing either on short-term market responses or on isolated indicators of post-merger corporate performance. This gap in comprehensive evaluation served as a key impetus for the present study, which seeks to critically examine whether current evaluative approaches effectively capture the true impact of M&A activities on business growth and shareholder value.

The cement industry is playing a pivotal role as India is currently ranked as the fifth-largest economy in the world and is still enjoying a healthy growth. The sector has a multiplier effect of 1.53 times the GDP which is very high, and it contributes about 1.3 percent to the national GDP which goes to show how much it plays into the

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economic development of a nation. With the growing need of infrastructure development, the consumption of cement has continued to grow steadily on year-on-year basis, and cement has become a pillar of the industrial structure of the country. The cement industry has experienced a spate of mergers and acquisition in the last five years as part of a consolidation strategy. This trend poses a very important question: Do all these corporate integrations add value, or do they destroy it? It is this very important question that this paper attempts to address in an effort to determine whether mergers and acquisitions in the Indian cement industry add or deplete shareholder and enterprise value.

The strategic choices to be made concerning merger and acquisition should be made with transparency and objectivity, especially when the motive is to achieve potential synergies (Zhang, 2020). Nevertheless, an examination at the historical trend of merger activity would indicate that much of such dealings are not necessarily grounded in value creation. Rather they have been found to be competitive posing or hostile takeovers with the aim of establishing market dominance rather than creating sustainable shareholder returns (Morck, Shleifer, & Vishny, 1988). When looking at the merger activity in the cement industry in India, it often seems that diversification of the business is the driving force behind it. There is evidence to indicate that well-established companies always seek to acquire other companies as a way of establishing their presence in various business lines. Against this backdrop, the current study seeks to critically examine the underlying motives behind merger and acquisition decisions within the sector, evaluating whether these moves are genuinely strategic or merely opportunistic.

The study is grounded in signaling theory, which posits that corporate announcements convey critical information to investors, influencing market reactions. It also draws upon agency theory to explore how management decisions in M&A transactions align with or diverge from shareholder interests. By integrating these theoretical perspectives, this research advances the understanding of how accounting disclosures and corporate governance frameworks shape market perceptions during M&A events.

1.2 Research Gap:

From the literature review, the authors found the following areas which requires further investigation;

- Existing literature primarily evaluates shareholder growth by analysing stock price volatility using event study methodology. While this approach effectively captures market reactions in the short term, it tends to underrepresent the role of fundamental performance indicators. Consequently, operational efficiency and long-term financial health—which are critical components of sustainable shareholder value—remain insufficiently explored.
- Shareholder value is a function of both capital appreciation and operational performance. However, most prior studies have treated these dimensions in

isolation, focusing either on market-based returns or on financial performance post-merger. There is a noticeable gap in the literature regarding the combined impact of these two factors on shareholder growth, which warrants a more integrated and comprehensive approach.

- Sector-specific research in India, particularly in capital-intensive industries such as cement, remains limited. Despite the strategic and economic significance of this sector, empirical investigations into how mergers and acquisitions influence both market behaviour and operational growth in this context are relatively scarce. This highlights the need for focused research that bridges this critical gap.

1.3 Research Objectives

- To explore how shareholders respond to merger and acquisition (M&A) announcements in the short run, by analysing stock price behaviour around the event window using event study methodology. This objective aims to capture investor sentiment and market perception of the deal's potential value creation.
- To examine whether companies involved in M&A experience meaningful improvements in their operational performance in the post-merger period, as measured through key financial ratios. This will help evaluate whether mergers contribute to long-term, fundamental growth and value enhancement for shareholders.

2. Literature Review

Mergers and acquisitions (M&As) have been of interest to financial researchers, especially how they affect the stock prices in the short-term and the effect on company fundamentals in the long run. The announcement of M&A is usually a pointer to the market and investors respond accordingly depending on perceived synergies, cost savings and growth prospects. In order to examine this effect, two methods, which are event study methodology and financial ratio analysis, have become the most popular approaches providing complementary information on the behavior of the market participants and the strategic direction of the merging companies.

Fama et al. (1969) have introduced the event study method which has been commonly applied to measure Abnormal Returns (AR) around the corporate events like M&A announcements. In this methodology, stock prices are evaluated to determine whether there was significant deviation of the prices off a trend within a small period around the event date. Another study by Mukherjee and Ghosh (2004) and Kumar and Bansal (2008) done in the Indian context found out that M&A announcement is associated with positive short-term abnormal returns, especially in case of target firms and to some degree, acquiring firms. Such responses are explained as an optimistic expectation of the market of synergy realization, efficiency increase, or strategic positioning. However, the validity of these short-term gains remains questionable over the long term. As Roll (1986) and Moeller, Schlingemann, and Stulz (2005) pointed out, market overreaction and managerial overconfidence can inflate expectations, which may not translate into actual

performance. Thus, while event studies capture the market's initial response, they may not fully reflect the realistic success of the merger. In the same line, Andrade, Mitchell, and Stafford (2001) have pointed out, the initial investor enthusiasm surrounding M&As often fades if expected synergies are not effectively realized or if post-merger integration is poorly managed. This divergence between short-term return and long-term performance highlights the need to couple event study results with a more grounded analysis of company fundamentals, an area where ratio analysis plays a critical role. It is a divergence between the short-term return and the long-term performance that indicates the necessity to combine the outcomes of event studies with a more realistic analysis of the company fundamentals, where the ratio analysis is instrumental.

Return on Capital Employed (ROCE), Earnings Per Share (EPS), Debt-Equity Ratio, and EBITDA margins are some of the financial ratios that give critical information on the post-merger health and efficiency of the entity. Ramaswamy and Waagelein (2003) discovered that although the M&A activity may temporarily overvalue the market, only those firms that experienced an improvement in the operating ratios were able to sustain long-term growth. Consistent with this, Indian research by Pawaskar (2001) and Beena (2004) have reported mixed outcomes of post-merger financial performance whereby some of the firms have performed better in terms of profitability and operational efficiency, whereas some companies have had problems in terms of integration and optimal use of resources.

Event study combined with ratio analysis therefore enables an overall assessment of M&A effect. Whereas the event study reflects the market view and mood regarding the transaction, ratio analysis assesses the long-term strategic and operational results. This two-pronged methodology has become popular in the empirical studies particularly in the cement, steel and banking industries where both market reaction and operational integration are important in determining the success of the deal.

The type of deal (horizontal vs vertical), payment (cash vs stock) and the institutional ownership structure may further affect the short term and long-term results. Eckbo and Thorburn (2000) emphasized that the market's reaction also depends on the credibility of management and clarity of strategic intent, which directly ties into how financial and operational metrics evolve after the deal.

Despite a growing body of global literature, Indian sector-specific studies, especially within capital-intensive industries like cement, remain relatively limited. This gap underscores the value of conducting empirical investigations using event studies and ratio analysis to better understand how M&A events shape market behaviour and firm fundamentals in emerging markets. This research builds on accounting theories, particularly signaling and agency theory, by examining how corporate information disclosure during M&A events affects market perceptions and operational outcomes.

Null Hypotheses

1. **H₀₁**: The announcement of a merger or acquisition does not result in any significant abnormal return in the stock price of the acquiring firm during the event window.
2. **H₀₂**: There is no significant difference in the operational performance of the acquiring firm before and after the merger, indicating that the transaction has no measurable impact on long-term fundamental growth.

3. Research Methodology

3.1 Data Collection

The present study is based entirely on secondary data, meticulously gathered to evaluate the impact of mergers and acquisitions (M&As) on shareholder value and operational efficiency. To assess the operational performance of the selected companies, annual reports were sourced and analysed over a five-year period—comprising two years prior to the M&A event, the year of the event itself, and two subsequent years. This time frame provides a balanced view of both pre- and post-merger performance trends. In addition to financial data, daily stock prices were retrieved from reliable public sources such as the National Stock Exchange (NSE) website and Moneycontrol.com. This stock market data was used as the starting point for the calculation of abnormal return (AR) around the event window by event study methodology.

3.2 Sampling Technique

This research used a non-probabilistic convenience sampling technique. The sample of the companies was selected according to the availability of information, their active trading on the NSE, and their participation in M&A until March 31, 2023. The companies selected include:

- a. Ambuja Cements Ltd.
- b. ACC Ltd.
- c. Dalmia Bharat Ltd.

- d. Jaypee Cements Ltd.

These companies were selected to facilitate a comparative analysis of their financial and market performance during the defined event window. Specifically, acquiring firms were analysed in the context of mergers, while the target firms were examined in relation to acquisitions.

3.3 Analytical Framework

3.3.1 Financial Ratio Analysis

To assess the operational efficiency of the companies under review, a comprehensive set of financial ratios was employed. These include:

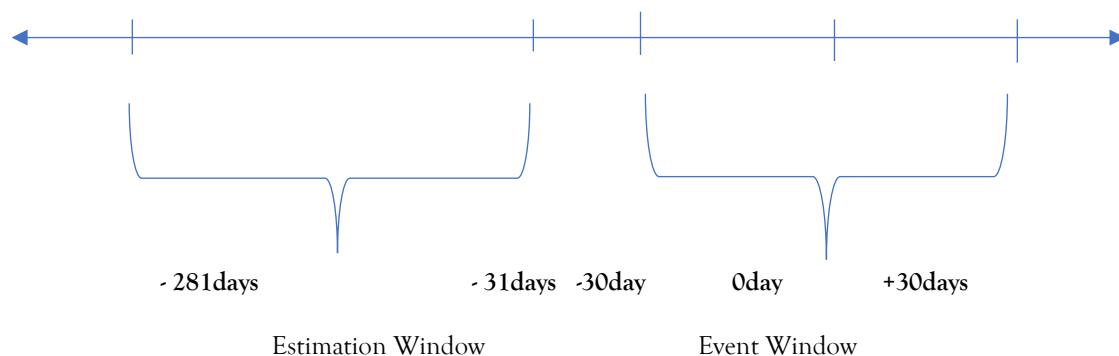
- a. Liquidity Ratios: Current Ratio, Liquid Ratio
- b. Profitability Ratios: Net Profit Margin, Operating Profit Margin
- c. Return Ratios: Return on Net Worth (RoNW), Return on Capital Employed (RoCE)
- d. Market Performance Ratios: Earnings Per Share (EPS), Dividend Per Share (DPS)
- e. Leverage Ratios: Debt-Equity Ratio, Interest Coverage Ratio

These ratios provide insights into various dimensions of operational health and managerial efficiency in the aftermath of M&A transactions.

3.3.2 Event Study Methodology

The event study approach was employed to evaluate the market's reaction to M&A announcements. This method is particularly useful for isolating the abnormal component of stock returns attributable to the merger or acquisition event. In line with academic standards (Brown & Warner, 1985), the following framework was adopted:

- a. Estimation Window: 250 trading days prior to the event window, specifically from Day -281 to Day -31.
- b. Event Window: 61 trading days spanning from Day -30 to Day +30, with Day 0 marking the official announcement or effective date of the M&A.



The expected return for each stock was calculated using the market return model:

$$E(R_{i,t}) = \alpha + \beta R_{m,t}$$

Where:

- a. $E(R_{i,t})$: Expected return of stock i at time t
- b. $R_{m,t}$: Market return at time t
- c. α , β : Intercept and slope coefficients from the regression of the stock's return on market return

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The actual return was computed using the logarithmic return method:

$$R_{i,t} = \ln\left[\frac{P_t}{P_{t-1}}\right]$$

Where:

- $R_{i,t}$ is the actual return of stock 'i' on time 't'
- P_t : Closing price of the stock on day t
- P_{t-1} : Closing price on the preceding day

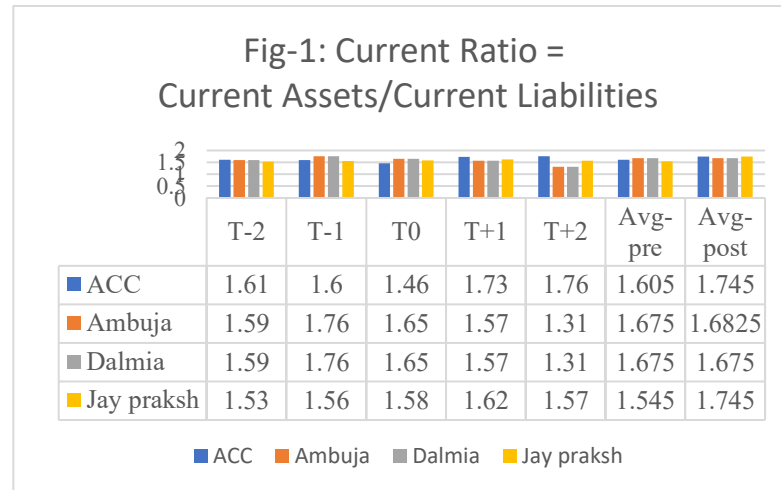
A positive AR indicates that the M&A event has led to value creation for shareholders, whereas a negative AR implies value destruction. This technique effectively captures the market's immediate response to corporate

restructuring events and is particularly useful in assessing shareholder value growth.

This methodology provides a comprehensive and structured approach to analysing both the operational and market-based outcomes of M&A activity in the Indian cement sector. It integrates traditional financial metrics with modern econometric tools, offering a balanced evaluation of corporate performance in the post-liberalization era.

4 Data Analysis & Interpretation

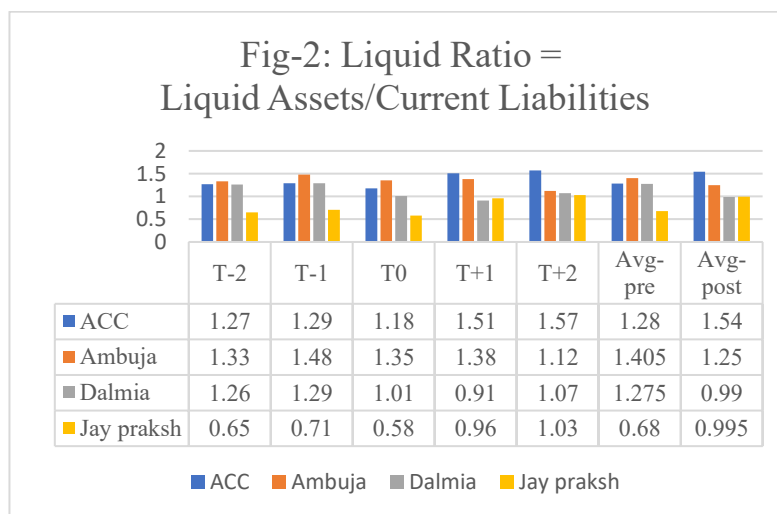
4.1 Ratio Analysis



4.1.1 Current Ratio

Figure 1 illustrates the Current Ratio, a key indicator of a firm's ability to cover its short-term liabilities using its short-term assets. This ratio is basically an expression of the number of rupees of current assets to each rupee of current liabilities. The ratio of 2:1 or more is normally considered as a criterion of financial health indicating good liquidity position. The data analysis shows that none of the companies has recorded a steady performance in terms of meeting the ideal benchmark but there has been a significant increase in the liquidity status of majority of the firms during the post-merger or acquisition stage. This implies that there is an improvement in their short-term finances management. But Dalmia Bharat Ltd seems to be an exception as it currently has a ratio that has not changed or changed marginally after the merger, which suggests that its short-term liquidity did not change much after the restructuring event.

4.1.2 Liquid Ratio



Liquid Ratio is a more fine-tuned indicator of short-term financial health of a company since it does not include inventories in the current assets but focuses on the most easily accessible assets to meet current liabilities. It indicates the capability of a firm to pay current liabilities

without using the inventory, which is not readily convertible to cash. A liquid ratio of 1:1 is generally considered a healthy standard, indicating that the business holds one rupee in liquid assets for every rupee of current liabilities. As illustrated in Figure 2, all

companies included in the study—except Jaypee Associates—maintain this standard, reflecting a sound short-term liquidity position. Notably, most firms demonstrated an improvement in their liquid ratios

following the merger or acquisition, indicating enhanced efficiency in managing liquid assets and current liabilities post-restructuring.

4.1.3 Net Profit Margin

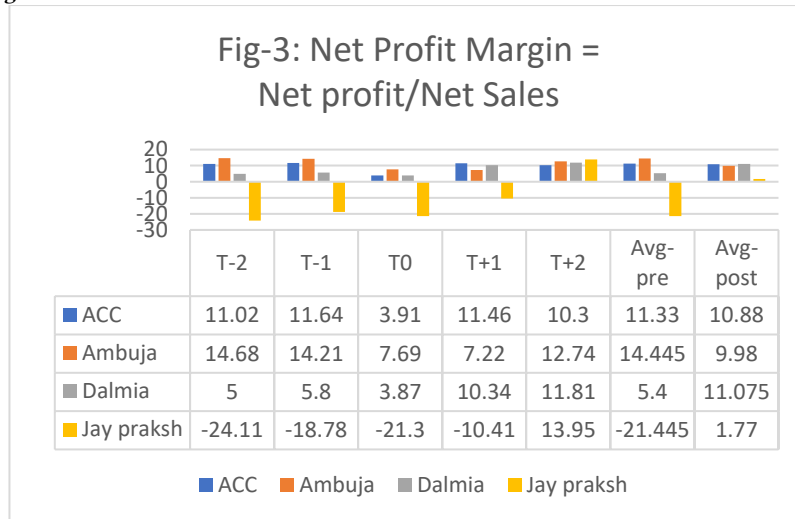


Figure 3 depicts the Net Profit Margin, which measures the proportion of net profit earned from net sales, a key indicator of a company's overall profitability and operational efficiency.

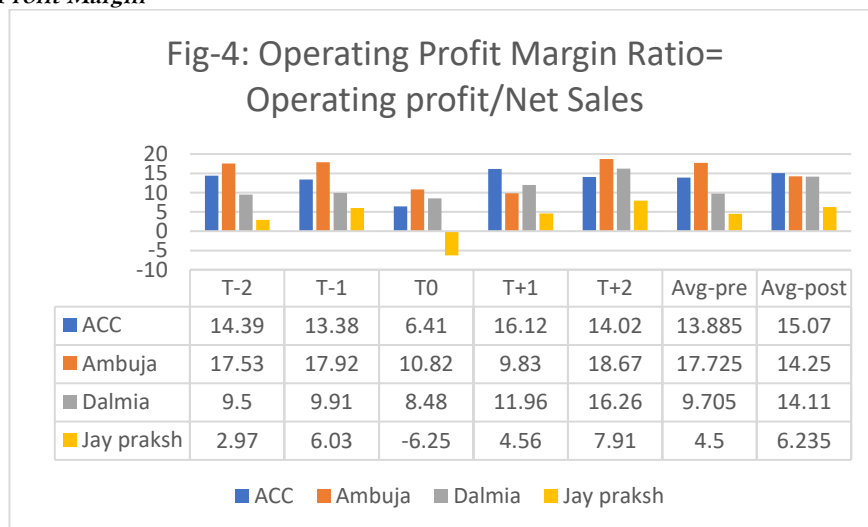
A higher margin indicates better cost management and profitability.

From the chart, it is evident that ACC and Dalmia Bharat maintained relatively stable and positive net profit margins throughout the observed period, with slight fluctuations. Dalmia Bharat, in particular, showed a significant improvement post-merger, moving from an average of 5.4% pre-merger to 11.08% post-merger, reflecting stronger profitability. Ambuja Cement

experienced a noticeable decline post-merger, dropping from an average of 14.45% before the event to 9.98% afterward. While still positive, this reduction suggests possible integration challenges or cost pressures following the merger. On the contrary, Jay Prakash cement witnessed a remarkable growth post-merger, with 1.77% from -21.45%, thereby improving by 23.22%.

Overall, the analysis suggests that mergers had a mixed impact on profitability, improving margins for some while posing short-term challenges for others. However, the most dramatic recovery was observed in Jaypee Associates, hinting at a potential strategic revival post-restructuring.

4.1.4 Operating Profit Margin



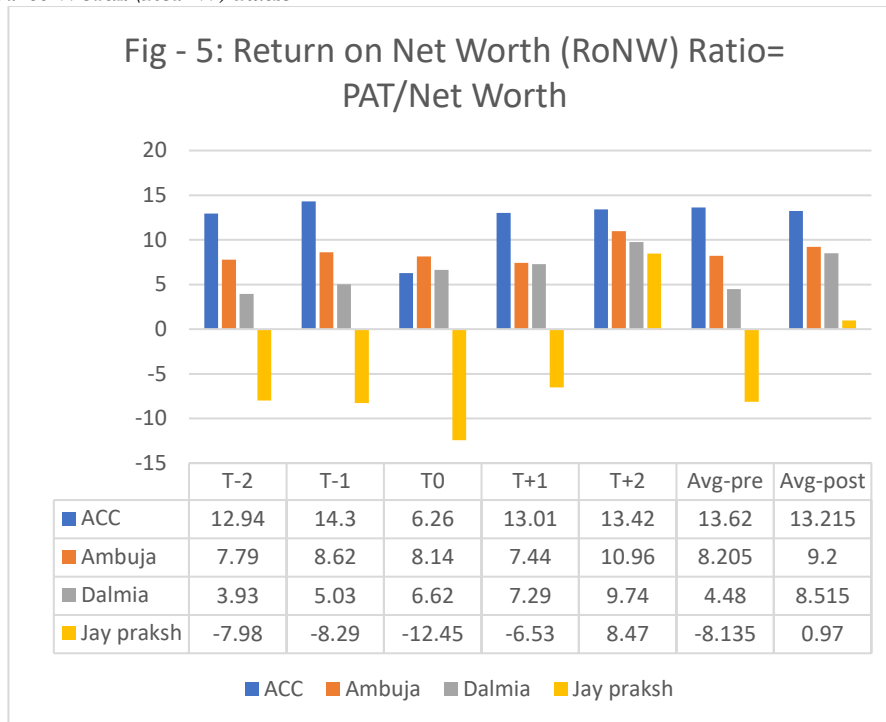
Operating Margin reflects the company's profitability position before tax. More the profit, more is the profitability and more improvement in EPS.

Figure 4 illustrates that the post-merger operating profit margin of all the companies under observation have been

improved except Ambuja cement with slight reduction to 14.25% post-merger as compared to pre-merger position of 17.73%, which may be due to burden of cost of integration. However, with fluctuation it is seen that post-

merger has made the operating profit position of the business stronger.

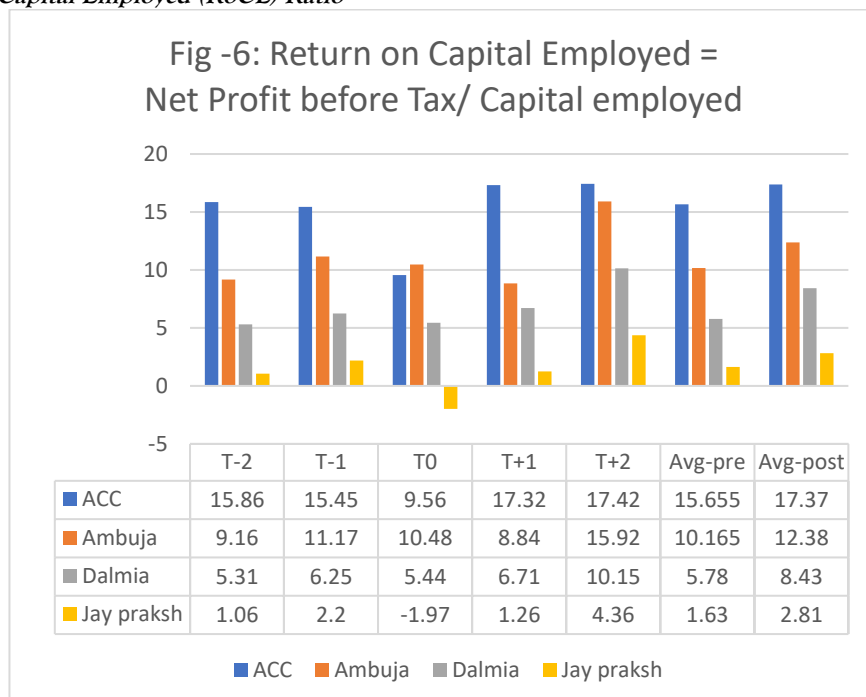
4.1.5 Return on Net Worth (RoNW) Ratio



Return on Net Worth (RoNW) states the per cent of profit after tax generated by the business using the shareholders' fund. Return on Net Worth reflects how effectively a company is using its shareholders' equity to generate profits, offering a clear picture of how well investors' money is being put to work. More the RoNW, more stability is for the business and provides more

return to shareholders. Figure 5 illustrates that the RoNW has been stronger post-merger as compared to pre-merger in all the companies under study, remarkably Jay Prakash associates which turned to positive 0.97% post-merger from negative 8.14%, thereby RoNW increased by 9.11% after merger.

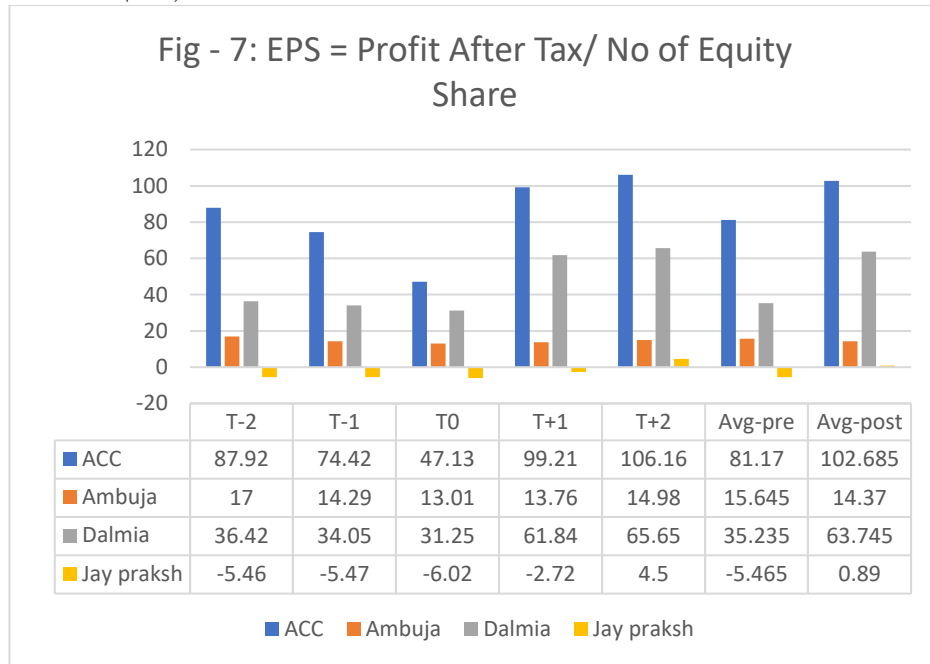
4.1.6 Return on Capital Employed (RoCE) Ratio



Return on Capital Employed (ROCE) shows how efficiently a company is using its total capital, both equity and debt, to generate profits, giving a broader view of overall financial performance.

Figure 6 shows that the RoCE of all the companies has increased post-merger as compared to the pre-merger position. This implies that the event of M&A makes the company operationally efficient.

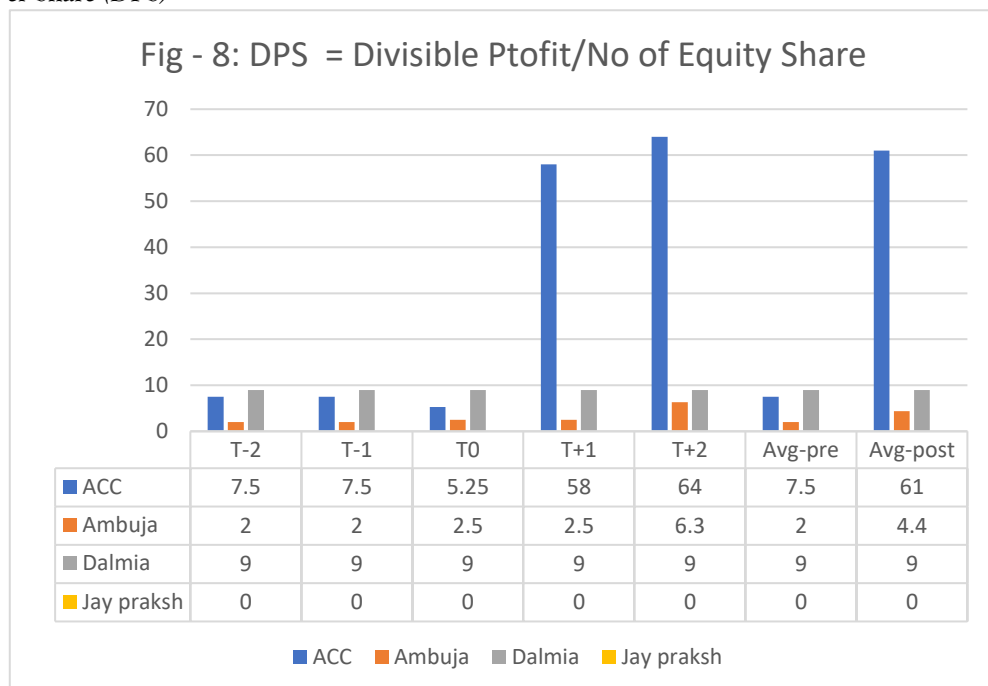
4.1.7 Earnings Per Share (EPS)



EPS represents the amount of profit after tax available per equity share. The more the EPS, more is the operating efficiency and contributes more to shareholders' return.

Figure 7 states that the post-merger EPS has been improved as compared to pre-merger in all the companies, thereby indicating that the event of M&A is worth enough for value creation.

4.1.8 Dividend Per Share (DPS)



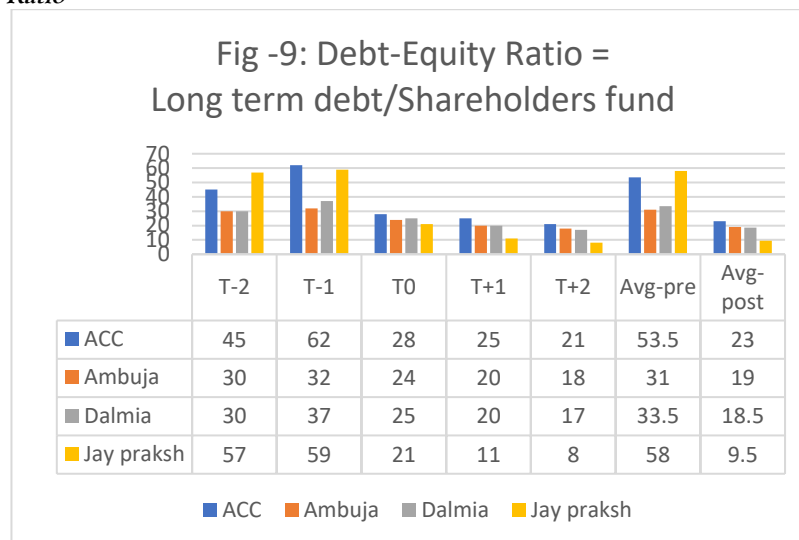
DPS states the amount of profit distributed to shareholders for each share they hold, and the higher the DPS, more is the return to shareholders.



Figure 8 illustrates that the DPS has witnessed a dramatic growth post-merger for ACC, reaching ₹61 per share average as compared to ₹7.5 per share pre-merger. Also, Ambuja made a remarkable growth to average ₹4.4 per share post-merger versus ₹2 per share average pre-merger.

However, Dalmia maintains the same trend in pre- and post-merger, but Jay Prakash is not declaring dividends as there is still negative EPS post-merger, though improvement is noticed.

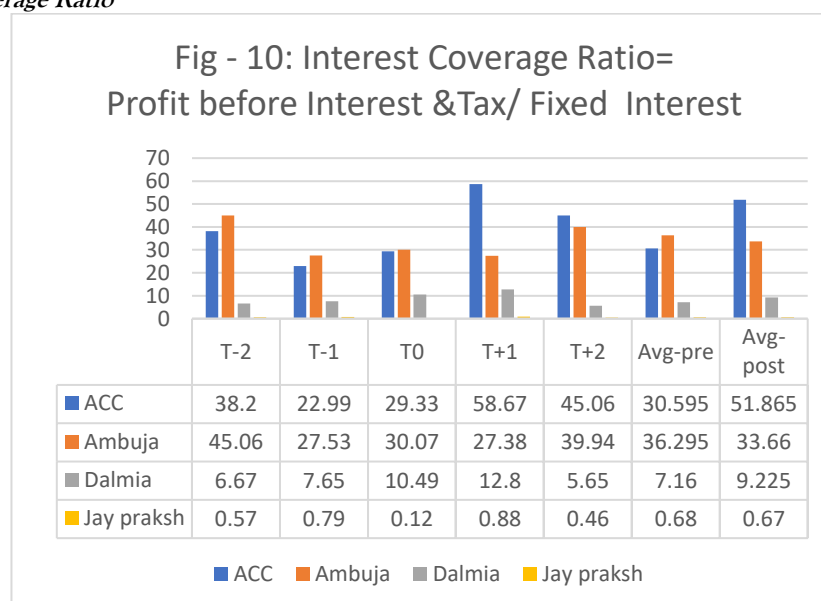
4.1.9 Debt – Equity Ratio



The Debt-Equity Ratio compares a company's total debt to its shareholders' equity, showing how much the business relies on borrowed funds versus owned funds to finance its operations. A balanced ratio suggests financial stability, while a higher ratio may indicate greater financial risk due to increased dependence on external borrowing. Figure 9 shows that Debt-equity ratio post-

merger has been reduced in all the companies, meaning thereby that the company's dependence on the borrowed capital has been reduced after post-merger. Hence, the event of merger or acquisition has resulted the reduction of overall financial risk which will increase the profit after tax that may produce more return.

4.1.10 Interest Coverage Ratio



Interest Coverage Ratio (ICR) states how many times the fixed interest is covered by the profit. A Greater Ratio signifies that the business is able to meet the interest obligation without damaging the liquidity position. Figure 10 illustrates that the ICR post-merger has been

improved for ACC & Dalmia; however, it is very slightly decreased in the case of Ambuja and Jay Prakash, but it remains positive and closer to one. It indicates all the companies under study are quite able and efficient to meet their payment of interest obligations.

4.2 Event Study

Event Study Analysis Extracted for 61-day event window

Days	ACC		Ambuja		Dalmia		Jay Prakash	
	AR	t-Value	AR	t-Value	AR	t-Value	AR	t-Value
-30	-0.0032	-0.2197	-0.0114	-0.7337	-0.0166	-0.6513	-0.0068	-0.2375
-29	0.0048	0.3327	0.0064	0.4118	0.0321	1.2591	0.0017	0.0584
-28	0.0053	0.3677	0.0029	0.1884	-0.0064	-0.2519	-0.0016	-0.0546
-27	0.0038	0.2608	-0.0025	-0.1625	-0.0133	-0.5211	0.0013	0.0460
-26	-0.0078	-0.5342	-0.0011	-0.0685	0.0018	0.0698	-0.0012	-0.0421
-25	0.0032	0.2206	-0.0002	-0.0121	0.0189	0.7443	0.0024	0.0847
-24	-0.0030	-0.2090	-0.0046	-0.2963	-0.0040	-0.1587	0.0021	0.0745
-23	0.0143	0.9856	0.0070	0.4491	0.0380	1.4917	0.0003	0.0091
-22	-0.0003	-0.0234	-0.0013	-0.0825	0.0164	0.6453	0.0006	0.0227
-21	0.0003	0.0176	0.0084	0.5415	-0.0104	-0.4070	-0.0009	-0.0313
-20	0.0026	0.1781	0.0074	0.4755	0.0402	1.5801	-0.0001	-0.0043
-19	-0.0044	-0.3017	-0.0014	-0.0874	-0.0118	-0.4628	0.0003	0.0091
-18	0.0098	0.6743	0.0033	0.2125	0.0193	0.7589	-0.0009	-0.0311
-17	-0.0092	-0.6369	-0.0085	-0.5453	-0.0266	-1.0432	-0.0009	-0.0309
-16	0.0007	0.0450	-0.0007	-0.0435	0.0205	0.8034	0.0006	0.0222
-15	0.0005	0.0344	-0.0016	-0.1018	-0.0063	-0.2470	0.0010	0.0360
-14	-0.0005	-0.0328	0.0113	0.7291	0.0181	0.7102	0.0011	0.0367
-13	0.0131	0.9052	0.0269	1.7366	0.0058	0.2292	-0.0021	-0.0723
-12	0.0034	0.2371	0.0037	0.2366	-0.0135	-0.5309	0.0006	0.0227
-11	0.0116	0.8017	0.0277	1.7828	-0.0163	-0.6389	0.0011	0.0367
-10	0.0081	0.5555	0.0289	1.8622	0.0308	1.2094	0.0015	0.0514
-9	-0.0200	-1.3779	-0.0262	-1.6913	-0.0081	-0.3192	0.0007	0.0240
-8	0.0038	0.2624	-0.0077	-0.4959	-0.0109	-0.4299	0.0024	0.0825
-7	0.0016	0.1086	-0.0038	-0.2420	0.0062	0.2424	-0.0070	-0.2431
-6	-0.0053	-0.3619	-0.0164	-1.0561	-0.0032	-0.1260	-0.0001	-0.0043
-5	0.0003	0.0211	0.0136	0.8748	-0.0197	-0.7724	0.0014	0.0499
-4	0.0008	0.0580	0.0050	0.3237	-0.0147	-0.5784	-0.0001	-0.0043
-3	0.0032	0.2211	0.0124	0.7985	0.0023	0.0910	-0.0009	-0.0316
-2	-0.0011	-0.0738	-0.0005	-0.0308	0.0127	0.4991	0.0003	0.0093
-1	-0.0019	-0.1341	0.0140	0.9002	0.0016	0.0643	-0.0024	-0.0848
0	-0.0006	-0.0444	0.0036	0.2342	0.0107	0.4203	-0.0070	-0.2438
1	0.0122	0.8422	0.0434	2.7997*	0.0148	0.5800	-0.0051	-0.1788
2	0.0216	1.4858	0.0283	1.8262	-0.0132	-0.5178	0.0038	0.1343
3	0.0044	0.3011	0.0259	1.6661	-0.0130	-0.5103	0.0006	0.0195
4	-0.0159	-1.0923	-0.0164	-1.0539	-0.0293	-1.1500	0.0020	0.0686
5	0.0377	2.5979*	0.0434	2.7977*	-0.0239	-0.9381	-0.0005	-0.0166
6	0.0192	1.3226	0.0205	1.3203	-0.0213	-0.8379	-0.0015	-0.0529
7	0.0435	2.9974*	0.0762	4.9123*	0.0374	1.4673	-0.0070	-0.2455
8	0.0010	0.0712	0.0283	1.8246	0.0049	0.1929	0.0041	0.1423
9	-0.0346	-2.3860	-0.0368	-2.3739	0.0243	0.9564	-0.0008	-0.0274
10	0.0076	0.5222	0.0877	5.6520*	0.0459	1.8019*	0.0015	0.0538
11	0.0213	1.4691	0.0136	0.8768	0.0009	0.0337	0.0012	0.0432
12	-0.0504	-3.4703	-0.0579	-3.7301	0.0308	1.2084	-0.0022	-0.0752
13	0.0065	0.4455	-0.0124	-0.7998	-0.0264	-1.0361	0.0002	0.0074
14	-0.0181	-1.2457	0.0142	0.9178	-0.0136	-0.5342	0.0051	0.1776
15	-0.0310	-2.1349	-0.0490	-3.1599	0.0088	0.3445	0.0024	0.0852
16	-0.0015	-0.1001	-0.0135	-0.8695	-0.0135	-0.5320	0.0065	0.2269

17	-0.0067	-0.4645	-0.0064	-0.4133	-0.0183	-0.7193	-0.0064	-0.2225
18	0.0068	0.4653	0.0130	0.8384	0.0238	0.9335	-0.0012	-0.0432
19	0.0117	0.8079	0.0137	0.8847	0.0286	1.1254	0.0002	0.0086
20	-0.0331	-2.2762	-0.0507	-3.2645	0.0142	0.5589	-0.0005	-0.0172
21	0.0169	1.1669	0.0012	0.0778	-0.0041	-0.1622	-0.0001	-0.0043
22	0.0063	0.4310	0.0284	1.8321	-0.0095	-0.3714	-0.0072	-0.2498
23	0.0008	0.0534	0.0291	1.8749	-0.0209	-0.8226	0.0002	0.0074
24	-0.0045	-0.3108	0.0026	0.1676	0.0202	0.7950	0.0012	0.0432
25	-0.0168	-1.1579	-0.0401	-2.5862	0.0266	1.0434	0.0016	0.0563
26	0.0014	0.0987	0.0082	0.5264	-0.0289	-1.1369	0.0020	0.0704
27	-0.0188	-1.2943	-0.0156	-1.0075	0.0169	0.6647	0.0032	0.1119
28	-0.0032	-0.2189	0.0073	0.4685	0.0180	0.7064	-0.0005	-0.0175
29	0.0079	0.5433	0.0345	2.2265	0.0051	0.2012	-0.0012	-0.0434
30	-0.0155	-1.0663	-0.0275	-1.7695	0.0089	0.3503	0.0006	0.0217

Sources: Authors' compilation (*t-value at 5% level of significance is statistically significant as the value is more than the tabulated value 1.96)

The event study analysis conducted over a 61-day window (from day -30 to +30) provides key insights into the abnormal returns (AR) and their statistical significance for four cement companies: ACC, Ambuja, Dalmia, and Jay Prakash. Focusing on the t-values at a 5% level of significance (critical value ± 1.96 for a two-tailed test), we can interpret market reactions before and after the event. For Ambuja Cements, the post-event window reveals a strong positive reaction from day 1 onwards. Notably, the t-values on day 1 (2.7997), day 5 (2.7977), day 7 (4.9123), and day 10 (5.6520) are statistically significant, indicating a sustained investor confidence and strong abnormal returns post-event. ACC also exhibits significant positive abnormal returns, particularly on day 5 ($t = 2.5979$) and day 7 ($t = 2.9974$), suggesting that the event was favourably received by the market, though the effect is slightly more moderate compared to Ambuja. In contrast, Dalmia shows mixed results. While the company experienced brief positive ARs (e.g., day 10 with $t = 1.8019$), these did not consistently cross the 1.96 threshold, except for day 10, which marginally meets the significance level. The company's results appear relatively neutral, hinting at either investor uncertainty or muted expectations. Jay Prakash Associates, however, does not reflect any statistically significant t-values throughout the window. This suggests a negligible market reaction or possibly that other external factors diluted the event's effect on its stock. Ambuja and ACC emerged as the strongest performers with statistically significant and consistent abnormal returns post-event, reflecting strong investor optimism. Meanwhile, Dalmia and Jay Prakash did not exhibit clear or sustained significant responses, implying either investor hesitation or weak perceived impact of the event.

5. Findings

This study adopts a dual-method approach, employing both Ratio Analysis and Event Study to interpret the outcomes effectively. The ratio analysis indicates that the liquidity position of all the companies involved in mergers or acquisitions has shown improvement in the post-merger phase, as reflected by current and liquid

ratios consistently exceeding one. In terms of profitability, there has been a noticeable enhancement post-merger when compared to the pre-merger scenario. Key return indicators such as Return on Net Worth (RoNW) and Return on Capital Employed (RoCE) have demonstrated positive growth following the merger. Both the Earnings Per Share (EPS) and Dividend Per Share (DPS) are on an upward trend following the merger with Jay Prakash Associates reporting a DPS of zero because there were no distributable profits. The debt-equity ratio has decreased through the post-merger period, which means that the company has less interest-bearing debt and thus the financial risk has been supposedly lowered. Also, interest coverage ratio (ICR) of ACC and Ambuja has increased and is at a comfortable level which is an indication that the debt servicing capacity has improved. Although the ICR of Dalmia and Jay Prakash is relatively low, it is still positive which implies that they are paying their interest. All in all, the ratio analysis shows that the operational efficiency of the firms under discussion has increased after the merger, which proves the financial and structural advantages of these merger and acquisition activities.

Event study analysis displays the Abnormal Return (AR) of Ambuja cement post-merger on day 1 (2.7997), day 5 (2.7977), day 7 (4.9123), and day 10 (5.6520) are statistically significant, indicating a sustained investor confidence and strong abnormal returns post-event. ACC also exhibits significant positive abnormal returns, particularly on day 5 ($t = 2.5979$) and day 7 ($t = 2.9974$), suggesting that the event was favourably received by the market, though the effect is slightly more moderate compared to Ambuja. Ambuja and ACC emerged as the strongest performers with statistically significant and consistent abnormal returns post-event, reflecting strong investor optimism. Meanwhile, Dalmia and Jay Prakash did not exhibit clear or sustained significant responses, implying either investor hesitation or weak perceived impact of the event. The results also have implications for accounting practices, particularly in enhancing financial reporting transparency and governance frameworks during and after mergers.

6. Conclusion

In alignment with the stated research objectives and based on the dual-method approach employed in this study, the findings offer a well-rounded understanding of the short-term market reaction and long-term operational outcomes of mergers and acquisitions in the Indian cement sector. Addressing the first objective, the event study analysis clearly demonstrates that shareholders of companies like Ambuja Cements and ACC responded positively to the M&A announcements. The abnormal returns observed on multiple event days, especially days 1, 5, 7, and 10, were statistically significant and reflect a strong market perception of value creation through these deals. This provides credible evidence to reject Null Hypothesis H_{01} , confirming that M&A announcements do, in fact, lead to significant abnormal returns in the short run. Turning to the second objective, the ratio analysis presents a compelling case for improved operational performance post-merger. Companies reported better liquidity with current and liquid ratios above one, stronger profitability metrics such as RoNW and RoCE, and upward trends in EPS and DPS, except in the case of Jay Prakash Associates, which did not declare dividends due to negative distributable profits. Additionally, the declining debt-equity ratios and improved interest coverage for ACC and Ambuja further indicate enhanced financial stability. These findings justify rejecting the Null Hypothesis H_{02} , suggesting that mergers have positively influenced the operational efficiency and long-term value of the firms. In essence, the research concludes that mergers and acquisitions have not only been met with optimism in the stock market but have also contributed meaningfully to the financial and structural improvement of the acquiring firms. This dual impact immediately invests confidence and sustained operational gains, highlighting the strategic value of consolidation in the cement industry. Beyond its empirical findings, this research advances accounting theory by demonstrating how corporate disclosures during M&A influence investor sentiment and accounting-based performance metrics. This theoretical integration provides new insights for policymakers, auditors, and accounting practitioners involved in corporate restructuring.

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