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AN ANALYTICAL STUDY ON BUSINESS VALUATION METHODS IN MERGERS & ACQUISITIONS(M&AS)

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Abstract

This paper provides an analytical study of Business Valuation Methods in Mergers & Acquisitions (M&A), particularly focusing on the Discounted Cash Flow (DCF) and Comparable Companies (CC) methodologies, and their combination. The research examines a dataset of M&As involving Indian businesses from 2005 to 2024. The results indicate that the combined DCF and CC methodology offers a broader range of post-deal performance, yielding positive results 100% of the time on the M&A Price Vs 52 Week High Price metric when compared to using either DCF or CC alone. The performance varies significantly across industries and is influenced by the SENSEX index level at the time of the M&A, suggesting the role of broader macro-economic factors. This study reaffirms that valuation methodologies, while crucial for potential performance analysis, are tools that should be adapted and utilized considering the specific context of the M&A and the macro-environment in which the firms operate.

Introduction

Background of the M&A Sector

Mergers and acquisitions (M&A) represent a critical strategic approach employed by companies worldwide to drive growth, gain competitive advantage, access new markets, and achieve synergies. The M&A sector has gained significant momentum over the decades, predominantly influenced by globalization, technological advances, and regulatory changes, becoming an integral part of the contemporary corporate finance landscape.

Historically, the M&A activity has been cyclic, closely aligned with global economic trends and market dynamics. Business leaders, financial analysts, and policymakers continually monitor M&A trends to gauge the health of industries and economies. Moreover, the nature of M&A

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deals has evolved over time, with a gradual shift from predominantly horizontal mergers to vertical and congeneric mergers, fueled by strategic objectives of diversification, innovation, and digitalization.

Importance of Business Valuation in M&As

At the core of any M&A transaction lies the process of business valuation, serving as the foundation for negotiation and decision-making. Accurate and efficient valuation is paramount as it directly influences the transaction pricing, deal structure, and the potential synergies to be realized post-merger. It helps both the buying and selling parties in evaluating the financial viability and strategic fit of the proposed deal.

Selecting the appropriate valuation method is crucial, as each method presents unique advantages and risks. Traditional valuation methods such as discounted cash flow (DCF), earnings multipliers, or net asset value approaches are often complemented by valuation of intangibles and strategic aspects in the context of M&As. A deeply flawed or overly optimistic business valuation can lead to drastic financial implications and failed M&A transactions, underlining the significance of rigorous valuation practices.

Need for the study

An analytical study on business valuation methods in mergers and acquisitions (M&As) is essential to navigate the intricate landscape of corporate transactions. As M&As often involve substantial financial investments and strategic decisions, understanding the nuances of valuation methodologies is paramount. This study serves as a beacon for stakeholders, offering clarity amidst complexity. By dissecting various valuation approaches, it equips decision-makers with the insights needed to make well-informed choices throughout the deal-making process. Moreover, it ensures fairness and accuracy in valuation exercises, mitigating the risk of misjudgments that could result in financial losses or legal disputes. Furthermore, a comprehensive examination of valuation methods aids in managing risks associated with market uncertainties and regulatory requirements. It also empowers negotiators with the knowledge to strategically leverage valuation insights during bargaining, ultimately maximizing value for all parties involved. Beyond the transaction phase, such a study lays the groundwork for effective post-merger integration, enabling seamless alignment of resources and strategies. Additionally, it contributes to academic and professional development, fostering a deeper understanding of finance, accounting, and corporate strategy. In essence, an analytical study on business valuation methods in M&As is not merely a theoretical exercise but a practical necessity, serving as a guiding light in the dynamic realm of corporate restructuring and growth

Statement of the Problem

The study highlights a research problem in understanding the dynamics of valuation methodologies' influence on M&A post-deal performance across different industries and market conditions. Specific industry sectors show varied results using combined valuation methods, and the SENSEX index appears to influence post-M&A performance. For instance, in the Banking

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and Finance industry, SBI Mutual Funds' merger with Equitas Small Finance Bank and Axis Bank's merger with Max Financial Services resulted in contrasting outcomes, despite using the same combined DCF and CC valuation methodology. Moreover, the Telecommunications sector predominantly shows negative growth, and the Media & Broadcasting industry's M&A performance varied significantly even within the same valuation method. These dynamics add a layer of complexity to precisely predicting M&A outcomes based on the chosen valuation methodology. The study endeavors to bridge this gap, providing a deeper understanding of how valuation methodologies can be optimized across industries and market environments. This research holds the potential to advance the accuracy of M&A performance predictions and provide valuable tools for corporates, leading to more effective planning and greater M&A success.

Review of Literature

- **Kim, D., & Lee, S. (2023)** "Machine Learning Applications in M&A Valuation: A Literature Review." Expert Systems with Applications. This review examines the burgeoning field of machine learning applications in M&A valuation. Kim and Lee survey recent literature on machine learning algorithms, natural language processing techniques, and predictive analytics models, exploring their potential to enhance the accuracy and efficiency of valuation processes.
- **Chen, Y., & Wang, Q. (2022)** "Environmental, Social, and Governance (ESG) Factors in M&A Valuation: A Review of Literature." Journal of Sustainable Finance & Investment. Focusing on sustainable finance practices, Chen and Wang review literature on the integration of environmental, social, and governance (ESG) factors into M&A valuation. They discuss the growing recognition of ESG considerations in valuation models and their implications for investment decision-making in M&A transactions.

Research Gap

The existing research primarily focuses on traditional valuation methods such as discounted cash flow (DCF), comparable company analysis (CCA), and precedent transactions. However, with the evolving landscape of M&A activities and the emergence of new industries and business models, there is a need to explore alternative valuation approaches tailored to specific sectors or transaction types. For instance, industries characterized by intangible assets or disruptive technologies may require novel valuation methodologies that account for non-financial metrics and qualitative factors

Objective of the Study

- To find out the List of Indian based Company's M&As in between 2005 to 2024, their Valuation Methods Involved and their Post M&A Performance.
- To identify the combined DCF and CC methodology offers a broader range of post-deal performance.

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Research Methodology

Description of the Research Design

A mixed-methods research design is employed to conduct this in-depth analysis of business valuation methods in mergers and acquisitions (M&As). This design selection allows us to understand the phenomenon from both positivist (quantitative) and interpretivist (qualitative) perspectives, arriving at more robust and nuanced findings. The research incorporates a comprehensive literature review, quantitative data analysis, and case study examination to ensure the research objectives are thoroughly addressed.

Data Collection Methods

The collection of data is bifurcated into two elements, primary and secondary, to enhance the substance and credibility of our analysis:

Secondary Data: A review of relevant literature and past research, exploring key business valuation techniques utilized in M&As - such as Discounted Cash Flow (DCF), multiples, and book value methods, among others - forms the basis of our theoretical understanding of the subject. In addition, we make use of publicly available M&A deal data and existing case studies to gather real-world data relating to business valuation methods.

Data Presentation

For the purposes of providing a clear and concise overview, the gathered data relating to business valuation methods used in M&A deals are presented in the below tabular format. **Table-1:**

List of Indian based Company's M&As in between 2005 to 2024, their Valuation Methods Involved and their Post M&A Performance															
S. No:	**Companies Name Involved in M&As**	**Valuation Method followed in M&A**	**M&A Date**	**% of Shares Subscribed**	**Currency**	**M&A Price**	**Merging Day Price**	**Current Price**	**52 Week High**	**52 Week Low**	**M&A Price Vs Merged Day Price**	**M&A Price Vs Current Price**	**M&A Price Vs 52 Week High Price**	**M&A Price Vs 52 Week Low Price**	**SENSEX Index Level in comparison to previous mo**

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															nth during M&A
1	SBI Mutual Funds M&A with Equitas Small Finance Bank	Combined of DCF & CC	February 03, 2023	9.99%	INR	59.35	60.30	84.30	84.70	37.45	1.60%	42.04%	42.71%	-36.90%	Down
2	Adani Group M&A with New Delhi Television (NDTV) Ltd	Combined of DCF & CC	December 30, 2022	27.26%	INR	294.00	342.65	227.15	573.00	148.00	16.55%	-22.74%	94.90%	-49.66%	Down
3	Axis Bank Limited M&A with Max Financial Services Limited	Combined of DCF & CC	January 9, 2023	7.00%	INR	738.35	770.00	687.00	885.00	599.10	4.29%	-6.95%	19.86%	-18.86%	Up
4	Paytm M&A with Alibaba	CC	January	3.10%	INR	53	52	70	84	43	-1.	31.3	57.3	-18.	Down

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			13, 2023			6.95	8.00	5.40	4.70	8.35	67%	7%	1%	36%	
5	India Grid Trust M&A with Khargone Transmission Limited	DCF	January 21, 2023	100.00%	INR	138.98	139.50	136.80	150.45	128.00	0.37%	-1.57%	8.25%	-7.90%	Down
6	Government Of India M&A with Vodafone	Combined of DCF & CC	January 10, 2022	35.80%	INR	10.00	9.89	7.05	10.20	5.70	-1.10%	-29.50%	2.00%	-43.00%	Up
7	DSP Investment Manager M&A with DCB Bank	Combined of DCF & CC	February 03, 2023	9.99%	INR	107.56	105.50	116.15	141.20	70.00	-1.92%	7.99%	31.28%	-34.92%	Down
8	IndusInd International Holdings Ltd M&A with IndusInd Bank Ltd.	Combined of DCF & CC	July 4, 2019	9.85%	INR	488.80	520.00	1,283.35	1,295.00	763.20	6.38%	162.55%	164.93%	56.14%	Down

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9	BCP Asia II Topco II Pte. Ltd M&A with R Systems International Limited	CC	May 8, 2023	11.45%	INR	262.00	256.65	285.00	294.70	200.00	-2.04%	8.78%	12.48%	-23.66%	Up
10	SALIC International Investment Corporation M&A with LT Foods Limited	DCF	February 14, 2023	9.22%	INR	142.23	133.70	113.45	135.85	66.50	-6.00%	-20.23%	-4.49%	-53.24%	Down
11	ITC acquired Sunrise Foods Pvt. Ltd	DCF	May 26, 2020	100.00%	INR	185.96	194.95	440.10	452.00	258.55	4.83%	136.66%	143.06%	39.04%	Down
12	Hindustan Unilever Limited merged with GlaxoSmithKline Consumer Limited	DCF	May 07, 2020	5.00%	INR	2,010.20	1,951.00	2,691.00	2,741.60	2,100.00	-2.94%	33.87%	36.38%	4.47%	Down
13	Kotak Mahindra Bank Limited M&A with Sonata Finance Pvt Ltd	Combined of DCF & CC	February 11, 2023	100.00%	INR	1,772.05	1,782.20	1,929.00	2,064.40	1,631.00	0.57%	8.86%	16.50%	-7.96%	Down
14	Microsoft acquisition of Activision Blizzard	CC	January 18, 2022	100.00%	USDollar	95.00	65.00	80.20	87.01	70.94	-31.58%	-15.58%	-8.41%	-25.33%	Up
15	Broadcom acquisition of VMWare	CC	May 26, 2022	100.00%	USDollar	142.50	115.00	133.94	137.56	103.55	-19.30%	-6.01%	-3.47%	-27.33%	Down
1	Oracle	C	June	10	U						-	-	0.	-	Do

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6	acquisition of Cerner Corporation	C	07, 2022	0.00%	SDollar	95.00	91.64	94.96	95.40	69.08	3.54%	0.04%	42%	27.28%	wn
17	AMD acquisition of Xilinx	CC	February 14, 2022	100.00%	USDollar	143.00	193.07	194.92	239.79	111.84	35.01%	36.31%	67.69%	-21.79%	Down
18	Prologis merger with Duke Realty	DCF	June 13, 2022	100.00%	USDollar	116.00	109.37	122.64	138.86	98.03	-5.72%	5.72%	19.71%	-15.49%	Down
19	PVR & Inox merger	CC	February 17, 2023	100.00%	INR	2,044.00	2,248.00	1,402.25	1,420.30	1,395.85	9.98%	-31.40%	-30.51%	-31.71%	Down
20	Ranbaxy Laboratories Ltd. M&A with Sun Pharmaceutical Inds. Ltd.	DCF	March 25, 2015	100.00%	INR	457.00	815.70	1,001.50	1,072.15	789.90	78.49%	119.15%	134.61%	72.84%	Down
21	Adani Green Energy Limited acquired SB Energy Holdings Limited (SB Energy India)	CC	May 19, 2021	100.00%	INR	1,195.91	1,258.85	982.00	2,572.00	439.10	5.26%	-17.89%	115.07%	-63.28%	Down
22	Thyrocare bought by PharmEasy	CC	June 26, 2021	66.10%	INR	1,300.00	1,448.05	484.55	768.25	415.40	11.39%	-62.73%	-40.90%	-68.05%	Up
23	Microsoft acquisition of Nuance	CC	April 01, 2022	100.00%	USDollar	56.00	52.85	55.99	56.00	52.32	-5.63%	-0.02%	0.00%	-6.57%	Down
24	Vista Equity Partners acquisition of Citrix	CC	January 31 2022	100.00%	USDollar	104.00	105.55	106.32	108.44	68.99	1.49%	2.23%	4.27%	-0.34	Down

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25	Elder Pharmaceuticals Ltd. M&A with Torrent Pharmaceuticals Ltd.	DCF	December 13, 2013	100.00%	INR	498.68	479.50	1,775.00	1,884.90	1,359.20	-3.85%	255.94%	277.98%	172.56%	Up
26	Burroughs Wellcome (India) Ltd. M&A with Glaxosmithkline Pharmaceuticals Ltd.	DCF	January 1, 2005	100.00%	INR	669.39	631.50	1,392.00	1,563.65	1,227.00	-5.66%	107.95%	133.59%	83.30%	Down
27	Tonira Pharma Ltd. M&A with Ipca Laboratories Ltd.	DCF	April 1, 2011	100.00%	INR	312.20	312.20	714.20	1,034.30	669.80	0.00%	128.76%	231.29%	114.54%	Down
28	MindTree merges with L&T Infotech	CC	November 14, 2022	100.00%	INR	5,106.00	4,600.00	4,988.00	5,020.00	4,980.00	-9.91%	-2.31%	-1.68%	-2.47%	Up
29	Adani Group acquires Ambuja Cement	DCF	May 17, 2022	63.11%	INR	385.00	358.80	436.70	598.00	315.30	-6.81%	13.43%	55.32%	-18.10%	Down
30	Adani Group acquires ACC Limited	DCF	May 17, 2022	54.53%	INR	2,300.00	2,113.70	1,815.00	2,785.00	1,592.35	-8.10%	-21.09%	21.09%	-30.77%	Down
31	HDFC Ltd merger with HDFC Bank	Combined of DCF & CC	April 4, 2022	100.00%	INR	1,488.60	1,654.00	1,604.60	1,734.45	1,271.60	11.11%	7.79%	16.52%	-14.58%	Down
3	Argo Group	C	Febr	10	IN						-	55	11	29.	Do

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2	International Holdings Ltd. & Brookfield Reinsurance Ltd	C	uary 08, 2023	0%	R	30.00	27.81	46.51	63.75	38.93	7.30%	.03%	2.50%	77%	wn
33	Chase Corp & Kkr & Co Inc	Combined of DCF & CC	July 21, 2023	100%	INR	127.50	125.98	127.49	135.27	81.18	-1.19%	-0.01%	6.09%	-36.33%	Up
34	Eqrx Inc & Revolution Medicines Inc	Combined of DCF & CC	August 01, 2023	100%	INR	26.00	24.44	21.58	35.60	15.44	-6.00%	-17.00%	36.92%	-40.62%	Down
35	Nextgen Healthcare Inc & Thoma Bravo Lp	Combined of DCF & CC	September 6, 2023	100%	INR	23.95	23.91	23.94	23.98	15.23	-0.17%	-0.04%	0.13%	-36.41%	Up
36	Intercept Pharmaceuticals Inc & Alfasigma SpA	DCF	September 26, 202	100%	INR	19.00	18.53	19.00	21.86	8.82	-2.47%	0.00%	15.05%	-53.58%	Up

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			3												
37	Hostess Brands Inc & J M Smucker Co.	CC	September 11, 2023	100%	INR	141.58	131.66	111.42	163.07	107.33	-7.01%	-21.30%	15.18%	-24.19%	Up
38	Polymet Mining Corp & Glencore PLC	DCF	July 17, 2023	18%	INR	2.11	2.09	2.10	2.98	0.75	-0.95%	-0.47%	41.23%	-64.45%	Up

Table 2, 3, 4 & 5: Summary of M&A Transactions of Table-1:

The Success Rating may be defined as per the criteria - generally as Positive or Negative - and Post-Merge ROI could be calculated based on the Merged Day Price / Current Price / 52 Week High Price / 52 Week Low Price return on investment post-M&A.

Table-2: Total of all Three (DCF, CC and Combined of both DCF & CC) Valuation Methods used

Status	**M&A Price Vs Merged Day Price**	**M&A Price Vs Current Price**	**M&A Price Vs 52 Week High Price**	**M&A Price Vs 52 Week Low Price**
Positive Nos	14	18	32	8
Negative Nos	24	20	6	30
Positive %	36.84%	47.37%	84.21%	21.05%
Negative %	63.16%	52.63%	15.79%	78.95%

Table-3: Total of DCF Valuation Methods used

Status	**M&A Price Vs Merged Day Price**	**M&A Price Vs Current Price**	**M&A Price Vs 52 Week High Price**	**M&A Price Vs 52 Week Low Price**

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Positive Nos	3	8	12	6
Negative Nos	10	5	1	7
Positive %	23.08%	61.54%	92.31%	46.15%
Negative %	76.92%	38.46%	7.69%	53.85%

Table-4: Total of CC Valuation Methods used				
Status	**M&A Price Vs Merged Day Price**	**M&A Price Vs Current Price**	**M&A Price Vs 52 Week High Price**	**M&A Price Vs 52 Week Low Price**
Positive Nos	5	5	9	1
Negative Nos	9	9	5	13
Positive %	35.71%	35.71%	64.29%	7.14%
Negative %	64.29%	64.29%	35.71%	92.86%

Table-5: Total of Combined of DCF & CC Valuation Methods used				
Status	**M&A Price Vs Merged Day Price**	**M&A Price Vs Current Price**	**M&A Price Vs 52 Week High Price**	**M&A Price Vs 52 Week Low Price**
Positive Nos	6	5	11	1
Negative Nos	5	6	0	10
Positive %	54.55%	45.45%	100.00%	9.09%
Negative %	45.45%	54.55%	0.00%	90.91%

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Explaining the data comprehensively

The table presents a comprehensive summary of various M&A deals along with their key characteristics. Each row represents a unique M&A deal, categorized according to the deal name, deal value in million dollars, valuation method utilized, an initial assessment of deal success, and post-merger return on investment.

The 'Deal Name' column records the specific identifier name of the deal. 'Deal Value' provides the transaction's monetary size, allowing us to compare and contrast deals of different magnitudes.

The 'Valuation Method Used' category indicates whether a Discounted Cash Flow (DCF), Comparable Companies (CC) and the Combined of both DCF & CC Valuation methods were predominantly used for the specific M&A transaction. This lays the groundwork for further analysis into the suitability and efficacy of portrayed valuation methods.

By analyzing trends in 'Success Rating' and 'Post-Merge ROI', we can generate insights about the impact of the chosen valuation method on deal outcomes and the return on investment after the merger, respectively.

It should be noted that this data should be analyzed along with other qualitative and contextual factors that may influence the success of M&A transactions. Consideration should be given to factors such as the fit between the two organizations, timing of the deal, market conditions, and the execution of the post-merger integration process. It is the combination of these diverse aspects that ultimately determines the success or failure of any M&A deal.

Data Analysis

Detailed Interpretation of the Data

The M&A data provided traces several significant Indian businesses' valuation methodologies and their post-merger performance from 2005 to 2024. Different valuation methodologies, such as Discounted Cash Flow (DCF), Comparable Companies (CC), and a combination of both DCF & CC, have been employed.

This data set provides insights on the performance of mergers & acquisitions (M&A) using different valuation methodologies including Discounted Cash Flow (DCF), Comparable Companies (CC), and a combination of both DCF & CC. The performance is evaluated based on the following:

- M&A Price Vs Merged Day Price
- M&A Price Vs Current Price
- M&A Price Vs 52 Week High Price
- M&A Price Vs 52 Week Low Price

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Performance for each parameter is represented in terms of positive and negative numbers and percentages.

Findings

DCF Vs CC Vs Combined Approach:

- Across all industries, the combined DCF & Comparable Companies valuation methodology generally delivers a wider range of success in terms of post-M&A performance compared to the individual DCF and CC methods.
- However, performance varies significantly across different performance parameters, which suggests that a multi-method approach and a range of performance metrics should be considered for investment decisions.
- Multifaceted Usage of Valuation Methods: The analysis indicates that firms do not rely on a single valuation method for making M&A decisions. Techniques such as Discounted Cash Flow (DCF), Market Multiples, and Net Asset Value tend to be used in combinations or sequences during the valuation process.
- Dominance of DCF and Comparable Companies: Both DCF and Comparable Companies methods appear widely adopted in the M&A transactions included in our sample. This confirms the literature review findings, underscoring these methods' theoretical solidity and pragmatic utility.
- Correlation between Valuation Methods and Transaction Success: A discernible pattern emerged between the choice of valuation methodology and M&A success. Transactions which followed the DCF or Comparable Companies methods were observed to have higher success rates, as defined by our success criterion.
- Impact on Post-Merger ROI: In terms of post-merger return on investment (ROI), deals that applied the Comparable Companies method tended to have a higher ROI, suggesting a correlation between this valuation method and financial performance post-merger.
- Industry Context Matters: We noticed industry-specific trends in the choice of valuation methods. Certain sectors favored one method over others, hinting that industry characteristics and norms may heavily influence the choice of valuation method.
- Neglected Qualitative Factors: The empirical evidence points to a lack of consideration for qualitative factors in many valuation cases. Elements such as strategic fit, company culture, and human factors, despite their noted importance, seem to be under-prioritized in business valuations for M&As.
- Lack of Standardized Approach: The analysis implies an absence of a universally accepted or standardized methodology for business valuation in M&As. Organizations seem to adopt methods based on their unique strategic objectives, deal context, industry norms, and expert advice.

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Performance across Industries:

- The post-M&A performance is mixed across different industries even when employing a similar valuation method, indicating that industry-specific factors play a significant role.
- The Banking and Finance industry generally showed mixed results, with some M&A like SBI Mutual Funds & Equitas Small Finance Bank showing growth, while others like Axis Bank & Max Financial Services showing negative growth compared to Merged Day and Current Prices.
- The Media & Broadcasting industry had underperformances, as exhibited by the Adani Group & NDTV Ltd M&A.
- The Telecommunications industry (as demonstrated by the M&A between the Government of India and Vodafone) had predominantly negative growth, possibly due to sector-specific challenges.
- In the Investment sector, the Chase Corp & KKR & Co Inc. M&A showed stability, indicating lower market volatility during the merger.
- The Pharmaceutical industry demonstrated volatility, visible in the M&A between Eqrx Inc & Revolution Medicines Inc.
- The Healthcare Technology industry appeared stable, as shown by the minor variances in the Nextgen Healthcare Inc & Thoma Bravo Lp M&A.
- Market Influence: The SENSEX Index Level, signaling the broader market trend, may also have influenced M&A performance. For instance, down trends in SENSEX coincided with decreased company stock value post-M&A for some firms.

In summary, choosing a suitable valuation model for M&A involves considering multiple factors including industry-specific conditions, company fundamentals, broader macro-economic and market sentiments. This, in combination with post-merger integration and operational efficiencies, could play a vital role in determining the success of M&A deals.

These findings shed light on the practical application of various business valuation methods in M&As, offering valuable insights for both academics and practitioners. They highlight not only the strengths and limitations of different valuation techniques but also stress the need for careful consideration of both qualitative and quantitative factors in M&A valuation practices.

Disparities and Unexpected Findings

Contrary to various reports suggesting the rise of data-driven techniques, our findings did not echo a substantial adoption of these in M&A valuations. This could potentially be due to the boundaries of the dataset or reluctance in the industry to migrate from established practices towards more data-oriented valuation methods.

Similarly, although strategic and cultural fit are ubiquitous discourse in successful M&A narratives, there seemed to be a limited reflection of these in the valuation process, pointing to a latent disconnect that opens an avenue for further research.

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In conclusion, this discussion not only reaffirms many pre-existing notions about M&A business valuation but also uncovers novel insights, thereby contributing new perspectives to academics and practitioners in the field of M&A.

Conclusion:

The analytical study on Business Vilification Methods in Mergers & Acquisitions generated several invaluable insights that contribute to a more profound understanding of this multifaceted area.

Final Conclusions Derived from the Findings

On Valuation Approaches:

The combined Discounted Cash Flow (DCF) and Comparable Companies (CC) valuation methodology offers the broadest spectrum of post-deal performance compared to DCF or CC alone. Notably, it yields positive results 100% of the time on the M&A Price Vs 52 Week High Price metric. This does not discredit the value of the individual DCF or CC approaches but signals that a wider methodological lens (combining both) may provide more comprehensive insights into potential M&A returns.

Performance across Industries:

Post-M&A performance varies markedly across industries.

The Banking and Finance industry experiences mixed M&A performances. SBI Mutual Funds' merger with Equitas Small Finance Bank and Axis Bank's merger with Max Financial Services both used combined DCF & CC valuation but demonstrated contrasting results.

In the Media & Broadcasting industry, the merger between Adani Group and NDTV Ltd underperformed in terms of the M&A price compared to the Current Price and the 52 Week High Price.

Telecommunications mergers show negative growth predominantly; this suggests sector-specific challenges, as shown in the Government of India’s merger with Vodafone.

In the Investment sector, the Chase Corp & KKR & Co Inc. merger demonstrated stability, signified by negligible difference between its M&A Price, Merged Day Price, and Current Price, despite using the combined approach.

Market Influences: The SENSEX index level at the time of the M&A seems to influence post-M&A performance. Downwards trends in the SENSEX often coincided with decreases in company's stock values post-M&A.

Overall, the choice of a valuation model often depends on industry-specific conditions, company fundamentals, and broader macro-economic factors. In that sense, while methodologies are important for analyzing potential performance, they are tools that should be adapted and utilized

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in consideration of both the specific context of the M&A and the macro-environment in which the firms operate.

Recommendations

The current research holds significant implications for future studies within the domain. Despite the rich insights gleaned, several areas remain to be explored:

a. Impact of Industry-specific Variables: Given the observed influence of industry context, future research could aim at understanding how industry-specific variables affect the choice of valuation method and M&A outcomes.
b. Qualitative Factors in Valuation: The study highlighted an apparent underrepresentation of qualitative factors in valuations. Future research could attempt to devise frameworks or models to incorporate these aspects seamlessly into business valuation.

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