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RESEARCH ARTICLE

Trends and Determinants of Mergers and Acquisitions in the Manufacturing Sector in India

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Abstract

This article discusses the strategic rationale and impact of mergers and acquisitions (M&A) that have impacted the manufacturing sector for the years 2004-2022. It is meant to bridge the research gap in the knowledge of the role of non-financial measures such as stake percentage and business value in such transactions. The research employs a mixed-method and a rich set of data of 20 years of M&A deals. It examines the connection between the deal size and other financial and non-financial factors. The results contradict the traditional assumptions, which show that financial measures such as revenue, EBITDA and PAT do not affect the size of M&A deals. Rather, the percentage of stake and business value become the most important factors, which point to the strategic reasons of M&A decisions. The paper also reveals that there are different M&A dynamics in various manufacturing sub-sectors, which depict different strategic goals. The findings highlight the complexity of M&A activities, which are more influenced by strategic needs of entering the market and technological improvement rather than the financial ones. Such insights are essential to the industry stakeholders in order to make informed investment and strategic plans, which explains the significance of both financial and non-financial aspects of M&A transactions. The paper ends by requesting more studies to be conducted on long-term effects and qualitative nature of M&A to gain more insight into its transformational effects on manufacturing industry.

Keywords: Mergers and Acquisitions, Manufacturing Sector, India, Stake Percentage, Deal Size, Sector.

Introduction

Manufacturing is an important part of the world economy, jobs and technological development. Badhotiya et al. (2022) note its contribution to the circular economy, whereas Sahu et al. (2022) and Herman (2016) mention its effects on the economic and environmental processes in the world. The mergers and acquisitions (M&A) in this industry have changed to be more strategic rather than a financial transaction as they transform industries and make the market competitive. Research like the one by Jakhar et al. (2023) and Jain and Kaur (2023) discuss the effects of M&A on operational efficiencies and energy consumption in the manufacturing sector in India and illustrate the potential of M&A to transform the sector. M&A has not only the impact on the mere market forces, but it also overlaps with the policy and technological progress.

Aggarwal (2023) links M&A activities and intra-industry trade, whereas Bitsanis and Ponis (2022) relate M&A activities to digital transformations. Over the years, disparities and misperceptions have accumulated between the parties engaged in the following processes: the conceptualization of synergy benefits, their believable commercial realization, suitable timeframes for realizing them, and in what dimensions-to put them on the income statement. M&D policies in related areas do influence energy intensity and the policy framework within which such operations could be functionally designed. Current expectations for technological uptake for operational efficiency and innovation are more aligned. The synergies, therefore, would be, in the Industry 4.0 parlance, a merger or acquisition primarily directed toward the purchase of intangible assets, technologies, and human capital to help drive the innovation and efficiency of the manufacturing industry (Rodionova & Podolyan, 2021; Shao, Asatani, & Sakata, 2019; Barari et al., 2021; Boev et al., 2020).

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The newly developing environment of M&A within India is impacted by both local changes and global trends that act as a mixed bag of strategic successes and challenges (Sarna, 2021; Mishra, 2018). A complex situation that explains the interplay between strategic fit and cultural compatibility on the performance of M&A. An ongoing boom in academic research currently reveals considerable insight into the trends of M&A, regarded as the business of the future in the entire manufacturing sector across the globe.

Literature Review

The impact of mergers and acquisitions on a manufacturing industry puzzles researchers, with possible severe effects on their dynamics, competition and economic growth. The most important research topics in this field are summarized in this literature review, which also shows that the M&A transactions have enormous complexity and implications. The study explores different reasons for merger and acquisition in manufacturing, including technological innovations, cost synergies, and growth in a particular market. It also investigates the impact of mergers and acquisitions on different stakeholders: employees, consumers, and shareholders.

Global Trends and Sector-Specific Dynamics

The manufacturing industry is the latest to experience mergers and acquisitions (M&A) which are now largely motivated by the need to diversify products, expand market, and innovate technology. The article by Saltykov and Fisenko (2023) addresses the development of the Russian fishing industry, which is also a part of the general M&A trends to adjust to the new market conditions and the digital environment (Boev et al., 2020). Berkovich et al. (2022) and Barari et al. (2021) explain that M&A promotes technological developments and smart manufacturing processes, especially in the pharmaceutical industry, which improves innovation and inter-firm cooperation. Also, Lu (2018), Chhetri et al. (2018), Singla (2019), Van Tongeren et al. (2000), and Napoleone et al. (2023) emphasize the role of M&A in addressing regulatory, environmental, and operational issues, which can be seen as the contribution to the agility and resilience of Industry 4.0 frameworks. The insights, in turn, all indicate the importance of M&A in achieving competitive advantage and sector-specific improvements.

M&A in the Indian Manufacturing Sector

M&A in the Indian manufacturing industry is a complicated environment that affects the competitive environment, innovation, and culture. Mishra (2018) and Sarna (2021) evaluate competitive impacts and financial performance of M&A, and they mention that the gaps in knowledge about the wider strategic and operational consequences of M&A, such as employee well-being and integration into the organization, may exist. Gupta and Raman (2022), and Aggarwal and Garg (2019) also comment on shareholder response and accounting performance and point to the necessity of more profound research on long-term strategic effects, including the creation of jobs and skills development. The research presented by Saraswathy (2018) and Siddharthan and Narayanan (2017) convey the need for some further research into the extent to which M&A influence innovation and, consequently, global competitiveness; thus, one can understand how M&A could matter for technological and market development. This demonstrates a considerable gap in research on the rather elusive effects of M&A on various aspects of the Indian manufacturing sector. Future studies should take into account the influence of strategic, cultural, and even policy-related factors on this particular area of research.

Research Hypotheses

Hypothesis 1 (H1)

Strong merger and acquisition trends exist in the Indian manufacturing industry as means of consolidation to become technologically advanced and market-scaled. Similar to the trends in the manufacturing industries across the world (Barari et al., 2021, Boev et al., 2020), manufacturing companies in India also seem to be active in M&A to acquire new technology and increase their market presence.

Hypothesis 2 (H2)

In the Indian manufacturing sector, some significant mergers and acquisitions produce a great deal of innovation and technological improvements for the merging companies. Since the consolidation of innovation and technology has always been an indicator of merger and acquisition, the rationale behind this hypothesis is the argument that M&A is a very smart way to activate technology and innovation (Siddharthan & Narayanan, 2017; Saraswathy, 2018).

Hypothesis 3 (H3)

In the Indian manufacturing sector, financial multiples (revenue, earnings before interest, taxes, depreciation, and amortisation [EBITDA] and profit after tax [PAT] based on enterprise value [EV]) and the size of the M&A transactions are co-related. A corollary to this hypothesis is the proposition that give profit multiples; hence the ability of the company to sell and also the ability of the buyer to buy; therefore, the multiple is a function of transaction size (Shaffer, 2023). Recent studies in the areas of finance and economics mention the drastic role-based by valuation multiples like EBITDA and PAT over the attractiveness and size of M&A transactions (Perianu & Copăceanu, 2019).

Hypothesis (H4)

Stake percentage and company valuation enterprise for a company are key elements in determining the magnitude

of an M&A deal in the Indian manufacturing sector. This hypothesized assumption is dependent on the logic that the escalation in the stakes of the target company and in company valuation could generally facilitate the structure of the M&A deal (Ouimet, 2013). According to some conventional financial theories, the high valuation of an acquisition occurs when the equity stake is imparted with a high value along with a high degree of value attached to the business being acquired (Damodaran, 2012).

Hypothesis (H5)

Different dynamics of M&A exist in different sub-sectors of the Indian manufacturing industry, with some sub-sectors involved in multiple but small transactions and others involved in a few larger transactions. This particular hypothesis is grounded upon the idea that M&A transactions in the manufacturing industry do not spread evenly all over the subsectors but, rather, undergo changes based on the peculiarities of each subsector and the requirements of growth and strategy. The varied M&A transactions abound across sub-sectors and could also be explained by such factors as the level of capital intensity, industrial transformation level, market need, and the focus of strategic considerations by the vendors (Milhaupt & West, 2001). The distinct M&A operations across sub-sectors could be shaped by the extent of digitalization present in these industries (McKinsey, 2022).

Methodology

The data under analysis provides an in-depth insight into the industrial M&As. Compiled by a set of industry reports and M&A transaction data of ventureintelligence.com, this dataset will give support for numerous mergers and acquisitions on a particular time frame. The data contain information about the M&A deals for the manufacturing industry from 1st of January 2004 to 1st of December 2022. This full coverage for a little under 2 decades gives an in-depth insight such that the trends and aspects of M&A activities in the industrial sector can be studied well.

Study Variables

The important variables in the dataset, which are relevant to our analysis are:

Deal Size

Deal size, which is measured in millions of US dollars, is one of the key metrics of the scale of an M&A deal. Major transactions are usually indicative of greater changes in the market forces and industry strategic repositioning (Haleblian et al., 2009; Martynova & Renneboog, 2008).

Company Valuation (Enterprise Value)

Company valuation is an important component of M&A since it determines the perceived value of the companies that are involved in the transaction. Valuations indicate how the market expects the acquiring and target firms to make profits in the future and their strategic worth (Martynova & Renneboog, 2008).

Stake Percentage

Percentage of ownership that is purchased in a target company shows the level of commitment and the control that the acquirer has on the acquired company. The greater the percentage of the stake, the greater is the influence and decision-making power after the acquisition (Ragozzino, 2009).

Financial Multiples (Revenue, EBITDA and PAT Based on EV)

Financial multiples are important ratios that help in determining the performance and market value of a company in terms of its revenue, EBITDA and PAT. These multiples provide information regarding the way the market is willing to pay to get efficiency and profitability of companies during M&A transactions (Martynova & Renneboog, 2008).

Geographical Scope

Geographical scope of M&A activities such as country and city of the target and acquirer companies is important in the analysis of strategic implication of domestic and cross border M&A activities. The geographic distance between the acquirer and the target may affect the cost of the transaction, the complexities of the integration as well as the regulatory issues (Ragozzino, 2009; Goerzen & Beamish, 2003).

Industry and Sector Classification

It is critical to classify M&A deals into certain industries and sectors to determine the location of M&A activity and its strategic ramifications in various segments of the economy. M&A sectoral trends may also point out to the fields of consolidation, technological changes, and market expansions (Martynova & Renneboog, 2008; Maani & Rajkumar, 2023).

Deal Date

Deal date is important in the analysis of trends because it enables the researchers and practitioners to determine the changes in M&A activity over time. The economic cycles, regulatory changes and the dynamic of the industry may be reflected in the temporal patterns (Haleblian et al., 2009).

Type of Transaction

It is crucial to classify M&A transactions as inbound, outbound and domestic transactions in order to analyse the strategic reasons of M&A and how capital and control flows across the borders. The type of transaction may provide information on the global expansion strategies, mode of entry and international investment flows (Martynova & Renneboog, 2008).

Data Limitations

Although the dataset is rich in information, missing values in some of the key variables and the possibility of reporting discrepancies in data are the limitations. Also, the financial multiples and other valuation ratios must be interpreted by considering the industry and time-based factors that may affect these values.

Analytical Approach

In our study of M&A in Indian manufacturing industry, we applied a range of statistical tools to offer a solid empirical insight into trends and effects. As a time-series analysis, we followed the number and the aggregate value of M&A transactions over time, which indicated the trend of sector consolidation. We then used Pearson correlation coefficients to investigate the relationship between deal characteristics like deal size, stake percentage and company valuation and found out the key factors that influenced the relationship. Thereafter, linear regression models were used to determine the effect of these variables on deal sizes which confirmed their significance. We have also segmented our analysis by manufacturing sub-sectors, which have a different M&A trend and strategic orientation. Such an all-embracing strategy did not only reveal the most important trends and factors but also provided useful information to the stakeholders of the industry and contributed to the improvement of the discussion about M&A in the industry.

Data Analysis

The analysis of the manufacturing sector M&A dataset yields the following key descriptive statistics:

There are 1,897 M&A transactions in the manufacturing sector as shown in Table 1. This figure represents a large number of M&A transactions, which means that the sector is dynamic and appealing to mergers and acquisitions. The mean value of an M&A transaction in the manufacturing industry is about 121.11 million dollars which indicates the huge financial magnitude of such deals. The median deal size is 18 million and this might be a better indication of the average size of a deal since very large or very small deals do not affect it as much. The total sum of all M&A deals in the sample is a mind-blowing 142,299.57 million dollars, which once again proves the significant economic influence of M&A transactions in the industry. The mean stake purchased in these deals is approximately 71.47 percent with a median of 76 percent and this shows that most of the deals are characterized by the purchase of substantial, or even full, control over the target firms. These figures give a clear picture of M&A in the manufacturing industry in terms of both the frequency of such deals and the financial scale of such operations. They also indicate a tendency of taking large stakes in the target firms indicating strategic consolidations in the industry.

Table 1: *Descriptive Statistics*

Statistic	*Value*
Number of Deals	1,897
Average Deal Size (US$M)	$121.11 million
Median Deal Size (US$M)	$18 million
Total Deal Value (US$M)	$142,299.57 million
Average Stake Percentage (%)	71.47%
Median Stake Percentage (%)	76%

Trend Analysis

The Table 2 shows the number of deals and their total values that fluctuated over the years. The overall amount of the deals reached the highest point in 2007 and then dropped dramatically in the next few years, which could be explained by the market conditions and the economic cycles. After 2010, the number of deals tended to rise, and the maximum was registered in 2011 and 2022 (157 deals each). The overall deal value is also quite fluctuating, with 2016 and 2018 being the years with high values, which means that the deals of such years were on a larger scale. The statistics indicate the existence of a dynamic M&A environment in the manufacturing industry, where the degree of activity and the level of investments differ on a yearly basis. The trends can give us good ideas about the changing character of M&A activities in the manufacturing industry, when it was particularly active and when it was investing, and perhaps, reflecting the overall economic and industrial changes.

Table 2: Number of Deals and Total Deal Values in the Manufacturing Sector from 2004 to 2022

Year	*Number of Deals*	*Total Deal Value (US$M)*
2004	9	569.10
2005	81	4,055.03
2006	101	2,516.46
2007	129	24,569.88
2008	108	5,951.83
2009	77	4,781.70
2010	135	3,643.32
2011	157	6,382.78
2012	112	4,379.78
2013	102	8,094.77
2014	101	2,739.83
2015	87	2,480.80
2016	87	18,658.66
2017	94	3,115.40
2018	113	22,629.59
2019	78	5,334.67
2020	77	4,246.54
2021	92	3,024.71
2022	157	15,124.72

Hypothesis 1- Trend towards Consolidation Observation

The number of deals and the value of deals has increased over the years with a sharp rise in the number of deals in 2022. These trends indicate that there is a high tendency of consolidation in the Indian manufacturing industry and this supports Hypothesis 1.

Hypothesis 2: Improvements in Innovation and Technological Capabilities

As shown in Table 3, a significant number of M&A deals are concentrated in sectors associated with innovation and technology, such as electric vehicles and specialty chemicals. For instance, the electric vehicles sector saw 11 deals with a total value of US$115.11 million, while the specialty chemicals sector witnessed 30 deals with a total value of US$991.16 million. This trend in M&A activity indicates an inclination towards enhancing innovation and technological capabilities, aligning with Hypothesis 2 (Table 3).

Correlation Analysis

Table 4 indicates that there is a high positive correlation (0.86) between deal size (amount in US$M) and company valuation (enterprise value in INR Cr) indicating that the larger the deal size, the higher the company valuation. The relationship between stake percentage and other financial measures is quite low, which means that the stake obtained does not have a close linear connection with the size of the deal or the company value. All the revenue, EBITDA and PAT multiples exhibit moderate to strong positive relationships, with the highest relationship between EBITDA and PAT multiples (0.65). It means that these valuation ratios are likely to change in the same direction.

Hypothesis 3: Financial Multiples (Revenue, EBITDA and PAT based on Enterprise Value) and the Size of M&A Deals in the Indian manufacturing industry are Significantly Correlated

To prove this hypothesis, we have made a correlation analysis of deal size (in US$M) and a number of financial multiples such as revenue multiple, EBITDA multiple, and PAT multiple based on enterprise value.

Table 5 shows that the relationship between financial multiples (revenue, EBITDA and PAT based on EV) and deal size is negative but weak, almost equal to 0. This implies that these financial measures are not very important in determining the magnitude of M&A transactions in the Indian manufacturing industry. The PAT multiple, just like revenue and EBITDA multiples, is weakly negatively correlated with the deal size. These results are contrary to the current literature that points out the significance of these multiples in valuation of M&A. Nevertheless, they go in line with the research that admits the complexity and multidimensionality of M&A deal valuation (Table 5). This may imply that strategic fit, market conditions or company-specific factors may contribute significantly to determining deal size in the M&A transactions of the manufacturing industry.

Determinants Analysis: Regression Results

The most important results of the regression analysis are summarized in Table 6, which showcases the most influential factors affecting the size of deals in the M&A operations in the Indian manufacturing industry. The coefficients give an idea of how the variations in each factor are linked to the variations in the deal size with the percentage of the stake and the company valuation being the most influential factors. Stake percentage and company valuation are the most important factors that determine the size of deals. The bigger the deal size, the bigger the stakes and the higher the company valuation. Financial multiples (revenue,

Table 3: M&A Deal Distribution across Key Manufacturing Sub-Sectors

Sector	*Number of Deals*	*Total Deal Value (US$M)*
Automobiles (Electric Vehicles)	11	115.11
Speciality Chemicals	30	991.16

Table 4: *Correlation Matrix between Various Deal Characteristics in the Manufacturing Sector*

	Amount (US$M)	*Stake (%)*	*Company Valuation – Enterprise Value (INR Cr)*	*Revenue Multiple (based on EV)*	*EBITDA Multiple (based on EV)*	*PAT Multiple (based on EV)*
Amount (US$M)	1.00	0.08	0.86	–0.01	–0.01	–0.04
Stake (%)	0.08	1.00	–0.09	0.01	–0.17	–0.05
Company Valuation – Enterprise Value (INR Cr)	0.86	–0.09	1.00	–0.01	0.03	–0.00
Revenue Multiple (based on EV)	–0.01	0.01	–0.01	1.00	0.51	0.27
EBITDA Multiple (based on EV)	–0.01	–0.17	0.03	0.51	1.00	0.65
PAT Multiple (based on EV)	–0.04	–0.05	–0.00	0.27	0.65	1.00

Table 5: Financial Metrics and Deal Size Correlation in Sub-Sector M&As

Variable	*Correlation with Deal Size (Amount in US$M)*
Revenue Multiple (based on EV)	–0.01
EBITDA Multiple (based on EV)	–0.01
PAT Multiple (based on EV)	–0.04

Table 6: Summary of Regression Model and Coefficients

Model Metric/Factor	*Value*	*Interpretation*
R-squared	0.715	The model explains approximately 71.5% of the variation in deal size
Adjusted R-squared	0.708	Adjusted for the number of predictors, indicating a robust model fit
Coefficient: Stake (%)	4.4068	Positive relationship: each 1% stake increase adds about 4.41 million US dollars to the deal size
Coefficient: Company Valuation – Enterprise Value (INR Cr)	0.0870	Positive relationship: Each one crore increase in valuation increases the deal size by 0.087 million US dollars
Coefficient: Revenue Multiple (Based on EV)	–12.1516	Negative relationship, not statistically significant (P > 0.548)
Coefficient: EBITDA Multiple (Based on EV)	–1.6913	Negative relationship, not statistically significant (P > 0.734)
Coefficient: PAT Multiple (Based on EV)	–0.4105	Negative relationship, not statistically significant (P > 0.723)

EBITDA and PAT) in this model do not have significant effect on deal size. The regression analysis was used to study the dependence between the size of the deal (in US$M) and a number of factors including the percentage of stake and the valuation of the company (enterprise value in INR Cr).

Hypothesis 4: In the Indian Manufacturing Sector, the Stake Percentage and the Company Valuation Enterprise Significantly Influence the Size of M&A Deals

The stake percentage and the company valuation are major factors that affect the size of a deal in M&A transactions in the Indian manufacturing industry as shown in Table 7. In particular, every increment in stake by 1 percent is linked with a rise in the size of the deal by about 4.41 million US dollars. Likewise, the deal size grows by 0.087 million US dollars with every one crore rise in the valuation of the company. These results strongly substantiate Hypothesis 4, which implies that the percentage of stakeholders and the valuation of the company are essential factors in determining the size of the deal. Financial multiples including revenue, EBITDA and PAT on the basis of EV, on the other hand, do not have a significant effect on the size of the deal since the correlation coefficients are insignificant (Table 7). These revelations are significant in the interpretation of financial dynamics of M&A, especially in the assessment of financial dynamics of such transactions.

Investigation of M&A Activity Across Sub-Sectors in Manufacturing

The analysis of M&A activities across different sub-sectors within the manufacturing sector reveals the following patterns:

Table 8 shows that M&A transaction is highly diversified and dynamic in different manufacturing sub-sectors in India. As an example, the auto components sub-sector is on the top in terms of the number of deals, which means that there is a considerable consolidation or expansion activity. The chemicals, automobiles and packaging industries demonstrate the variety in the M&A activity in various manufacturing segments. In other sectors such as steel and cement, there are fewer deals but the total value of the deals is high which implies that the average deal size is high which may indicate strategic high value acquisitions. These trends, as indicated in Table 8, indicate that there are varying dynamics in each sub-sector, some of which are interested in many smaller transactions and others in fewer but bigger deals. This information can be useful in terms of strategic orientation and investment appeal of various manufacturing sub-sectors. These results are consistent with the results found in Table 7 which proved that the percentage of stake and company valuation had a great impact on deal size in the M&A deals in the Indian manufacturing industry.

Hypothesis 5: Different Sub-Sectors within the Indian Manufacturing Sector Exhibit Varied M&A Dynamics, with Some Sub-Sectors Focusing on Numerous Smaller Deals and Others on Fewer but Larger Transactions

Table 9 indicates that consolidation patterns in different manufacturing sub-sectors in India are different. As an example, auto components sub-sector is in the lead in terms of the number of deals, which means that the market is dynamic and consolidation or expansion with the help of a number of transactions is the priority. The other sectors including chemicals, steel, automobiles and cement have

Table 7: Comparative Analysis of M&A Activity in Various Manufacturing Sub-Sectors in India

Factor	*Coefficient*	*Significance*
Stake (%)	4.4068	Significant
Company Valuation – Enterprise Value (INR Cr)	0.0870	Significant
Revenue Multiple (Based on EV)	–12.1516	Not significant
EBITDA Multiple (Based on EV)	–1.6913	Not significant
PAT Multiple (Based on EV)	–0.4105	Not significant

Table 8: Diversity and Dynamics of M&A Transactions in Key Manufacturing Sub-Sectors in India

Sub-Sector	*Number of Deals*	*Total Deal Value (US$M)*
Auto Components	228	6,021.95
Chemicals	99	6,309.48
Steel	70	19,917.52
Automobiles	46	3,476.30
Cement	41	8,831.54
Packaging	37	1,059.71
Industrial Equipment	33	442.68
Speciality Chemicals	30	991.16
Metals & Alloys	25	1,414.19
Metals & Alloys (Steel)	23	16,654.90

fewer and more valuable deals implying that the M&A activities of these sectors are more financially important. This may perhaps be a demonstration of capital-intensive nature of these industries and strategic high-value acquisitions. The existence of a variety of sub-sectors, which have different trends of M&A activity, highlights the complexity of strategic focus and market dynamics in manufacturing sector. These results are in great support of Hypothesis 5, which shows that M&A dynamics are very different in various manufacturing sub-sectors in India (Table 9). Such a difference in the M&A activity can be explained by the specifics of each sub-sector and strategic needs. The need to understand these various M&A trends is important so that the stakeholders can make informed decisions that are in tandem with the dynamics of the various sub-sectors.

Discussion

The research on the topic of Trends and Determinants of Mergers and Acquisitions in the Manufacturing Sector in India shows that there is a tendency towards consolidation, which is also observed in the world market in the context of manufacturing M&A activities, as noted by Barari et al. (2021) and Boev et al. (2020), since the manufacturing sector is adapting to the changes in the market and technologies. As Gupta and Raman (2022) and Aggarwal and Garg (2022) note, stake percentage and company valuation have a significant effect on deal size, and our regression analysis confirms this fact and measures the effect. In contrast to the traditional thinking that focuses on the importance of such financial multiples as revenue, EBITDA, and PAT in the valuation of a deal, our results indicate that these financial multiples do not have a significant impact on the size of a deal in the Indian context, which is consistent with the claims made by Mishra (2018) and Sarna (2021) regarding the complexity of M&A valuations. Besides, our analysis of sub-sectors demonstrates that M&A dynamics differ across manufacturing sub-sectors, which is why it is crucial to develop sector-specific approaches to M&A and, therefore, confirms findings of Saraswathy (2018) and Siddharthan and Narayanan (2017) regarding the interdependence of innovation and consolidation.Bottom of Form

Table 9: Consolidation Patterns across Manufacturing Sub-Sectors

Sub-Sector	*Number of Deals*	*Total Deal Value (US$M)*
Auto Components	228	6,021.95
Chemicals	99	6,309.48
Steel	70	19,917.52
Automobiles	46	3,476.30
Cement	41	8,831.54

Implications

For industry stakeholders, the findings have the following implications:

Strategic Planning

The trend toward consolidation, along with the significant roles of stake percentage and company valuation, can be understood by companies so that they can carry out strategic planning and decision making in M&A activities.

Investment Decisions

These findings can go a long way in informing investment decisions for investors and financial analysts with regard to the financial dimensions of possible mergers and acquisitions.

Policy Framing

The same can be useful for the policymakers to shape a good environment for M&A activities induced to spur innovation and development economies in some of the high-growth potential subsectors.

Tailored Sector-Specific Strategy

Mergers and acquisitions could have different approaches within the very product lines; for subprocesses of manufacturing, this would be dynamic in each frontline area and address a few trends.

Limitations

This study, although quite significant, does have certain limitations:

Data Limitations

The analyses are dependent on the available data which had potential limitations in completeness and accuracy.

Time Factors

The findings of this study would not consider the last or the next trends, as it is a time-bound space of investigation.

Generalizability

Findings from this study may not apply to other areas or sectors without looking into the respective local contexts since the focus is on induced facts in the Indian manufacturing sector.

Qualitative aspects

Mostly concerned with quantitative aspects of M&A, the study seems to not capture much of the qualitative factors like cultural fit and leadership dynamics.

Conclusion

The paper on the topic of Trends and Determinants of Mergers and Acquisitions in the Manufacturing Sector in India has unraveled a number of important facts that are important in the dynamics of M&A in this sector which is so important in India. To begin with, the Indian manufacturing industry is on a definite trend of consolidation, which is reflected in the growth in number of M&A transactions and their aggregate values over the years. This trend means that the sector is dynamic and it is necessitated by the need to advance technologically and to expand in the market.

Second, the paper has revealed that the percentage of stake and company valuation are important factors that influence the size of M&A deals and thus the importance of these financial parameters in M&A transactions. Financial multiples including revenue, EBITDA and PAT were not found to have significant influence on the size of M&A deals, contrary to some expectations that they would be an important influence. Also, the analysis revealed that there was a diverse M&A dynamic in the various sub-sectors in manufacturing. Some sub-sectors are characterised by numerous smaller deals whereas others specialise in fewer and larger transactions. Such difference indicates the varying strategic priorities and investment attractiveness in various manufacturing regions.

Findings Relevance

The findings are of special interest to the stakeholders in the industry such as corporate executives, investors, and policymakers. They give a subtle insight into the economic and strategic factors that motivate M&A in manufacturing industry. These insights are very useful to companies that are planning to use M&A as a growth strategy to help them make their decisions. To policymakers, the results provide a platform on which they can develop policies that would encourage healthy M&A activities, which would lead to innovation and economic growth within the industry.

Recommendations of Future Research

Although this study has been an eye opener, it also leaves room to more research in M&A in the manufacturing industry.

Future research

Future research can examine the qualitative side of M&A, including the process of cultural integration, leader-follower relations, and the employee opinion, to give a broader picture of what makes M&A successful.

Long-Term Impact Analysis

It would be worth studying the long-term effects of M&A on innovation, employee welfare and environmental sustainability in the manufacturing industry. This may involve case studies of post merger integration procedures and results.

Cross-Regional

Cross-Regional or cross-country comparative studies may provide information on the impacts of regional policies, economic environment and cultural factors on M&A dynamics and performance.

Sector-Specific Deep Dives

Since the dynamics of sub-sectors are different, more detailed research that targets the specific manufacturing sub-sectors might provide more detailed trends and factors that determine M&A activities.

Effect of Global Economic Trends

The study of the effect of global economic trends, e.g. trade policies, technological changes, environmental regulations on M&A trends in the manufacturing industry would be relevant in the era of growing globalisation.

To sum up, this paper has highlighted the complexity and dynamism of M&A in the Indian manufacturing industry, and this has been of great value to different stakeholders and the proposed research areas in future are bound to add more knowledge to this important economic activity.

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