

A PhD Thesis Entitled

“A Critical Study on Mergers & Acquisitions
In Indian Petroleum Industry”

Submitted by

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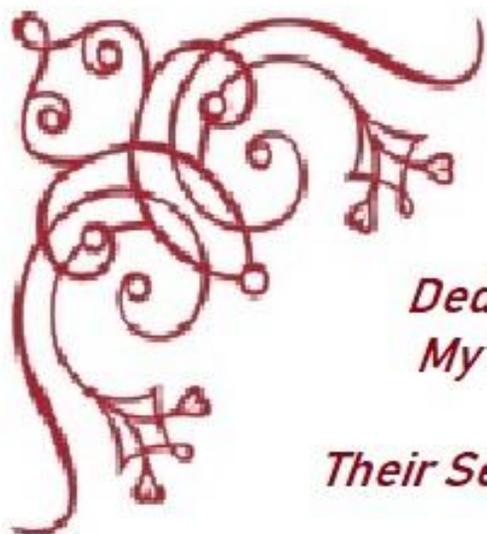
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सत्यं शिवं सुन्दरम्

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March 2024



*Dedicated To
My Parents
For
Their Selfless Affection
And
My Wife Sandhya
&
My Daughter Monica
For Their
Constant Encouragement
&
Support In Writing
This PhD Thesis Work*



DECLARATION

I hereby declare that the thesis entitled “**A Critical Study on Mergers & Acquisitions In Indian Petroleum Industry**” submitted to the Faculty of Management, The M.S. University of Baroda, for the award of degree of Doctor of Philosophy in Management is an original research work done by me under the able guidance of Prof. (Dr.) Bhargav H. Pandya, Faculty of Management, The M.S. University of Baroda. It is further certified that no part of this thesis has been submitted either in part or full for the award of any other degree/ diploma by me to this or any other University.



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CERTIFICATE

This thesis entitled “**A Critical Study on Mergers & Acquisitions In Indian Petroleum Industry**” is submitted by the Ph.D. Scholar Mr. Shelendra Chandil, under my guidance and supervision. It contains original research work and incorporates the results of an independent investigation carried out by the Ph.D. Scholar. This work has not been submitted elsewhere for the award of any degree or diploma; either in India or abroad and is being prepared in accordance with the University rules.



Place: Vadodara

Date: March 2024

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My wife, **Sandhya** & my daughter, **Monica** have sacrificed a lot so that I could achieve my goal of Doctorate. They have been my inner strength in this journey of academic achievement.



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ABSTRACT

1. The main objective of the present study is to assess the basis and motives behind the selected M&A deals in the Indian petroleum industry.
2. This study further aims to examine whether there is any significant change of synergies in operational and financial management can be achieved.
3. This study also tries to examine whether there is any significant change in the share-holders return & wealth after the deal and the degree to which the change if any is attributable to the concerned M&A deal.
4. At last an attempt has been made to generalize these findings across all the selected cases and some conclusions are drawn. The paired t-test is also applied to test the significance of the formulated statistical hypotheses to offer findings and implications of this research study.

Research Methodology:

The Present study has been carried out using the technique of case by case analysis and then generalizing the results.

Initially the selected cases of M&A deals in Indian petroleum industry have been analyzed and evaluated against certain set parameters of operational and financial performance. Based on the results of the analysis of the individual cases certain key findings and observations are made.

Main Findings:

The analysis of the selected cases brings out the following conclusions:

1. There are two winning cases (IOCL+IBP), (BPCL+ KRL). The remaining two cases showed mixed results. However a comprehensive reading of all the cases together brings out a common underlying theme in all these cases. These M&As are the strategic responses of these companies to the changes in the economic environment brought about by the policy changes introduced by the Govt. of

India. In general the driving forces and motives which pushed these companies for the M&A deals, are desire to enlarge their scale of operations into global levels, desire to realize the economies of scale and cost efficiencies, improve the market share etc. All the M&A deals studied here are the results of the effort of these companies for integration, both forward as well as backward. Now a days petroleum companies world over aim to be present in every stage of the value addition of hydrocarbon business.

2. Results of paired “t” test shows that statistically there is no significant difference between the operational synergy, financial synergy, shareholder’s return and share-holder’s wealth parameters of the Pre and Post merger and acquisition of companies in Indian Petroleum Industry whereas individually data analysis of all the deals considered here shows different results. Hence it can inferred that post M&A performance in Indian Petroleum Industry cannot be generalized and requires data analysis on case to case basis of each M&A deal.

Recommendation for Future Use:

This study focused mainly on the operational and financial synergies of the M&A deals and the shareholder’s returns thereafter. However the subject matter of mergers and acquisitions is wide and new issues are emerging. Some of the recommendations for future use are listed below:

1. Comparison of company’s performance versus industry performance after the M&A deal to know whether the company has out-performed the industry.
2. Evaluation of the pricing of the deal for the justification about the amount of premium paid by the acquirer for the shares of the target company in relation to the prevailing market prices of the share and the percentage of the stake acquired. The quality and the adequacy of disclosures in the financial statements arising from corporate restructuring is another vital issue connected with corporate governance. There are finer issues of integration of business systems & technologies and cultures of the two entities which have come together because of M&A deal and the impact of these deals on the employee morale and behavior.