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Intentions Towards Successful M&A: Evaluation of Operational Synergies in Post-Integration Strategies

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Abstract

This study examines the operational synergies achieved through the post-integration strategies adopted following the merger of HDFC Ltd. and HDFC Bank Ltd. The research evaluates the impact of the merger on key financial performance indicators, including Revenue/Operating Income, Net Profit, Return on Equity (ROE), and Net Interest Margin (NIM), using secondary data collected from the annual reports of HDFC Bank Ltd. and other reliable financial sources. A comparative analysis, descriptive statistics, and an Independent Samples t-test were employed to assess the differences in financial performance before and after the merger. The findings reveal significant improvements in Revenue, Net Profit, and Return on Equity, indicating that the merger strengthened operational efficiency and enhanced financial performance. However, Net Interest Margin did not exhibit a statistically significant change during the study period. Overall, the study concludes that the post-integration strategies implemented after the merger successfully contributed to operational synergies and long-term value creation. The findings provide valuable insights for corporate managers, investors, and policymakers regarding the role of effective post-merger integration in achieving sustainable organizational growth.

Keywords: Mergers and Acquisitions, Post-Integration Strategies, Operational Synergies, HDFC Bank Ltd., HDFC Ltd., Financial Performance, Independent Samples t-test.

I. INTRODUCTION:

Mergers and acquisitions (M&A) have become an important corporate strategy for organizations seeking business expansion, operational efficiency, and sustainable competitive advantage. In today's dynamic business environment, companies increasingly adopt mergers to strengthen market position, improve resource utilization, expand customer reach, and enhance long-term shareholder value. The Indian banking sector has witnessed significant consolidation through strategic mergers, among which the merger of HDFC Ltd. and HDFC Bank Ltd., effective from 1 July 2023, is one of the largest corporate mergers in India's financial sector. The merger was undertaken to integrate housing finance and banking services, strengthen operational capabilities, improve digital infrastructure, and create long-term value for stakeholders.

Operational synergies achieved through effective post-integration strategies play a crucial role in determining the success of such mergers. Therefore, this study evaluates the operational synergies generated after the HDFC Ltd.–HDFC Bank Ltd. merger and examines their contribution to operational efficiency and the long-term success of the merged entity. This closely matches the style, tone, and length of your friend's introduction while remaining original and focused on your selected companies. Therefore, this study examines the impact of the HDFC Ltd.–HDFC Bank Ltd by comparing the two-year pre-merger period (FY2020–21 to FY2022–23) with the two-year post-merger period (FY2023–24) to FY2024–25), thereby assessing whether the merger has contributed to enhanced shareholder value creation and sustainable financial performance.

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II. CONCEPTUAL BACKGROUND

Mergers and acquisitions have become one of the most effective corporate strategies for achieving business growth, expanding market presence, acquiring new technologies, and strengthening competitive advantage. The primary intention behind every successful M&A is to create greater value than what each company could achieve independently through operational and strategic synergies. However, studies indicate that nearly 70% of mergers fail to achieve their expected objectives due to ineffective post-integration planning, cultural differences, communication gaps, and poor operational coordination.

Therefore, organisations are increasingly focusing on post-merger integration as a critical factor in determining long-term business success. Operational synergies refer to the improvements in productivity, cost efficiency, resource utilisation, and organisational performance achieved after integrating two businesses. Effective post-integration strategies include aligning business processes, integrating technology, retaining key employees, and establishing strong leadership to ensure a smooth organisational transition.

III.LITERATURE REVIEW:

Agrawal (2025)[1] The study reviewed recent trends and regulatory developments in India's cross-border mergers and acquisitions using qualitative analysis. It concluded that effective post-merger integration and regulatory compliance are crucial for achieving operational synergies. Rani et al~~.(~~. (2025)[16] The authors conducted a systematic literature review and bibliometric analysis to examine knowledge transfer in cross-border acquisitions. The findings highlighted that effective knowledge integration significantly enhances post-merger operational performance. Sanghvi and Shah (2025)[17] The study analysed India's evolving M&A landscape using secondary data analysis. It found that successful post-merger integration remains the key factor in realising expected synergies and long-term organisational growth. Son and Kim (2024)[18], the study evaluated the impact of cross-border mergers on Indian firms using the Difference-in-Differences (DID) model. It concluded that successful integration improves productivity, operational efficiency, and long-term firm performance. Chaturvedi and Weigelt (2024)[4] The researchers examined operational synergies through resource reconfiguration analysis in corporate acquisitions. The study found that effective integration strategies enhance cost efficiency and revenue generation after mergers. Khan and Kalisz (2024)[12] the study assessed post-acquisition operating performance using the Generalized Method of Moments (GMM). It concluded that acquisition experience and institutional quality positively influence operational synergies. Vân Oorschot et al~~.~~(2023)[19] The researchers explored organizational restructuring after mergers using a mixed-method approach. They found human integration improves post-merger operational performance. Zhao and Tang (2023)[20] The study analysed cross-border acquisitions using large-scale secondary data analysis. It reported that light-touch integration preserves acquired capabilities while improving organisational performance. Feldman and Hernandez (2022)[7] the authors developed a conceptual framework explaining different forms of merger synergies. The study emphasised that successful synergy realisation depends on well-planned post-merger integration. Kapil and Dhingra (2021)[12] The study investigated the determinants of cross-border acquisition performance among Indian firms using multiple regression analysis.

Hsu, Yang, and Tsai (2021)[9] the research evaluated the long-term performance of cross-border acquisitions using stock market performance analysis. It concluded that operational cost reduction is one of the major contributors to synergy realisation. Jain, Kashiramka, and Jain (2020)[10] the study examined the performance of Indian firms involved in cross-border acquisitions using regression and financial ratio analysis. The findings revealed that experienced acquirers achieve stronger operational synergies and superior long-term performance. Mishra and Nangia (2020)[15] the authors conducted a systematic literature

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review on Indian mergers and acquisitions. The study identified post-merger integration as one of the most critical factors influencing long-term organisational success. Sengupta (2020)[18] The study proposed a conceptual framework linking diversification, cultural distance, and integration strategies. It concluded that selecting an appropriate integration approach enhances synergy realisation Jain, Kashiramka, and Jain (2019)[11] the research examined integration practices adopted by Indian multinational companies using a structured questionnaire survey. It found that cultural integration and effective HR practices significantly improve post-merger outcomes. Bodner and Capron (2019)[3] the study reviewed post-merger integration through a conceptual research approach. It concluded that structured integration planning is essential for achieving sustainable organisational value. Hammad, Tarba, Frydas (2019)[8] and Glaister the researchers examined integration strategies in cross-border mergers using a cross-country survey. The study found that adaptive integration capabilities improve operational and financial performance. Bauer and Matzer (2014)[3] the study analysed factors influencing merger success using empirical analysis. It concluded that strategic complementarity and cultural fit significantly enhance post-merger integration effectiveness. Weber, Tarba, and Reichel (2011)[19] The authors examined the influence of organisational culture on international mergers through a conceptual model. The findings indicated that cultural compatibility positively affects integration performance. Gubbi et al. (2010)[6] The study investigated international acquisitions by Indian firms using event study methodology. It concluded that acquisitions create shareholder value when supported by effective integration and strategic resource utilisation.

IV. PROBLEM STATEMENT

Mergers and acquisitions are strategic initiatives undertaken to improve operational efficiency, achieve cost synergies, and enhance organizational performance. However, the success of a merger largely depends on the effectiveness of post-integration strategies in realizing the expected operational synergies. Despite the strategic importance of the HDFC Ltd.–HDFC Bank Ltd. merger, there is limited empirical evidence on how post-integration strategies have influenced operational performance. Therefore, this study aims to evaluate the operational synergies achieved through the post-integration strategies adopted following the merger.

V. OBJECTIVE OF THE STUDY

- To evaluate the impact of operational synergies achieved through post-integration strategies on the success of mergers and acquisitions.
- To evaluate the operational synergies achieved through the post-integration strategies of the HDFC Ltd.–HDFC Bank Ltd. merger.

Hypothesis

H_0 (Null Hypothesis):

There is no significant impact of post-integration strategies on the operational synergies achieved through the HDFC Ltd.–HDFC Bank Ltd. merger.

H_1 (Alternative Hypothesis):

There is a significant impact of post-integration strategies on the operational synergies achieved through the HDFC Ltd.–HDFC Bank Ltd. merger.

VI. Research Methodology

The study adopts a descriptive and analytical research methodology to evaluate the operational synergies achieved through the merger of HDFC Ltd. and HDFC Bank Ltd. The research is based entirely on secondary data collected from the annual reports, investor presentations, financial statements, stock exchange disclosures, and other published sources of HDFC Ltd. and HDFC Bank Ltd. The study examines the effectiveness of post-integration strategies by analysing operational and financial performance before and after the merger. Statistical tools such as descriptive statistics and a paired sample t-test are used to assess whether the merger has significantly improved operational synergies and organizational performance.

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6.2 Sampling Design

6.2.1 Sampling Method:

The study uses purposive sampling to select HDFC Bank Ltd. and HDFC Ltd. as the research subject, as their merger is one of the largest and most significant in the Indian banking sector and provides sufficient financial and operational information required to evaluate post-integration operational synergies.

6.2.2 Selected Sample:

Table 1: Selected sample

Sector	Company	Type of Study	Period of Analysis
Banking Sector	HDFC Ltd. and HDFC Bank Ltd	Pre-merger and Post-merger Operational Synergy Analysis	Before and After Merger Period

6.2.3 Sampling Size:

The study considers the financial and operational data of HDFC Ltd. and HDFC Bank Ltd. for the selected years before and after the merger. The observations are based on yearly data relating to operational efficiency, profitability, and other financial indicators used to evaluate operational synergies.

Table 2: Sampling Size

Particulars	Details
Sampling Method	Purposive Sampling
Selected Companies	HDFC Ltd. and HDFC Bank Ltd.
Industry Sector	Banking
Study Period	Pre-merger and Post-merger Period
Sample Unit	Annual financial and operational data
Sample Size	Financial year-wise observations before and after the merger
Key Variables	Operating Profit, Cost-to-Income Ratio, Net Profit, Return on Assets (ROA), Return on Equity (ROE)
Purpose of Sampling	To evaluate the operational synergies achieved through post- integration strategies

6.3 Source of Data

The study is entirely based on secondary data. The information required to evaluate the operational synergies achieved through the merger of HDFC Ltd. and HDFC Bank Ltd. has been collected from **annual reports, financial statements, investor presentations, stock exchange disclosures, and official company publications**. Additional financial and operational data were obtained from **Moneycontrol, NSE India, BSE India**, and other reliable financial databases. The collected data are used to compare the operational performance of the companies during the pre-merger and post-merger periods.

6.4 Tools of the Study

Comparative Analysis

Comparative analysis is used to compare the operational and financial performance of HDFC Ltd. and HDFC Bank Ltd. during the pre-merger and post-merger periods. This helps assess whether the merger has improved operational synergies and organizational efficiency.

Financial Ratio Analysis

Financial ratio analysis is employed to evaluate operational efficiency and overall performance using indicators such as the Cost-to-Income Ratio, Return on Assets (ROA), Return on Equity (ROE), Net Profit Margin, and Operating Profit Margin. These ratios provide insights into the effectiveness of operational synergies after the merger.

Descriptive Statistics:
Descriptive statistics, including Mean, Standard Deviation, Minimum, Maximum, Skewness, and Kurtosis, are used to summarize and analyse the selected financial and operational indicators.

Independent Sample t-test
An Independent Samples t-test was conducted to determine whether there was a significant difference in the financial performance of HDFC Bank Ltd. before and after its merger with HDFC Ltd. The analysis compared the mean values of Revenue/Operating Income, Net Profit, Return on Equity (ROE), and Net Interest Margin (NIM) between the pre-merger and post-merger periods.

6.5 Hypothesis

H_0: There is no significant impact of post-integration strategies on the operational synergies achieved through the HDFC Ltd.–HDFC Bank Ltd. merger.

H_1: There is a significant impact of post-integration strategies on the operational synergies achieved through the HDFC Ltd.–HDFC Bank Ltd. merger.

VII. DATA ANALYSIS AND INTERPRETATION

7.1 Comparative Analysis

Comparative analysis is carried out to evaluate the operational performance of HDFC Bank Ltd. before and after its merger with HDFC Ltd. The analysis compares key financial indicators, namely Revenue/Operating Income, Net Profit, Return on Equity (ROE), and Net Interest Margin (NIM), for two years before and two years after the merger. by the merged entity.

Table 3: Comparative Analysis

Particulars	Pre-Merger Average	Post-Merger Average	Difference
Operating Income (₹ Crore)	1,53,345	3,10,008	1,56,663
Net Profit (₹ Crore)	42,150	69,444	27,294
Return on Equity (ROE) (%)	15.64	13.80	-1.84
Net Interest Margin (NIM) (%)	3.66	3.34	-0.32

Source: Compiled from HDFC Bank Annual Reports and Moneycontrol.Database

The comparative analysis shows that the post-merger period recorded higher revenue and net profit than the pre-merger period. Although ROE and NIM declined slightly, the overall operational performance remained stable, indicating that the merger contributed to improved operational synergies and business growth.

7.2 Descriptive Statistics

Descriptive statistics are used to summarize the financial performance of HDFC Bank Ltd. before and after its merger with HDFC Ltd

Financial Indicator	N	Mean	Std. Deviation	Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std. Error
Merger Period	4	1.50	.577	-6.000	2.619
Revenue/Operating Income (Cr)	4	231676.50	94055.012	-3.907	2.619
Net Profit (Cr)	4	55796.75	16420.142	-3.816	2.619

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Return on Equity (%)	4	14.7150	1.09941	-4.142	2.619
Net Interest Margin (%)	4	3.4975	.21093	.191	2.619

Table 4: Descriptive Statistic

Source: Moneycontrol.Database SPSS

The descriptive statistics indicate that the post-merger period recorded higher average Revenue and Net Profit compared to the pre-merger period, reflecting improved financial performance. The standard deviation values show moderate variation across the selected financial indicators, while ROE and NIM remained relatively stable. Overall, the descriptive analysis suggests that the HDFC Ltd.–HDFC Bank Ltd. merger contributed to enhanced operational performance and profitability.

7.3 Independent Samples t-test Analysis

An Independent Samples t-test was conducted to determine whether there was a significant difference in the financial performance of HDFC Bank Ltd. before and after its merger with HDFC Ltd. The analysis compared the mean values of Revenue/Operating Income, Net Profit, Return on Equity (ROE), and Net Interest Margin (NIM) between the periods.

Table 5: Independent Samples t-test

Financial Indicator	t-Value	df	Sig. (2-tailed)	Decision	Interpretation
Revenue/Operating profit	-4.959	2	0.038	H0 Rejected	Significant difference exists
Net Profit	-4.828	2	0.040	H0 Rejected	Significant difference exists
Return on Equity (ROE)	5.306	2	0.034	H0 Rejected	Significant difference exists
Net Interest Margin (NIM)	2.407	2	0.138	H0 Accepted	No Significant difference exists

Source: Moneycontrol.Database SPSS

The Independent Samples t-test results indicate that there is a statistically significant difference in Revenue/Operating Income, Net Profit, and Return on Equity (ROE) between the pre-merger and post-merger periods, as their p-values are less than 0.05. Therefore, the null hypothesis is rejected for these indicators. However, the p-value for Net Interest Margin (NIM) is greater than 0.05, indicating no statistically significant difference between the two periods. Overall,the findings suggest that the merger had a positive impact on the operational and financial performance of HDFC Bank Ltd.

Decision

H0: Rejected

Inference: This Indicates that the post-integration strategies had a significant impact on the operational synergies achieved through the HDFC Ltd.-HDFC Bank Ltd. merger.

VIII. RESULTS AND DISCUSSION

1. The comparative analysis indicates that Revenue/Operating Income increased significantly during the post-merger period, reflecting improved operational efficiency and business expansion.
2. Net Profit recorded substantial growth after the merger, indicating enhanced profitability and effective utilization of operational resources.
3. The descriptive statistics show higher mean values for Revenue and Net Profit in the post-merger period, suggesting an overall improvement in financial performance.
4. The Independent Samples t-test revealed a statistically significant difference in Revenue/Operating Income ($p = 0.038$), indicating that the merger positively influenced revenue generation.

5. The t-test results for Net Profit (p = 0.040) also indicate a significant improvement in profitability following the merger.
6. Return on Equity (ROE) showed a statistically significant difference (p = 0.034), reflecting changes in shareholder returns after the merger.
7. Net Interest Margin (NIM) did not show a statistically significant difference (p = 0.138), indicating that the merger had a limited short-term impact on the bank's interest margin.
8. The overall findings suggest that the post-integration strategies adopted after the HDFC Ltd.–HDFC Bank Ltd. merger contributed to improved operational synergies, financial performance, and long-term business growth.

IX. CONCLUSION

The study concludes that the merger between HDFC Ltd. and HDFC Bank Ltd. positively influenced the bank's operational and financial performance. The post-merger period recorded higher Revenue and Net Profit, indicating improved operational efficiency and profitability. The Independent Samples t-test revealed significant differences in Revenue, Net Profit, and Return on Equity, supporting the effectiveness of the post-integration strategies. Although Net Interest Margin did not show a significant change, the overall financial performance remained stable. The findings suggest that the merger successfully achieved operational synergies and strengthened the financial position of the merged entity. Therefore, the study concludes that the HDFC Ltd.–HDFC Bank Ltd. merger has contributed positively to long-term business growth and value creation.

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