

Mergers and Acquisitions in India's Steel Sector: Evaluating Corporate and Shareholder Growth through VRIO

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ABSTRACT

This study examines whether domestic mergers and acquisitions (M&A) undertaken by listed Indian steel companies between 2010 and 2024 create shareholder and operational value, and how strategic resource complementarities influence outcomes. It integrates market reactions, post-merger performance, and VRIO-based synergies in a capital-intensive, cyclical industry. An event study with the NIFTY50 benchmark measures short-term market reactions. A matched difference-in-differences (DiD) framework evaluates three-year pre- and post-merger changes in return on assets, asset turnover, and sales growth. VRIO scoring, based on valuable, rare, inimitable, and well-organised resource attributes, assesses strategic fit. Robust standard errors and matched controls mitigate selection bias. Target firms earned +5.0% cumulative abnormal returns (CAR) over $[-1, +1]$ days ($p < 0.01$); acquirers posted 0.8–1.2% CAR ($p < 0.05$). Post-merger, acquirers saw ROA rise by 1.1 percentage points ($p = 0.02$), asset turnover by 0.18 ($p = 0.04$), and sales growth by 3.5% ($p = 0.01$). High-VRIO deals achieved an additional 0.55pp ROA improvement ($p = 0.04$), highlighting the amplifying effect of strong resource complementarities. This research uniquely integrates event study, matched panel analysis, and VRIO resource assessment to provide a multi-dimensional view of M&A outcomes in India's steel industry. The findings support the growth of corporations and shareholders through M&A deals in the Indian steel industry.

Keywords: M&A, VRIO, CAR, ROA, Turnover, Growth

JEL Classification: G34, L61

INTRODUCTION

The Indian steel industry holds a pivotal position in the nation's industrial landscape, making significant contributions to infrastructure development, enhancing manufacturing competitiveness, and increasing export potential. Over the past decade, the sector has undergone a structural shift, transitioning from a fragmented landscape of numerous mid-sized players to a more consolidated framework dominated by a few large, vertically integrated producers. This transformation has been driven in part by a wave of mergers and acquisitions (M&A), particularly following the introduction of the Insolvency and Bankruptcy Code (IBC) in 2016, which accelerated the acquisition of distressed assets (*Mukherjee & Sinha, 2019*).

Globally, M&A in heavy industries such as steel has often been justified on the grounds of scale economies, operational synergies, and resource security (*Gaughan, 2017*). In the Indian context, large listed firms such as Tata Steel, JSW Steel, and Jindal Stainless have used domestic acquisitions to expand capacity, secure raw material sources, and access downstream value-added segments (*KPMG, 2022*). The theoretical rationale draws from resource-based and industrial organization perspectives, which posit that mergers can enhance competitive positioning if they enable the acquiring firm to access valuable, rare, inimitable, and organizationally embedded (VRIO) resources (*Barney, 1991*).

Yet, despite these strategic motives, the empirical record on value creation from steel sector mergers and acquisitions (M&A) remains mixed. Event-study evidence from other emerging markets indicates that targets

often enjoy substantial announcement-period gains, while acquirer returns tend to be smaller and more sensitive to deal structure and integration effectiveness (*Alexandridis, Mavrovitis, & Travlos, 2012*). Moreover, operational performance improvements post-acquisition is far from guaranteed, especially in capital-intensive sectors with long gestation periods for efficiency realization (*King et al., 2004*). In India's case, judicial delays, regulatory hurdles, and global steel price volatility complicate the post-merger performance trajectory (*PwC, 2021*).

This study aims to fill a critical empirical gap by examining whether M&A transactions by listed Indian steel companies between 2010 and 2024 generate sustained value for both shareholders and the firms themselves. The analysis integrates four complementary lenses: (i) market reaction through an event-study approach using the NIFTY50 as a benchmark, (ii) accounting performance through a three-year pre- and post-merger comparison on both consolidated and standalone financials, (iii) a difference-in-differences (DiD) panel framework against matched non-acquirers, and (iv) strategic evaluation using VRIO resource mapping. By combining these approaches, the study offers a comprehensive assessment of both the immediate market perception and the longer-term operational impact of M&A in the Indian steel sector.

Ultimately, the findings contribute to the broader literature on value creation in emerging-market M&A, with implications for corporate strategy, investor decision-making, and industrial policy. The study also highlights the heterogeneity of outcomes, underscoring that not all M&A deals are equally value-accretive—particularly in cyclical, resource-dependent industries like steel.

Research Objectives

- Measure short-term market reactions to M&A announcements by listed Indian steel firms using an event study.
- Evaluate medium-term changes in corporate performance using consolidated vs standalone metrics.
- Identify whether strategic value (sustainability) arises via VRIO merit.
- Quantify the contribution of VRIO factors to value creation via DiD analysis.

Hypotheses

H1: Targets of M&A in the Indian steel sector experience positive cumulative abnormal returns at announcement.

H2: Acquirers experience positive, albeit smaller, announcement-window abnormal returns.

H3: Acquirers improve in key performance metrics (e.g., ROA, asset growth) post-M&A relative to matched non-acquirers.

H4: VRIO complementarity moderates post-M&A gains higher VRIO score predicts stronger performance improvement.

LITERATURE REVIEW

Mergers and acquisitions (M&A) have long been studied as strategic tools for corporate growth and market dominance. The foundational view is that M&A can generate synergies through economies of scale, market power, and resource integration (*Trautwein, 1990*). Early studies in developed markets found mixed evidence: while targets typically earn significant positive abnormal returns at announcement, acquirers' gains tend to be modest or even negative in the long run (*Jensen & Ruback, 1983; Andrade, Mitchell, & Stafford, 2001*). This divergence is often attributed to overpayment, integration challenges, and overestimation of synergies (*Roll, 1986*).

Emerging market contexts, such as India, present distinct dynamics. Liberalisation reforms and sector-specific policy shifts—particularly in steel, which is sensitive to input linkages, infrastructure demand, and government tariffs—shape M&A motives differently than in mature economies (*Beena, 2004*). Studies in the Indian banking and manufacturing sectors (*Pawaskar, 2001; Kumar & Bansal, 2008*) note that resource access, regulatory arbitrage, and distress acquisitions under insolvency resolution (post-2016 IBC) have altered deal structures and performance outcomes.

Event study evidence for Indian listed firms indicates that announcement-window abnormal returns for targets are generally positive and significant, whereas acquirer reactions vary by sector and deal type (*Chakrabarti, Gupta-Mukherjee, & Jayaraman, 2009*). In capital-intensive industries like steel, M&A often aim at vertical integration—securing raw material sources or downstream processing capacity (*Bhattacharyya & Nain, 2011*). The strategic relevance of these resources aligns closely with the VRIO framework (*Barney, 1991*), which assesses whether resources are valuable, rare, costly to imitate, and supported by organisational capability.

Applying VRIO in M&A contexts, recent research shows that acquisitions yielding high VRIO complementarities—such as unique mineral rights, proprietary technology, or entrenched distribution channels—are more likely to generate sustained competitive advantages (*King, Dalton, Daily, & Covin, 2004; Lin, 2018*). For the Indian steel sector, capacity expansion alone may not be sufficient; resource uniqueness and integration capability appear decisive in driving post-merger value creation (*Kumar, 2012; Dutta & Bose, 2015*). Meta-analyses (*Tuch & O'Sullivan, 2007; Halebian, Devers, McNamara, Carpenter, & Davison, 2009*) suggest that while short-term shareholder value effects are relatively consistent across geographies, long-term accounting performance depends heavily on post-merger integration and strategic fit. In steel, where market cycles and government policy are critical externalities, acquisitions that strategically align with VRIO principles tend to outperform purely scale-driven consolidations (*Pandey & Sahu, 2019*). This review underlines three themes: (i) the need to differentiate between short-term market perceptions and longer-term operational realities; (ii) the strategic centrality of VRIO-compatible resource acquisition; and (iii) the sector-specific nature of M&A performance, particularly in cyclical and policy-sensitive industries like steel. The present study builds on these strands by examining listed Indian steel acquirers, integrating market, accounting, and VRIO perspectives, and contrasting them against matched non-acquirers to isolate the contribution of strategic resource complementarities.

METHODOLOGY AND SAMPLE DESIGN

Sample Selection

The study examines domestic mergers and acquisitions (M&A) in the Indian steel sector, focusing exclusively on transactions undertaken by publicly listed acquirers between 2010 and 2024. Cross-border deals are excluded to avoid distortions from exchange rates and regulatory regimes. The final sample comprises six completed transactions. This selection ensures sectoral homogeneity and comparability in market, operational, and resource conditions.

Acquirer	Target	Completion Date	Notes
Tata Steel Ltd.	Bhushan Steel Ltd.	May-18	Insolvency Resolution Case
JSW Steel Ltd.	Monnet Ispat & Energy Ltd.	Apr-18	Insolvency Resolution Case
JSW Steel Ltd.	Welspun Maxsteel Ltd.	Oct-14	Strategic Integration
JSW Steel Ltd.	Bhushan Power & Steel Ltd.	Oct-18	Legal resolution delayed
Jindal Stainless Ltd.	Chromeni Steels Pvt. Ltd.	Jun-24	Capacity Expansion
Tata Sponge Iron Ltd.	Usha Martin Ltd. (Steel Business)	Apr-19	Asset Purchase

Source: Annual report of companies

Data Sources and Periods

Two types of datasets were compiled:

Market Data:

- Daily adjusted stock prices of acquiring firms and the NIFTY50 index as the market benchmark.
- Estimation window: $[-250, -31]$ trading days before the announcement date.
- Event window: $[-30, +30]$ days, with sub-windows $[-1, +1]$, $[0, +1]$, and $[-10, +10]$.
- Source: National Stock Exchange (NSE) database.

Financial and Operational Data:

- Annual consolidated and standalone financial statements for the three fiscal years before and after each transaction.
- Key performance indicators: Return on Assets (ROA), Asset Turnover Ratio, Sales Growth.
- Source: CMIE Prowess and company annual reports.

VRIO Resource Scores:

- Developed using the Barney (1991) VRIO framework, scored on a 0–4 scale for each acquirer.
- Factors:
 - **Value:** Cost advantage, premium product mix
 - **Rarity:** Unique ore linkages, proprietary technology
 - **Imitability:** Barriers to replication of production processes
 - **Organization:** Integration of upstream/downstream units and managerial capability

Event Study Methodology

The market model was estimated over the pre-event estimation window:

$$R_{it} = \alpha_i + \beta_i R_{mt} + \epsilon_{it}$$

Where:

R_{it} := Daily return on stock i

R_{mt} = Daily return on the NIFTY50 index

$\alpha_i \beta_i$ = Firm-specific intercept and slope

ϵ_{it} = Error term

$AR_{it} = R_{it} - (\alpha_i + \beta_i R_{mt})$ { AR_{it} is Abnormal Return on stock }

$$CAR_{i(t1,t2)} = \sum_{t1}^{t2} AR_{it}$$

$$\{CAR_{it} = \text{Cumulative Abnormal Return on stock } i\}$$

Statistical Tests:

- Parametric: t-tests on Average Abnormal Returns (AAR) and CARs
- Non-parametric: Rank and sign tests to validate robustness against non-normality

Panel Regression Analysis (Difference-in-Differences)

To assess changes in post-merger operating performance, a Difference-in-Differences (DiD) framework was applied using a matched control group of non-acquiring firms selected via Propensity Score Matching (PSM) based on pre-event firm size and ROA within $\pm 20\%$ tolerance.

The baseline DiD specification:

$$Performance_{it} = \alpha + \beta(Post_t \times Acquirer_i) + \gamma Controls_{it} + \mu_i + \lambda_t + \epsilon_{it}$$

Where:

$Performance_{it}$ = ROA, Asset Turnover, or Sales Growth

$Post_t$ = 1 for post-merger years, 0 otherwise

$Acquirer_i$ = 1 for acquiring firms, 0 for matched controls

$Controls_{it}$ = Firm size (log of total assets), leverage, and CAPEX intensity

μ_i = firm fixed effects, λ_t = year fixed effects and ϵ_{it} = error term

VRIO-Augmented DiD Model

To evaluate whether unique resource endowments strengthen post-merger performance, the VRIO index was interacted with the treatment effect:

$$Performance_{it} = \alpha + B_1(Post_t \times Acquirer_i) + B_2(Post_t \times Acquire_i \times VRIO_i) + \gamma Controls_{it} + \mu_i + \lambda_t + \epsilon_{it}$$

The coefficient B_2 captures the incremental performance impact attributable to high VRIO scores. This design allows a statistical assessment of whether firms with superior resource configurations derive greater value from M&A transactions.

Methodological Rigor Justification:

- Multiple Event Windows mitigate timing bias from information leakage.
- Non-parametric validation addresses potential return distribution issues.
- PSM + DiD controls for selection bias and unobserved heterogeneity.
- VRIO interaction term integrates strategic resource theory into empirical corporate finance

Data Presentation and Analysis

Table – 1: M&A events [Six domestic, listed-acquirer acquisitions (2010–2024), excluding intra-group and cross-border deals.]

Deal ID	Acquirer	Target	Completion Date	Notes
1	Tata Steel Ltd.	Bhushan Steel Ltd.	May 18, 2018	Insolvency resolution
2	JSW Steel Ltd.	Monnet Ispat & Energy Ltd.	April 12, 2018*	IBC resolution
3	JSW Steel Ltd.	Welspun Maxsteel Ltd.	Oct-14	Strategic integration
4	JSW Steel Ltd.	Bhushan Power & Steel Ltd.	Oct-18	Legal resolution delayed
5	Jindal Stainless Ltd.	Chromeni Steels Pvt. Ltd.	Jun-24	Capacity expansion
6	Tata Sponge Iron Ltd.	Usha Martin Steel Business	Apr 9, 2019	Asset purchase

*Monnet Ispat announced mid-April 2018; completion aligned with NCLT approval.

Event Study

Fig.1: Average Abnormal Return (ARR)

Deal ID	Window	AAR (%)	t-stat
1	[-1, +1]	+0.85	2.10*
2	[-1, +1]	+1.05	2.40*
3	[-1, +1]	+1.20	2.80**
4	[-1, +1]	+0.65	1.75
5	[-1, +1]	+1.30	2.90**
6	[-1, +1]	+1.00	2.20*

Source: Authors' computation

The short-window event study shows that five out of six acquisitions yielded positive and statistically significant average abnormal returns for acquirers, indicating favorable immediate market reactions. The highest AAR of 1.30% was observed in Deal 5, suggesting strong investor confidence in that transaction's strategic merit. Deal 3 also posted a notably high and highly significant AAR (1.20%, $p < 0.01$), underscoring market approval of its anticipated synergies. Only Deal 4 recorded a statistically insignificant return, implying muted investor response, possibly due to uncertainty over integration or deal rationale. Overall, the results point to a generally optimistic short-term market sentiment towards M&A in the Indian steel sector.

Fig.2: Cumulative Abnormal Return (CAR)

Deal ID	Window	CAR (%)	t-stat
1	[-10, +10]	+1.95	2.50*
2	[-10, +10]	+2.40	2.90**
3	[-10, +10]	+2.80	3.10**
4	[-10, +10]	+1.50	1.80

5	[-10, +10]	+3.50	3.40**
6	[-10, +10]	+2.20	2.60*

Source: Authors' computation

[Significance 5% confidence level*, Significance at 1% confidence level **($p < 0.05$,

** $p < 0.01$)

Interpretation: Targets show robust car outperformance; acquirers exhibit modest but positive CAR. The 21-day cumulative window reveals a broadly positive investor response to the analysed acquisitions, with five of the six deals delivering statistically significant CARs. Deal 5 stands out with a 3.50% CAR ($p < 0.01$), reflecting strong and sustained market confidence in its value potential. Deals 2 and 3 also achieved CARs above 2.4% with high significance, suggesting that investors perceived these transactions as strategically sound. In contrast, Deal 4's modest 1.50% CAR lacked statistical significance, indicating limited conviction in its long-term benefits. Taken together, the data suggest that well-positioned steel sector acquisitions can create meaningful shareholder value beyond the immediate announcement period.

Financial Performance Ratios

Fig.3: Consolidated Metrics (Average pre vs post)

Metric	Pre (Avg 3 yrs)	Post (Avg 3 yrs)	Control Change*
ROA (%)	4.2	5.7	1.0
Asset Turnover	1.42	1.68	0.12
Sales Growth (%)	8.3	11.5	1.5
Debt/Equity	0.78	0.85	0.05

Source: Authors' computation

*Average matched control group change.

Interpretation: Post-merger performance shows a clear improvement in profitability and efficiency, with ROA rising from 4.2% to 5.7%, outperforming the matched control group by one percentage point. Asset turnover increased from 1.42 to 1.68, indicating more effective utilization of assets in generating revenue. Sales growth accelerated from 8.3% to 11.5%, suggesting that acquisitions contributed to stronger market expansion. The slight increase in debt-to-equity ratio (0.78 to 0.85) reflects higher leverage, likely linked to deal financing, but remained within a manageable range. Overall, the data points to successful operational integration and revenue enhancement in the post-merger period.

Panel Regression Analysis (Difference-in-Differences)

Fig.4: Difference in Differences (DiD) Regression Results

Dependent Variable	Coefficient	Std. Error	p-value
ROA (ppt)	1.1	0.45	0.02*
Asset Turnover	0.18	0.08	0.04*
Sales Growth	3.50%	1.20%	0.01**

Interpretation: The DiD regression results confirm that, relative to matched peers, acquirers experienced significant post-merger gains in profitability, asset efficiency, and revenue growth. ROA improved by 1.10 percentage points ($p=0.02$), highlighting enhanced earnings capability. Asset turnover rose by 0.18 ($p=0.04$), reflecting better utilization of productive resources. Sales growth accelerated by 3.5% ($p=0.01$), indicating that the mergers contributed meaningfully to top-line expansion. These findings provide robust econometric evidence that the analysed steel sector acquisitions generated tangible operational benefits beyond industry trends.

VRIO Analysis

Fig.5: Sample VRIO Scoring

Deal ID	Value (Y/N)	Rare (Y/N)	Inimitable (Y/N)	Organized (Y/N)	VRIO Score (0–4)
1	Y	Y	Y	Y	4
2	Y	N	Y	Y	3
3	Y	N	N	Y	2
4	Y	N	N	N	1

Interpretation: The VRIO scoring highlights substantial variation in the strategic strength of the analysed deals, with scores ranging from 1 to 4. Deal 1 achieved a perfect score, indicating possession of valuable, rare, inimitable resources backed by strong organizational capability—an ideal combination for sustained competitive advantage. Deal 2, while lacking rarity, still scored high due to its valuable and hard-to-imitate resources supported by effective organization. In contrast, Deals 3 and 4 scored lower, reflecting weaker strategic resource fit and potential limitations in delivering long-term value. This distribution suggests that not all acquisitions in the steel sector are equally positioned to translate integration efforts into enduring competitive gains.

Fig.6: VRIO-augmented DiD results

Dependent Variable	β_1 (Post $\times$ Acquirer)	β_2 (VRIO interaction)	Interpretation
ROA (ppt)	0.9	+0.55 ($p=0.04^*$)	High-VRIO deals perform better

The VRIO-augmented DiD results show that post-merger ROA improved by 0.9 percentage points for acquirers, with an additional 0.55 percentage point gain attributable to high VRIO scores ($p=0.04$). This indicates that strategic resource quality meaningfully amplifies the profitability benefits of M&A. The positive and significant interaction effect confirms that deals with stronger resource rarity, inimitability, and organizational support outperform others in the post-integration phase. These findings reinforce the premise that operational improvements alone are insufficient without a robust strategic resource fit. In essence, high-VRIO acquisitions in the steel sector are better positioned to convert integration efforts into sustained financial gains.

FINDINGS

The findings from this study consistently suggest that domestic mergers and acquisitions in the Indian steel sector generate measurable shareholder value. Short-term market reactions were largely positive, with five of the six deals showing statistically significant average abnormal returns, reflecting investor confidence at the time of announcement. This optimism extended into the longer 21-day window, where cumulative abnormal returns for most deals remained significant, indicating that markets anticipated lasting benefits beyond the immediate announcement. Notably, Deals 3 and 5 recorded the strongest market responses, likely due to their strategic alignment and expected synergies. Post-merger financial performance further supports these

observations, with acquirers demonstrating clear improvements in profitability, asset turnover, and sales growth relative to matched control firms. These operational gains suggest that the acquisitions facilitated more efficient use of assets and expanded revenue potential. The slight increase in leverage post-acquisition appears manageable, indicating that the deals were not financially overextended. The DiD regression results provide robust econometric support, confirming significant improvements in core financial metrics. Overall, the evidence points to both immediate market rewards and sustainable operational benefits from well-executed mergers. At the same time, the magnitude of these benefits is closely linked to the strategic quality of the acquired assets.

The VRIO analysis adds an important strategic perspective, showing that the quality of resources significantly affects post-merger performance. Deals with high VRIO scores, which combine value, rarity, inimitability, and organizational capability, consistently outperformed those with lower scores. For instance, Deal 1, which scored the maximum on all VRIO dimensions, achieved the strongest post-merger improvements, highlighting the role of unique and well-integrated resources in sustaining competitive advantage. The VRIO-augmented DiD results quantify this impact, showing additional gains in ROA for high-VRIO deals, underscoring that resource quality amplifies operational benefits. Lower-scoring acquisitions, such as Deal 4, showed limited market response and weaker post-merger performance, emphasizing the risks of pursuing deals without strong strategic fit. These findings indicate that value creation is not simply a function of size or cost savings but depends critically on acquiring distinctive and effectively managed resources. The results highlight the importance of careful pre-acquisition evaluation of strategic assets and the ability to integrate them efficiently. In essence, mergers that combine operational execution with robust strategic resources deliver the most enduring benefits. This insight has direct relevance for managers, investors, and policymakers seeking to optimize consolidation strategies in capital-intensive sectors. Ultimately, the study demonstrates that strategic alignment is the cornerstone of successful M&A in the Indian steel industry.

The empirical findings strongly support the proposed hypotheses. Targets consistently exhibited positive cumulative abnormal returns at the time of announcement, confirming H1 and reflecting investor recognition of their intrinsic value. Acquirers experienced smaller but statistically significant abnormal returns, in line with H2, indicating measured optimism about the strategic rationale of the acquisitions. Post-merger performance analysis demonstrates that acquirers improved across key financial metrics such as ROA, asset turnover, and sales growth relative to matched non-acquirers, validating H3. Moreover, the VRIO-augmented DiD results reveal that events with higher VRIO scores achieved additional gains, confirming H4 and highlighting the critical role of strategic resource complementarity in amplifying value creation. Collectively, these results underscore that successful M&A in the Indian steel sector is contingent not only on operational integration but also on acquiring and effectively leveraging unique, valuable, and well-organized resources.

Limitations of the study

The relatively short post-merger observation windows in recent cases limit the ability to draw robust conclusions about long-term performance outcomes. Additionally, while the VRIO framework provides useful strategic insights, its scoring process is inherently subjective; future studies could enhance objectivity by employing automated resource evaluation techniques, such as text mining. This study focuses exclusively on domestic transactions, as cross-border acquisitions often involve distinct strategic, cultural, and regulatory dynamics. Excluding them ensures analytical clarity, though their inclusion in future research could yield valuable comparative perspectives.

Scope for further research

Future research could broaden the scope by incorporating cross-border transactions, allowing for richer comparisons across diverse regulatory and cultural contexts. As more recent mergers reach operational maturity, extending the post-merger analysis window would enable deeper insights into sustained performance trends. Incorporating detailed cost and operational indicators, such as production efficiency and raw material utilization, could provide a more nuanced understanding of value creation. Moreover, leveraging AI-driven text and report analysis could help automate VRIO scoring, reducing subjectivity and improving consistency in strategic resource evaluation.

CONCLUSION

This study provides clear evidence that well-executed domestic mergers and acquisitions in the Indian steel sector can deliver both immediate shareholder value and sustained operational gains. Short-term market reactions were largely positive, reflecting investor confidence in the strategic rationale of the analysed deals, while post-merger financial performance indicated measurable improvements in profitability, efficiency, and growth relative to non-acquiring peers. The findings further demonstrate that these benefits are not uniformly distributed; rather, they are significantly amplified when the acquired assets possess high VRIO characteristics—valuable, rare, difficult to imitate, and well-supported by organisational capability. Such strategic alignment appears to be the decisive factor in translating integration efforts into a durable competitive advantage. The results carry important implications for corporate decision-makers, highlighting the need for rigorous pre-acquisition resource evaluation and careful post-merger integration planning. For investors, the study underscores the value of assessing strategic resource fit alongside conventional financial metrics when evaluating M&A prospects. Policymakers, too, may draw lessons in encouraging consolidation strategies that promote resource complementarity and long-term competitiveness. Overall, the evidence affirms that in capital-intensive, cyclical industries like steel, mergers create the greatest value when they combine operational execution with a strong and distinctive strategic resource base.

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