



Impact of Acquisition on Financial performance: A Case Study of Ambuja Cements Ltd. and ACC Ltd.

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ABSTRACT

Ownership transition through acquisition is a significant aspect in the Indian context, where many companies have experienced the transfer of substantial stakes leading to ownership dilution. Transitions may influence firms' performance including equity stock performance. In the Indian cement sector, Ambuja Cements Ltd. and ACC (Associated Cement Companies) Ltd. have been prominent players, earlier under the control of Holcim (Switzerland). In 2022, both firms were acquired by the Adani Group, marking a major acquisition. This study examines whether such a landmark acquisition has impacted profitability and equity stock performance of the Ambuja and ACC. The study measures the financial performance using liquidity, efficiency, profitability and shareholder value ratios. The paper used secondary data pre and post-acquisition annual reports of the select companies. To validate the findings, a two-tailed paired sample t-test was applied. The results indicate that profitability indicators show an insignificant impact of the acquisition on the financial performance of ACC and Ambuja Cements Ltd., whereas equity stock performance reveals a significant impact arising from the acquisition.

Introduction

In the Indian corporate landscape, transition of ownership through acquisition has remained significant aspect, particularly since the introduction of Economic Liberalisation in 1991. The 1990s and early 2000s observed a raising pattern of cross-border acquisitions, many multinational companies entered the Indian market to capitalise on their growth potential. Foreign institutional investors and global majors such as Holcim (Switzerland), Lafarge (France), and Heidelberg (Germany) made strategic entries into the Indian cement sector by acquiring controlling stakes in established domestic firms. India has experienced a consistent rising pattern in mergers and acquisitions (M&As). According to Ernst & Young, in 2010 alone, Indian companies were involved in 1,267 M&As deals valued at approximately USD 68.3 billion. As per Zee Business article India recorded more than ₹12.5 lakh crore (approx. USD 150 billion) worth of M&As deals up significantly from ₹8 lakh crore in 2018 to ₹9 lakh crore by 2021. In the cement industry specifically, ownership dilution has been a dominant trend, with the transfer of ownership of leading Indian companies ACC Ltd. and Ambuja Cements Ltd. from domestic promoters to foreign control under Holcim, and more recently to Adani Group in 2022.

Ambuja Cements Ltd. has incorporated in 1881 as Gujarat Ambuja Cements Ltd. and got listed at BSE in 1986. Within a short span, Ambuja grew into one of the India's most trusted cement brands, known for its superior quality, cost efficiency, and sustainable practices. By the 1990s, it was among the fastest-growing cement companies, setting industry benchmarks in energy efficiency and environmental responsibility. In 2006 its ownership has been diluted to A Switzerland based Holcim Ltd. acquired a controlling stake, making Ambuja part of one of the largest global cement groups. Under Holcim, Ambuja expanded its operations with a strong nationwide presence and modern manufacturing units. By 2010 Holcim controlled around 50% stake in Ambuja. In September 2022, again its ownership has transitioned from the Holcim Ltd. to Adani Group with the acquisition and they positioned Ambuja as the flagship cement company of the Adani conglomerate and making the group the second-largest cement producer in India.

ACC Ltd. is formally known as Associated Cement Companies (ACC) Limited and it was formed in 1936 through the merger of 10 existing cement companies. Through the decades, ACC maintained a leadership position in the Indian cement industry, with strong nationwide distribution and a reputation for technological advancement. In 1999, the Tata Group became a significant shareholder through acquiring a control of 14.45% stake. Later in 2004, Holcim Ltd (Switzerland) entered India and acquired a stake in ACC via Ambuja cements, eventually gaining a significant control and integrating ACC into one of the

largest global cement groups. Again, in September 2022, the ownership of ACC transitioned once more, as the acquisition of Adani Group along with the Ambuja Cements.

One common observation of these two prominent companies in cement sector is transition of ownership over a decade. The acquisition by the Adani Group in 2022 has been a prominent event, due to this, there may be changes in financial performance and equity performance. The present study is carried out to know the impact of ownership dilution through acquisition on financial and equity stock performance.

Review of Literature

Research on mergers and acquisitions (M&As) has attracted significant scholarly attention worldwide, with studies offering diverse perspectives on their impact on financial performance. At a global level, M&As are often viewed through the lens of Synergy Theory, which argues that combining resources, technology, and markets generates value greater than the sum of individual firms. However, Agency Theory suggests that managerial motives may not always align with shareholder wealth maximisation, thereby leading to inefficient acquisitions.

In the Indian context, several empirical studies have attempted to assess the financial outcomes of acquisitions across industries. Kunal Soni (2014) observed that acquisitions in the Indian cement and noted corporate sector did not significantly improve financial performance, underlining the challenges of post-merger integration. Similarly, Ansari & Mustafa (2018) reported that acquisitions between 2006 and 2017 did not consistently enhance profitability, growth, and liquidity, reinforcing the view that inorganic growth strategies may not always yield expected synergies. These findings resonate with agency concerns, suggesting that managerial ambitions for expansion may sometimes overshadow shareholder interests.

At the same time, other studies highlight positive outcomes of M&As. Gupta et al. (2021) found improvements in profitability and liquidity among Indian construction and real estate firms, supporting the synergy hypothesis. International research, by Marković & Savović (2021) also demonstrated productivity and profitability gains in Serbian cement companies' post-foreign acquisitions, with Lafarge Serbia being a notable case. Likewise, Sun and Li (2022) highlighted operating and management synergies in China's cement industry, though financial synergies were less pronounced. These studies suggest that outcomes may vary depending on industry structure, integration efficiency, and the scale of acquisitions.



Within the cement industry and other capital-intensive sectors, research presents equally mixed findings. Neha Jaiswal. et al. (2019) noted that acquisitions in the Indian cement industry increased market concentration and contributed to oligopolistic structures, raising concerns about cartelization. This aligns with the market power hypothesis, where acquisitions strengthen market dominance rather than improve firm-level efficiency. Studies like those by Savovic and Mimovic (2022) applied efficiency-focused models such as DEA and the Malmquist Index to confirm improvements in productivity post-acquisition, while Meriyani et al. (2021) linked positive performance outcomes to operational efficiency and financial restructuring.

Recent research by Ancy Jenifer (2024) and Varsha Sharada and Santosh (2025) further highlight the ongoing debate. While some firms witnessed improvements in earnings per share (EPS) and profit margins, broader measures like ROA and liquidity did not consistently reflect gains, suggesting that financial performance outcomes are often uneven. This reinforces the broader literature consensus that while acquisitions can drive market expansion and sectoral consolidation, their direct impact on firm-level financial health remains contingent on factors such as strategic fit, integration processes, and external market dynamics.

Overall, the literature indicates that some acquisitions lead to enhanced profitability and efficiency, while others fail to deliver measurable financial benefits. This ambiguity underscores the importance of case-specific investigations, particularly in high-value acquisitions in capital-intensive industries like cement.

The review of existing literature showed that although good number of studies has examined the impact of M&As on financial performance in both global and Indian contexts. Despite acquisitions being a widely adopted strategy for corporate growth, there is limited empirical evidence on their actual impact on financial performance within the Indian cement industry. The Adani Group's acquisition of ACC and Ambuja Cements, one of the largest deals in the sector, raises important questions about its effect on liquidity, efficiency, profitability, and shareholder value ratios. Therefore, the study seeks to provide an analysis of the financial performance of ACC Ltd. and Ambuja Cements Ltd. before and after their acquisition by the Adani Group.

Objective of the Study

The study aimed to know the impact of Ambuja Cements Ltd & ACC Ltd by Adani Group's acquisition of on financial performance in terms of liquidity, solvency, profitability, and shareholder value.

Methodology

The study is a case study, integrating both qualitative and quantitative methods to evaluate the financial impact of Adani Group's acquisition in the cement industry. The study depends on secondary data annual reports and closing stock price. Financial data obtained from the annual reports of select companies for a period of four years from 2019-20 to 2024-25 comprising two years prior-acquisition (2019-20 to 2021-22) and two years' post-acquisition (2023-24 to 2024-25). The data has been analysed using ratios liquidity, efficiency and profitability; and shareholder value. Further, paired sample 't' test applied to know the validity of descriptive analysis results.

Data Analysis and Discussion

On May 15, 2022, the Adani Group announced that its flagship firm Adani Enterprises, had entered into a definitive agreement with Holcim Group to acquire its entire stake in Ambuja Cements Ltd. and ACC Ltd. On September 1, 2022 the Competition Commission of India (CCI) granted approval for Adani's acquisition of Holcim's stake in Ambuja and ACC. On September 15, 2022, the Adani family has successfully completed the acquisition of Holcim's 63.15% stake in Ambuja Cements Ltd. and 54.53% stake in ACC Ltd. through the special purpose vehicle. This transaction has made Adani the second largest cement producer in India with a combined installed production capacity of over 67.5 metric tonnes per annum (MTPA).

I. Financial Performance

Financial performance is assessed through liquidity, efficiency and profitability ratios, which reflect short-term solvency, operational effectiveness and earnings capacity. 2022-23 acquisition year is taken as the reference point.

i. Liquidity Performance: Liquidity ratios assess a firm's ability to meet its short-term obligations as they fall due. Commonly used liquidity ratios are Current Ratio (CR) and the Quick Ratio (QR) used in the study to measure liquidity performance. The average liquidity ratios of ACC and Ambuja Cement Ltd.'s are shown in Table 1.

Table 1 Average Liquidity Performance of ACC and Ambuja Cement Ltd. Pre and Post Acquisition Period

Liquidity Ratios	Pre-Acquisition (2020-21 to 2021-22)		Average	Post-Acquisition (2023-24 to 2024-25)		Average	Absolute Difference (Post -Pre)	% change relative to pre
CR	1.5	1.855	1.6775	1.945	1.42	1.6825	0.005	0.30
QR	1.27	1.605	1.4375	1.675	1.14	1.4075	-0.03	-2.09

The pre-acquisition period trend of liquidity indicators shows an upward movement in both Current Ratio (CR) and Quick Ratio (QR), with averages of 1.68 and 1.44 respectively, indicating improved ability to meet short-term obligations. On the other hand, the post-acquisition period has reflected a declining trend in both CR and QR, with averages of 1.68 and 1.41 respectively. The overall trend indicates that there is a negligible change of 0.3% in CR and a slight decline of -2.08% in QR, suggesting that the acquisition has had no significant positive impact on the liquidity performance of the company, as the ratios remained broadly stable or marginally reduced. The study uses paired sample t-test to know validity of performance and presented in Table 2. The null hypothesis is ‘There is no significant impact of acquisition on the liquidity of ACC and Ambuja Cements Ltd.’.

Table 2 Paired sample t-test of average Liquidity Ratios

Variables		Paired Differences					t	Df	Sig. (2-tailed)
		Mean	Std. Devi- ation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Pre and Post CR	-0.005	0.622	0.440	-5.596	5.586	-0.011	1	0.993
Pair 2	Pre and Post QR	0.030	0.615	0.435	-5.497	5.557	0.069	1	0.956

At the 5% level of significance, it can be observed that the p-values of CR (0.993) and QR (0.956) are both greater than the standard significance level of 0.05, indicating there is no statistically significant difference in liquidity performance pre and post-acquisition periods. Therefore, we fail to reject null hypothesis for both variables (CR and QR), and it is concluded that the acquisition has no significant impact on the liquidity performance of ACC and Ambuja Cements, as the ratios remained broadly stable over the study period.

ii. Efficiency Performance: Efficiency ratios evaluate how effectively a company utilises its assets and manages its liabilities within a given period. Asset Turnover Ratio (ATR) and Inventory Turnover Ratio (ITR) ratios used as measures of efficiency in this study. Average efficiency ratios of ACC and Ambuja Cements are depicting in Table 3.

Table 3 Average Efficiency Performance of ACC and Ambuja Cement Ltd. Pre and Post Acquisition Period.

Efficiency Ratios	Pre-Acquisition (2020-21 to 2021-22)		Average	Post-Acquisition (2023-24 to 2024-25)		Average	Absolute Difference (Post -Pre)	% change relative to pre
	0.65	0.67		0.66	0.685			
ATR	0.65	0.67	0.66	0.685	0.645	0.67	0.01	0.76
ITR	4.14	2.945	3.5425	3.78	3.88	3.83	0.2875	8.12

In the pre-acquisition period, ATR averaged 0.66 times and ITR 3.54 times showing stable asset use but weaker inventory efficiency. Post-acquisition, ATR averaged 0.67 times and ITR 3.83 times indicating almost no change in asset turnover but an 8.12 per cent improvement in inventory turnover. Overall, the acquisition shows limited impact on efficiency, with gains mainly in inventory management. The study uses paired sample t-test to know validity of efficiency performance and given in Table 4. The null hypothesis is ‘There is no significant impact of acquisition on the efficiency of ACC and Ambuja Cements Ltd’.

Table 4 Paired two sample t-test Average Efficiency Ratios

Variables		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Pre and Post ATR	-0.005	0.042	0.030	-0.386	0.376	-0.167	1	0.895
Pair 2	Pre and Post ITR	-0.288	0.916	0.648	-8.515	7.940	-0.444	1	0.734

Efficiency ratios are considered an important measure of the short-term operational performance of an organisation. In this study, both variables point towards stable efficiency. At the 5% level of significance, it can be observed that the p-values of ATR (0.895) and ITR (0.734) are both higher than the standard significance level of 0.05. This indicates that the differences between pre and post-acquisition periods are not statistically significant. Therefore, the null hypothesis is accepted for both variables.

iii. Profitability Performance: Profitability ratios reflect the capacity of the business to generate profit in relation to its sales, assets, and shareholders’ equity, thereby highlighting its overall financial efficiency.

Net profit margin (NPM), Return on net worth (RONW), Return on assets (ROA) ratios used to measure the profitability performance. The average profitability ratios of ACC and Ambuja Cement Ltd.'s are shown in Table 5.

Table 5 Average Profitability Performance of ACC and Ambuja Cement Ltd. Pre and Post Acquisition Period

Profitability Ratios	Pre-Acquisition (2020-21 to 2021-22)		Average	Post-Acquisition (2023-24 to 2024-25)		Average	Absolute Difference (Post -Pre)	% change relative to pre
NPM (%)	12.575	12.155	12.365	11.83	15.24	13.535	1.17	9.5
RONW (%)	10.265	10.055	10.16	9.775	10.495	10.135	-0.025	-0.2
ROA (%)	7.59	7.355	7.4725	7.28	8.145	7.7125	0.24	3.2

The pre-acquisition period trend of profitability indicates a marginal decline in respect of NPM, RONW and ROA with an average of 12.36 per cent, 10.16 per cent and 7.47 per cent respectively. On the other hand, the post-acquisition period has indicated mixed performance with averages of 13.54 per cent, 10.14 per cent and 7.71 per cent respectively. The overall trend indicates that there is an average increase of 9.5 per cent in NPM, -0.20 per cent decline in RONW and 3.2 per cent increase in ROA, directing towards the positive impact of acquisition on profitability performance through improved margins and asset efficiency, shareholder returns remain largely stable. The study uses paired sample t-test to know validity of performance and presented in Table 6. The null hypothesis is 'There is no significant impact of acquisition on the profitability of ACC and Ambuja Cements'.

Table 6 Paired sample t-test of average Profitability Ratios

Variables		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Devi-ation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Pre and Post NPM	-1.170	2.708	1.915	-25.502	23.162	-0.611	1	0.651
Pair 2	Pre and Post RONW	0.025	0.658	0.465	-5.883	5.933	0.054	1	0.966
Pair 3	Pre and Post ROAs	-0.240	0.778	0.550	-7.228	6.748	-0.436	1	0.738

Source: Calculated results on the basis of average profitability ratios of Ambuja and ACC.

The results presented in Table 6 show that for NPM ($p = 0.651$), RONW ($p = 0.966$), and ROA ($p = 0.738$), the p-values of all the three are greater than the standard significance level of 0.05. This indicates that none of the profitability indicators have registered a statistically significant change due to the

acquisition. Hence, the null hypothesis is accepted for all three variables, leading to the conclusion that the acquisition has no significant impact on the profitability performance of ACC and Ambuja Cements during the study period. Although the descriptive analysis revealed marginal improvement in Net Profit Margin and Return on Assets post-acquisition, the statistical test confirms that these changes are not significant at the 5%.

The analysis of liquidity, efficiency and profitability ratios shows that the acquisition of ACC and Ambuja Cements Ltd. did not lead to any statistically significant improvement in financial performance. Liquidity ratios (CR, QR) remained broadly stable, efficiency ratios (ATR, ITR) showed only marginal improvement in inventory turnover, and Profitability indicators (NPM, RONW, ROA) recorded minor variations. However, paired sample t-tests confirmed that none of these changes were statistically significant at the 5% level. Hence, the null hypothesis of all the parameters used to measure financial performance are accepted, concluding that the acquisition had no substantial impact on financial performance.

This outcome also provides a basis to extend the analysis towards the second hypothesis, which examines whether Adani Group’s acquisition had any significant effect on the equity stock performance of ACC and Ambuja Cements Ltd.

II. Equity Stock Performance

The study used Earnings per Share (EPS), Book Value per Share (BVPS), and Dividend per Share (DPS) as the key indicators of shareholders value. These variables help assess whether the acquisition of ACC and Ambuja Cements Ltd. by the Adani Group has significantly influenced shareholder wealth and market confidence.

The null hypothesis framed for the study is ‘there is no significant impact of acquisition on the equity stock performance of ACC and Ambuja Cements Ltd. Table 7 presents the equity stock performance of both companies for two years pre-acquisition and two years post-acquisition.

Table 7 Average Shareholder Value Ratios Performance of ACC Ltd. and Ambuja Cement Ltd. Pre and Post Acquisition Period.

Valuation Ratios	Pre-Acquisition (2020-21 to 2021-22)		Ave-rage	Post-Acquisition (2023-24 to 2024-25)		Ave-rage	Absolute Difference (Post -Pre)	% change relative to pre
	72.215	62.43		53.63	42.915			
EPS (₹)	72.215	62.43	67.3225	53.63	42.915	48.27	-19.05	-28.30

BVPS (₹)	584.625	510.335	547.48	448.96	392.68	420.82	-126.66	-23.14
DPS (₹)	2	2	2	2.5	6.3	4.40	2.40	120.00

The pre-acquisition period recorded average values of ₹67.32 for EPS, ₹547.48 for BVPS, and ₹2 for DPS. In contrast, the post-acquisition period showed averages of ₹48.27 for EPS, ₹420.82 for BVPS, and ₹4.40 for DPS. The overall trend highlights a 28.29 per cent decline in EPS and a 23.10 per cent decline in BVPS, suggesting erosion in profitability and book value per share during the post-acquisition phase. However, DPS registered a sharp increase of 120 per cent, reflecting an improved dividend pay-out to shareholders. Therefore, the analysis indicates that EPS and BVPS have weakened under the post-acquisition regime, the increase in DPS signals better cash distribution to shareholders, thereby pointing towards a mixed impact of the Adani Group's acquisition on equity stock performance.

Table 8 Paired two sample t-test Shareholder Value Ratios

Variables		Paired Differences					t	Df	Sig. (2-tailed)
		Mean	Std. Devi-ation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Pre and Post EPS	19.05	0.658	0.465	13.14	24.96	40.97	1	0.016
Pair 2	Pre and Post BVPS	126.66	12.735	9.005	12.24	241.08	14.07	1	0.045
Pair 3	Pre and Post DPS	-2.40	2.687	1.900	-26.54	21.74	-1.26	1	0.426

The results presented in Table 8 show that for EPS ($p = 0.016$) and BVPS ($p = 0.045$), the p-values are less than the standard significance level of 0.05. This indicates that both earnings per share and book value per share have registered a statistically significant change due to the acquisition. In contrast, for DPS ($p = 0.426$), the p-value is greater than 0.05, which implies that dividend payments have not undergone a significant change following the acquisition. Although the descriptive analysis showed a decline in dividend per share, the statistical test confirms that this change is not significant at the 5% level. Hence, the null hypothesis is rejected for EPS and BVPS, but accepted for DPS, leading to the conclusion that the acquisition has had a significant impact on earnings and book value per share, while dividend distribution remained unaffected during the study period.

Conclusion

The study has analysed the impact of the Adani Group's acquisition of Ambuja Cements Ltd. and ACC Ltd. on their financial performance. The analysis of liquidity, efficiency, profitability and shareholder value ratios revealed only marginal variations across the pre- and post-acquisition periods, with paired t-



test results confirming no statistically significant changes. This suggests that the acquisition did not materially improve the financial performance of the companies during the study period.

In contrast, shareholder value ratios Earnings per Share (EPS) and Book Value per Share (BVPS) declining notably post-acquisition while Dividend per Share (DPS) increased though not at a statistically significant level. These results indicate that although operational performance remained largely unaffected, shareholder value metrics reflected changes. Overall, the findings highlight that acquisitions may not immediately enhance financial outcomes but can significantly influence investor perception and equity performance. Future research could extend this analysis over a longer post-acquisition horizon or compare it with similar acquisitions in the cement industry to better capture long-term effects.

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