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M&A AS A GROWTH STRATEGY IN EMERGING MARKETS: INDIA, CHINA, BRAZIL CASE STUDIES

Arshpreet Kour¹

I. ABSTRACT

Mergers and Acquisitions (M&A) have emerged as an important strategy for corporate growth in an increasingly competitive and globally integrated business environment. By enabling firms to acquire existing assets, technology, managerial capabilities, market access and established customer bases, M&A offers a faster route to expansion than organic growth. This research adopts a doctrinal and analytical methodology, examining statutory and regulatory frameworks, institutional mechanisms, secondary literature and selected case studies to evaluate the effectiveness of M&A as a growth strategy in emerging markets, with particular reference to India, China and Brazil. The study finds that India provides a comparatively structured and market-oriented M&A framework through company law, competition regulation and securities regulation, with the Competition Commission of India and SEBI playing important institutional roles, although procedural delays and compliance burdens may affect transaction efficiency. China's M&A environment reflects stronger state influence, where regulatory scrutiny, foreign investment controls and state-guided industrial policy can facilitate strategic acquisitions but may also raise concerns regarding transparency and market neutrality. Brazil represents a mixed model in which CADE and competition law have strengthened merger control and institutional oversight, but macroeconomic volatility and political uncertainty continue to influence deal valuation and completion. The comparative analysis of the Tata Steel-Corus, Geely-Volvo and AB InBev experiences shows that M&A can generate scale, technology access and global competitiveness, but success depends on strategic fit, disciplined valuation, regulatory certainty and effective post-merger integration. The study recommends that firms undertake rigorous due diligence, avoid over-leveraged acquisitions, and design integration plans before deal closure, while policymakers should promote

¹ LL.M (Corporate Laws), 2nd Semester, Student at Amity University, Punjab (India). Email: kourarshpreetmay17@gmail.com

transparent, predictable and time-bound regulatory processes to support sustainable M&A-driven growth.

II. KEYWORDS

Mergers and Acquisitions, Legal Framework, Emerging Markets, SEBI(LODR), Companies Act 2013.

III. INTRODUCTION

Mergers and acquisitions (M&A) play a crucial role in corporate restructuring and development today. A merger refers to the combination of two or more companies into a single entity, while an acquisition involves one company acquiring control over another through the purchase of shares or assets². Both these tools facilitate rapid expansion, diversify risk and enhance the competitiveness of the business concerns.

Globalization, technological innovation, and the intensified competition in the marketplace have significantly amplified the significance of M&A in current era. Companies rely on M&A to achieve an exponential growth, acquire new markets and get access to technology at a far faster rate. Unlike organic growth, which is gradual and requires substantial investment of time and resources, M&A provides immediate expansion and operational capabilities.³

Emerging markets like India, China and Brazil have become vital centers of M&A activity and provide good opportunities for firms, given their fast growth rate, large markets and developing economies, though the economic institutions and regulatory framework in these markets may be complex and relatively undeveloped.

M&A in emerging markets present a high level of challenges on account of political instability, lack of a proper institutional framework and cultural diversity. Regulatory uncertainty, political instability, cultural differences, and weak institutional

² J.Fred Weston, Mark L. Mitchell & J. Harlod Mulherin, *Takeovers, Restructuring, and Corporate Governance* (4th edn., Pearson 2004)

³ I.M. Pandey, *Financial Management* (Vikas Publishing, 2015).

frameworks often complicate transactions and affect outcomes⁴. Most of the M&A transaction failed as it does not handle the integration aspect and other relevant issues.

A. Research Objectives

The present research is guided by the following objectives:

1. To examine Mergers and Acquisitions as a corporate growth strategy in emerging markets, with particular reference to India, China and Brazil.
2. To analyse the legal, regulatory and institutional frameworks governing M&A transactions in the selected jurisdictions.
3. To evaluate selected case studies, including Tata Steel-Corus, Geely-Volvo and AB InBev, in order to identify the strategic, financial and governance factors affecting M&A outcomes.
4. To identify the principal risks associated with M&A in emerging markets and propose practical recommendations for firms and policymakers to improve transaction efficiency and post-merger success.

B. Research Questions

The study seeks to answer the following research questions:

1. How far do Mergers and Acquisitions operate as an effective strategy for corporate growth in emerging markets?
2. How do the regulatory and institutional frameworks of India, China and Brazil influence the success or failure of M&A transactions?
3. What strategic, financial and post-merger integration challenges are reflected in the selected case studies?
4. What measures should firm and policymakers adopt to reduce legal, financial, governance and integration risks in M&A transactions?

C. Research Methodology

This research adopts a doctrinal and analytical methodology. The doctrinal method is appropriate because the study examines legal rules, regulatory frameworks,

⁴ KPMG, *Global M&A Trends Report* (KPMG 2021).

institutional mechanisms and policy materials governing M&A transactions in India, China and Brazil. Doctrinal legal research is primarily concerned with identifying, analysing and explaining enacted legal frameworks, including statutes, regulations and authoritative legal materials.

The study relies on primary legal sources such as company law, competition law, securities regulations and foreign investment rules relevant to M&A transactions in the selected jurisdictions. It also uses secondary sources including books, journal articles, institutional reports, policy materials and case-study literature to evaluate the practical operation of M&A as a growth strategy.

The research is also comparative in nature. India, China and Brazil have been selected because they represent significant emerging markets with distinct regulatory and institutional approaches to M&A. The comparative method enables the study to identify similarities and differences across these jurisdictions and to assess how legal structure, regulatory certainty, government intervention, market conditions and post-merger integration affect M&A outcomes. Comparative legal research may use analytical and law-in-context approaches, depending on the research question and the purpose of comparison.

Accordingly, the methodology supports both legal analysis and practical evaluation by connecting statutory and institutional frameworks with selected M&A case studies and broader strategic challenges.

IV. CONCEPTUAL FRAMEWORK OF MERGERS AND ACQUISITIONS

M&A is a significant component of the strategy of a firm in order to restructure itself and expand business operations and it is based on certain fundamental concepts which need to be identified to enable to analyze its suitability and importance as growth strategy, especially in the developing countries like India, China and Brazil. In essence, M&A involve consolidation of companies or transfer of ownership and control from one business to another. 'Merger' indicates the process where two or

more business organizations combine to form one entity, and in 'acquisition' one business entity becomes the owner and acquires the control of another.

A. Types of M&A

M&A transactions can broadly be classified on the basis of industry and strategic goals of business entities.

1. **Horizontal Mergers:** These are transactions between organizations involved in same industry at the same level of production. The prime rationale for entering into horizontal mergers is to achieve higher market share, eliminate competition and gain economies of scale. Though horizontal merges have been instrumental in developing competitive advantages, these are prone to the concerns of monopolization.
2. **Vertical Mergers:** These merges occur between business units producing components for same product or having complementary goods. These transactions help business units to improve their supply chain efficiency by increasing supply of inputs and/or decreasing the cost of distributing their products. They can enhance the efficiencies, but they might hinder competition in market by forcing out other competitors.
3. **Conglomerate Mergers:** Conglomerate mergers are between organizations operating in diverse industries and in unrelated businesses. Conglomerate mergers aim at reducing risk to the businesses by diversifying their operations. Though they may lower dependence on a particular industry, yet they give rise to operational challenges for management.
4. **Cross-Border M&A:** It involves the acquisitions and mergers between business units situated in different countries. Globalization has increased this type of merger and helps the firms to gain global footing, tap in advanced technology, and enhance access to new markets. However, cross-border M&A is more complex due to differences in legal systems, culture, and economic conditions.⁵

⁵ UNCTAD, *World Investment Report* (United Nations, 2022).

B. M&A as a Growth Strategy

M&A strategy leads to growth of the firm at a much faster rate than organic growth because with such a strategy, the firms are able to get in to new markets as well as acquire assets, management and operations quickly without much expenditure of time and resources.

One of the benefits of M&A is the achievement of economies of scale and scope, by merging of operations and increased efficiency, resulting in enhanced revenues and profitability. M&A also provides a strategic tool for achieving access to new markets and overcoming potential hurdles to the market.

Another advantage lies in the acquisition of strategic assets like knowledge, technology and human resources and in case of technology and knowledge intensive industry it provides a competitive edge to the business concerns.

However, there are certain disadvantages associated with the use of M&A as growth strategy. There is a risk of overpaying for the target and failure in post-merger integration may undermine anticipated returns. Thus, proper and meticulous planning and execution is required for the successful M&A venture.

C. Theoretical Perspectives on M&A

The different hypotheses and theories exist explaining M&A as a growth strategy of firms, some of the important ones include:

1. **Synergy Theory:** It postulates that combination of two organizations brings more values to it than the sum of values of individual entities. The synergy comes in forms of reducing operational and financial costs, increasing revenues or productivity.
2. **Market Power Theory:** This theory suggests that the organization is using merger as a technique to gain market dominance by eliminating competition in the market to increase its market share and command higher price for its products.
3. **Resource-Based View:** It suggests that companies undertaking mergers seek to acquiring specific resources such as valuable technology, skilled

workforce and management capabilities which enable them gain competitive advantages.

4. **Agency Theory:** Agency Theory explains M&A decisions through the potential conflict between managers and shareholders. Managers may sometimes pursue mergers or acquisitions to enlarge the size of the firm, increase managerial influence, control greater resources or use surplus free cash flow, even where the transaction does not maximise shareholder value. In such cases, M&A may lead to agency costs and value destruction if managerial objectives are not properly aligned with shareholder interests. This theory is particularly relevant to takeover analysis because it explains why some acquisitions are driven by managerial incentives rather than by genuine strategic fit, financial discipline or long-term value creation.⁶

D. Key Determinants of Successful M&A

A Successful M&A venture is defined by some essential determining factors such as:

1. Strategic fit between the two firms.
2. Correct valuation of the acquired firm.
3. Rigorous due diligence to understand various aspects of the target company.
4. Efficient post-merger integration plan and execution.
5. Adherence to regulatory framework in force.

Failure of any of these parameters can impact the final outcome of an M&A transaction.

E. Relevance to Emerging Markets

The conceptual framework on M&A presented herein holds crucial importance in the context of developing countries. Firms in developing countries utilize M&A as a mechanism to overcome structural disadvantages and compete on a global scale, as

⁶ MC Jensen and WH Meckling, 'Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure' (1976) 3(4) *Journal of Financial Economics* 305; MC Jensen, 'Agency Costs of Free Cash Flow, Corporate Finance, and Takeovers' (1986) 76(2) *American Economic Review* 323.

well as gain access to foreign markets. Simultaneously, developing countries are marked by weaknesses in institutional structure and regulatory ambiguity which pose a unique set of challenges to such ventures.

The aforementioned framework on the various type, theory, determinants and role of M&A forms the basis for analysis of its suitability as a strategy of growth in emerging nations like India, China and Brazil.

V. M&A ENVIRONMENT IN EMERGING MARKETS

Emerging markets provide opportunities due to growth potential but pose risks due to institutional weaknesses.⁷

The Merger and Acquisition activity taking place in emerging markets can be described by some very distinctive environmental features which differ from those in developed economies. The high growth potential of emerging economies such as India, China and Brazil as well as their industrial development create positive environment for M&A while economic and regulatory issues create several challenges in dealing with business firms from those economies. A thorough understanding of the M&A environment of emerging economies would be beneficial to evaluate its success rate as a strategy of corporate growth.

A. Key Characteristics of Emerging Markets

Emerging markets generally reflect rapid development in economics and industry and are highly connected with the global market. This offers good potential for growth-oriented firms, particularly in the manufacturing and services sectors.

Emerging markets, in fact, has a hidden potential due to large population and increasing consumer disposable income that attract investment for expanding business. It also involves a relatively cheaper cost of production and labor. However, emerging markets faces a lot of challenges such as poorly developed infrastructure, difficult access to finance and weaker legal structures and procedures, causing it difficult for the investor to perform comprehensive due diligence on target firms to

⁷ UNCTAD (n2).

ensure right valuation of target companies. Therefore, Information asymmetry is a common issue, making it difficult for firms to accurately assess the value and risks associated with potential acquisitions.⁸

B. Regulatory and Legal Framework

The success or failure of M&A transactions is heavily dependent on the legal and regulatory framework of the concerned jurisdiction. Company law, securities regulation, competition law and foreign investment rules collectively determine whether a transaction can be completed efficiently and lawfully. In India, the M&A framework is governed principally by the Companies Act, 2013, the Competition Act, 2002 as amended by the Competition (Amendment) Act, 2023, and SEBI's securities-market regulations. A central component of the Indian securities-facing M&A regime is the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, commonly known as the SEBI Takeover Code or SAST Regulations, which were last amended on 5 December 2025.

These regulations govern substantial acquisition of shares, voting rights and control in listed Indian companies and are designed to protect public shareholders during takeover transactions. The SAST Regulations require an acquirer to make a public announcement and an open offer when the prescribed acquisition thresholds are crossed, including the principal 25% shareholding or voting-rights trigger. They therefore operate alongside the Companies Act, which governs corporate restructuring and schemes, and the Competition Act, which governs merger-control approval by the CCI. Accordingly, India's M&A framework should be understood as a composite regime involving corporate law, securities law and competition law, rather than as a framework governed only by company and competition legislation.

C. Role of Government and Institutions

Governments are key stakeholders and their role becomes very active in M&A transactions when dealing with firms from emerging economies compared to those from developed countries. Government may encourage, permit or deny such

⁸ UNCTAD, *World Investment Report* (United Nations, 2022).

transactions, according to the economic and political considerations of the nation. In China, the government plays a decisive role as it directly encourages M&A transactions through its owned companies while in India there is limited involvement of the government apart from enforcing various regulations that aim to promote competitive markets.

In Brazil, it's a mid-range situation where there is support by the government for these activities in terms of policies, however there are concerns of economic instability as well. It is important to achieve an optimum balance of government control to be effective without hampering efficiency.

D. Economic and Political Factors

The political and economic environment plays an integral role in making decisions concerning M&A. Economic factors like economic growth rates, level of inflation, foreign exchange value, as well as political factors such as the stability and government policy changes significantly determine the decision-making behavior of any organization interested in performing merger or acquisition. Economic volatility in developing markets has great impact on the valuations and overall feasibility of such deals. Political instability adds another degree of risk to business as a shift in policy may not be in favor of the investor.

E. Differences from Developed Markets

The primary difference in M&A transaction between developed and developing markets are reflected in their level of institutional efficiency and legal structure, where the developed economies have better established and clearer regulations leading to more certain outcomes and market efficiencies in general. Emerging economies' investment decisions face comparatively high level of risk and higher government intervention compared to that in developed economies.

F. Implications for M&A Strategy

It is important that firms should adopt their strategies according to the specific conditions in developing countries when considering M&A. Thorough research is imperative for thorough evaluation of due diligence as there may be limited available

information in the market. Firms should make well informed decisions after properly studying market as well as regulatory factors so that any risk of economic or political consequence could be mitigated to the largest possible extent.

VI. COUNTRY ANALYSIS AND CASE STUDIES

The success of mergers and acquisitions (M&A) as a growth strategy differs depending on the country due to variations in their regulatory framework, institutional setting and economic conditions. This section presents a comparison between India, China and Brazil with the help of important cases which can illustrate both opportunities and threats.

A. India

India is one of the major attracting emerging economies in terms of M&A activities. With the shift from planned and regulated economy to market oriented liberalization after 1991, both cross-border and domestic transactions increased significantly.

1. Regulatory Framework

India's M&A regulatory framework rests on four principal pillars: the Companies Act, 2013; the Competition Act, 2002 as amended by the Competition (Amendment) Act, 2023; SEBI's securities-market regulations; and foreign exchange and investment regulations. Within this framework, the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 occupy a particularly important position for acquisitions involving listed Indian companies. The SAST Regulations regulate direct and indirect acquisitions of shares, voting rights and control, and require an acquirer to make a mandatory public announcement and open offer when the acquisition reaches the prescribed threshold, including acquisition of 25% or more voting rights in a listed company. This mechanism is intended to ensure transparency, equal treatment of shareholders and an exit opportunity for public shareholders when control or substantial ownership changes.

The Takeover Code interacts with the Companies Act, 2013 and the Competition Act, 2002 in a complementary manner. The Companies Act governs corporate approvals, schemes of arrangement, amalgamations and shareholder procedures; the

Competition Act requires CCI scrutiny where a transaction meets the applicable combination thresholds; and the SAST Regulations impose securities-law obligations where the transaction involves acquisition of substantial shares, voting rights or control in a listed Indian company. In cross-border M&A, the SAST Regulations become especially relevant where a foreign acquirer directly or indirectly obtains control over a listed Indian target. Although the Tata Steel-Corus transaction primarily involved an Indian listed company acquiring a foreign target, comparable inbound or indirect cross-border acquisitions involving listed Indian companies would require careful SAST compliance. Therefore, a complete analysis of India's M&A framework must specifically include the SEBI Takeover Code, rather than referring generally to SEBI rules and regulations.⁹

2. Case Study: Tata Steel - Corus (2007)

It was one of the largest cross-border M&A transactions of an Indian company to acquire Corus Group. The strategy to go with this deal was to gain a global presence as well as learn European market operations and advanced technology.

Although, initially, it was found to be strategic, later the firm faced difficulties because of huge amount to finance the debt associated with acquisition and high premium to purchase it. This deal also affected the company severely during global financial crisis which leads to serious cash flow constraints. This case brings to the spotlight the negative outcomes and effects of huge payment and over-leverage in M&A.

3. Analysis

The M&A trend in India clarifies that transparency and strategy are very much important in M&A transactions. Although some Indian firms used M&A for globalization, integration and financial risk remained a major issue.

⁹ Competition Act, 2002, as amended by the Competition (Amendment) Act, 2023 (India).

B. China

China presents a different model for M&A driven heavily by government support and objectives. China aimed to become a global force through its investments abroad and the acquisition of assets overseas.

1. Regulatory Framework

China's M&A laws are supported by various administrative and legal documents, the framework of which is primarily managed by government authorities and SOEs play a dominant role.

Due to such centralized approach, there are opportunities for quick decisions and transactions execution, especially in strategic sectors like energy, infrastructure and technology, but transparency issues still prevail in the market which could lead to distortions.

2. Case Study: Geely - Volvo (2010)

Acquiring Volvo by Zhejiang Geely Holding Group was a huge success. Geely could gain access to high technology of automotive sector and also entered into the international markets.

One of the important aspects which led to success was Geely's method of integrating Volvo in its organization which was by allowing it a high autonomy and providing finance and strategic support without interfering into the operations. The deal successfully maintained the brand value of Volvo and operational efficiency.

3. Analysis:

M&A in China highlights the importance of state assistance and coordination but also emphasizes the necessity of transparency and market-based approach to maintain sustainable growth.

C. Brazil

Brazil, an emerging economic power in Latin America, has also been involved in numerous M&A transactions, especially within the financial services, energy, consumer goods sector etc.

1. Regulatory Framework

Brazil's M&A framework is directed and guided by “Competition laws” and agencies like the “Administrative Council for Economic Defense” (CADE). The country has, in fact, made significant progress in strengthening its regulatory and legal frameworks and in ensuring healthy market competition.

But “volatility”, “inflation”, and “political uncertainty” continue to have an impact on the trends in Brazil's M&A transactions.

2. Case Study: AB InBev

AB InBev, one of the world’s leading brewing companies, was not formed through any Indian corporate combination. Its Brazil connection arises from AmBev, the Brazilian brewer that merged with Belgian company Interbrew in 2004 to create InBev. Thereafter, InBev acquired the American company Anheuser-Busch in 2008 for approximately US\$52 billion, resulting in the formation of Anheuser-Busch InBev. This transaction created the world’s largest brewer and illustrates how cross-border M&A can be used to achieve global scale, brand expansion and market consolidation. The AB InBev case is relevant to Brazil because AmBev formed a core part of the group’s historical and strategic foundation. The company’s growth demonstrates the importance of financial discipline, cost efficiency, integration planning and synergy realisation in large-scale international M&A. It also shows that successful cross-border acquisitions require not only deal completion, but also careful post-merger integration and operational consolidation across jurisdictions.

3. Analysis:

Brazil is an example where financial and operational efficiencies are critical for a successful M&A. Despite the improvements in legal and institutional frameworks, economic volatility continues to be a challenge for M&A in the country.

VII. COMPARATIVE ANALYSIS AND STRATEGIC INSIGHTS

Emerging markets have diverse M&A patterns shaped by the respective countries' economic, legal and institutional frameworks. India, China and Brazil's M&A have proved that it can be an important growth strategy but also a challenge, and in each

of the case studies mentioned above they had different results depending upon their own context.

A. Comparative Institutional Frameworks

A key difference between India, China and Brazil is the type of institutions and framework within which M&A is carried out:

1. India has a market-oriented structure which relies more on structured legal framework and transparent laws and competition regulator to encourage investor confidence. However, procedural delays can hamper the speed of M&A deals.
2. China relies more on its central government and SOEs for M&A which offers the opportunity for speedy deals and coordination with the state goals, but these kinds of practices raise issues of transparency and fair competition.
3. Brazil has a hybrid structure between the other two countries. The legal and institutional setup is gaining robustness but still a major driving factor influencing the success of deals is economic volatility and political uncertainty.

B. Strategic Motivations Across Countries

The incentives for M&A differ from country to country:

1. In India, firms use M&A as a tool for global expansion, learning new technology and increasing competitiveness.
2. In China, firms are guided by state and pursue acquisition for obtaining vital resources and technology as well as for increasing the country's power globally.
3. In Brazil, M&A is carried out for strengthening domestic positions by consolidation of local firms, increasing efficiencies, etc.

C. Role of Government in M&A

A key differentiator between the three emerging markets is the role the state plays in M&A activities:

1. In China, government intervention in M&A is high allowing coordination among the firms to pursue national goals, but this may sacrifice market efficiency.
2. In Brazil, government has a moderate intervention strategy where regulation and market efficiency need to balance, but lack of stable government policy may lead to fluctuation.
3. In India, there is a low involvement of the state ensuring greater transparency and a focus on competition, but these practices lack strategic coordination.

D. Post-Merger Integration Challenges

The integration phase of M&A is often found to be the most critical one across all the three emerging markets. The factors that cause issues in PMI are relatively similar across these countries, regardless of their institutional and legal setup:

Key Integration Issues:

1. Cultural differences
2. Operational issues like merging processes, IT systems etc.
3. Conflict within management team (differing approaches, leadership etc.)
4. Fear and absence of transparency and clarity among employees

E. Finances and Valuation Issues

Financial aspects are highly critical to the success of M&A in the emerging economies. Over-valuation of the target firms is a common problem that firms are facing due to bidding wars and over-optimism. This consequently led to cash flow strain. In case of Tata Steel and Corus, there was high purchase price and huge amount for leveraging and was made further critical by global recession, hence this shows risks when such large debt burden has to be serviced without much thought on valuation.

F. Risk Factors in Emerging Market M&A

M&A activity in emerging markets are subject to significant risks, which are often higher than in the developed economies:

1. Regulatory Risk

2. Political Risk
3. Economic Risk
4. Information Asymmetry
5. Governance Issue

All the three country analyses show that to reduce the risk, firms have to conduct thorough due diligence and have a comprehensive understanding of local issues before proceeding for M&A.

G. Strategic Insights

Following the above analysis, one can infer:

1. There is no "one-fits-all" model when it comes to M&A strategy. It has to be custom made considering specific constraints of a country.
2. Strategic fit between acquiring and acquired firm in terms of objectives and capabilities are imperative to successful M&A.
3. Successful M&A is more about effective integration rather than the deal making process.
4. Financial discipline and valuation play a very important role, and companies should aim at creating value rather than destroying it through the M&A.
5. Institutional Quality is important for effective execution of the M&A.
6. Proactive risk management has to be an integral part of the M&A process.

H. Implications for Firms

Based on the comparison, firms looking at India, China and Brazil for M&A are advised to:

1. Study local market condition thoroughly.
2. Be flexible with their strategy.
3. Build strong governance structure and management capabilities.
4. Develop a long-term view when dealing with such transactions.

5. The firms that effectively manage these factors have the capability of becoming world class players through their strategic mergers and acquisitions.

VIII. CHALLENGES AND RISKS IN M&A

Although Mergers & Acquisitions (M&A) provides an enlarged opportunity for rapid growth and massive expansion for organizations, it even gives rise to a large set of risks, challenges and difficulties which become much bigger and greater in emerging countries like India, China & Brazil because of institutional flaws, unstable regulatory environments and volatile economy.

A. Regulatory and Legal Challenges

“Regulatory and legal challenges” are considered one of the most important challenges connected and linked with M&A transactions. Emerging markets have comparatively underdeveloped, inconsistent and often evolving legal systems.

In India the laws may be structured but complex due to time consuming legal procedures. In China regulatory approvals can often be arbitrary due to government policies which may not have much transparency and Brazil has rigid institutional and bureaucracy with unpredictable changing regulatory regimes.

These issues create uncertainty for firms and may lead to delays, increased costs, or even cancellation of transactions.¹⁰

B. Assessment of Political and Economic Factors, Risks, and Challenges

Political and economic conditions have a major impact on M&A transactions.

1. Political Risks
2. Change in policies.
3. Shifting regulatory patterns.
4. Restrictions in international trade.
5. Geopolitical uncertainties.
6. Economic risks

¹⁰ UNCTAD, *World Investment Report* (United Nations, 2022).

7. Interest rate and inflation fluctuations.
8. Currency volatility which is one of the major concerns in cross border M&A.
9. Economic crisis leading to shrinking profitability.

For instance, decrease in value of the target country currency will always inflate its acquisition cost and economic crises in the acquiring countries could cause them lower returns than originally expected.

C. Financial Risks and Overvaluation

The financial risks is a major concern in M&A transactions. The firms engaged in M&A activities are often engaged in cut-throat competition, which further raises the price of target companies beyond their fair value and this factor is supplemented by overestimation of anticipated future growth and synergies. Another major risk in financial aspects of M&A is increasing the leverage of the acquiring firms beyond their capabilities. This can be confirmed by one of the case studies of Tata Steel acquiring Corus in which higher levels of debt proved to be financially debilitating.

D. Post-merger Integration challenges

It is very often agreed upon by research that Post-Merger Integration (PMI) phase is the most crucial one of any M&A deal. Many M&A deals fail due to lack of efficient post-merger integration.

The major Post-Merger Integration Challenges are as below;

1. **Cultural differences:** These exist as different organizational cultures and employee attitudes may create obstacles to a smooth merging process which is exacerbated in cross-border transactions.
2. **Integration of systems and processes:** Incompatible systems may present many operational problems to a new merged entity and integration may require considerable financial expenditure.
3. **HR issues:** Employee resistance to the change, uncertainty about their job security, and loss of talented personnel due to the merger may all damage the performance of the newly formed firm.

- 4. Leadership differences:** Different types and styles of body managing can for sure lead to further friction in the organization itself.

Successful M&A transactions require a well-planned and flexible integration strategy that addresses these challenges effectively.¹¹

E. Corporate Governance

Weak “corporate governance” practices in emerging markets can seriously undermine a firm's ability to execute a successful M&A transaction. Lack of transparency in reporting, existence of conflicts of interest among management and board members, and poorly designed compensation packages are characteristic concerns. In addition, insufficient board expertise on the strategic merits and risks associated with an M&A can result in decision-making errors. This could increase the probability of the misrepresentation of financial figures.

F. Technology and operational risks

Companies may incur these risks when they fail to predict what technology will be dominant in the future or even worse acquire an obsolete technology. Failure in the integration of systems may affect operational efficiency and synergies will not be achieved as predicted. Operating risks arise due to many factors which are sometimes out of a firms control like disrupted supply chain and logistical challenges.

G. Risks Mitigation Strategy

Some major ways in which firms can mitigate risks associated with M&A deal.

1. Conduct thorough due diligence.
2. Value and plan finances correctly.
3. Develop post-merger integration plan.
4. Strengthen the governance processes.
5. Monitor and analyze changing political and economic scenarios.
6. Stay flexible.

¹¹ KPMG, *Global M&A Outlook* (KPMG International, 2021).

IX. SUGGESTIONS AND RECOMMENDATIONS

The preceding analysis demonstrates that M&A can operate as an effective growth strategy in emerging markets only when it is supported by strategic clarity, regulatory preparedness, financial discipline and effective post-merger integration. Accordingly, the following suggestions and recommendations are proposed for firms and policymakers:

- 1. Ensure strategic clarity:** Firms pursuing M&A should clearly identify the commercial, technological, financial and market-related reasons for undertaking the transaction. A clearly defined strategic objective reduces the risk of value destruction and improves the likelihood of successful integration.
- 2. Conduct comprehensive due diligence:** Firms should undertake legal, financial, operational, regulatory and cultural due diligence before completing any M&A transaction. This is particularly important in emerging markets, where information asymmetry, regulatory complexity and institutional weaknesses may affect valuation and risk assessment.
- 3. Prepare a post-merger integration plan:** Firms should not treat deal completion as the final stage of the M&A process. They should prepare a concrete integration plan covering management structure, employees, operations, technology systems, corporate culture and reporting mechanisms. Effective post-merger integration is essential for achieving expected synergies.
- 4. Maintain financial discipline:** Acquiring firms should avoid overvaluation, excessive leverage and unrealistic assumptions regarding future synergies. The Tata Steel-Corus experience demonstrates that high acquisition premiums and debt-funded expansion can weaken the financial position of the acquirer if market conditions deteriorate.
- 5. Strengthen corporate governance:** Firms should adopt transparent decision-making processes, independent board oversight and clear accountability mechanisms in M&A transactions. Strong corporate governance reduces conflicts of interest, improves investor confidence and supports informed evaluation of transaction risks.

6. **Refine regulatory frameworks:** Policymakers should promote predictable, transparent and time-bound regulatory approvals for M&A transactions. While competition, securities and foreign investment regulations remain necessary, unnecessary bureaucratic delays should be reduced to improve transaction efficiency.
7. **Adopt a long-term perspective:** Both firms and policymakers should prioritise sustainable value creation over short-term transactional gains. M&A should be assessed not merely by deal completion, but by its contribution to long-term competitiveness, innovation, employment stability and market efficiency.

X. CONCLUSION

The emergence of Mergers and Acquisitions as a mainstream strategy for corporate growth and expansion is undeniable in the contemporary business environment. This research has examined the utility of M&A as a growth strategy in emerging markets, with particular reference to India, China and Brazil. Through a doctrinal, analytical and comparative approach, it has considered the conceptual foundation of M&A, the institutional and regulatory frameworks of the selected jurisdictions, major case studies and the principal risks associated with M&A transactions.

The study finds that M&A can provide firms with accelerated growth, market expansion, access to technology, operational capabilities and enhanced competitiveness, especially where organic growth is constrained by structural limitations. However, the effectiveness of M&A is not automatic. It depends upon strategic compatibility between the acquirer and the target, accurate valuation, regulatory certainty, corporate governance standards and a carefully planned post-merger integration process.

The comparative analysis of India, China and Brazil further shows that institutional design significantly influences M&A outcomes. India's comparatively structured and market-oriented legal framework supports investor confidence, though procedural delays may affect efficiency. China's state-guided approach can facilitate large strategic acquisitions but may raise concerns relating to transparency and market

neutrality. Brazil reflects a mixed model in which stronger competition regulation operates alongside macroeconomic volatility and political uncertainty.

The selected case studies also demonstrate that successful M&A requires more than the legal completion of a transaction. Tata Steel-Corus highlights the risks of overvaluation and excessive leverage, Geely-Volvo illustrates the importance of autonomy and strategic support in post-merger integration, and AB InBev reflects the role of cost discipline and synergy realisation. Thus, M&A remains a valuable instrument for corporate growth in emerging markets, but its success depends on careful planning, sound financial judgement, regulatory predictability, strong governance and effective post-merger execution.

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