"Post-Merger Financial Assessment in the Textile Industry: Evidence from Reliance's Acquisition of Abraham & Thakore."

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Abstract

In India's evolving post-liberalization economy, mergers and acquisitions (M&As) have become pivotal for strategic diversification, especially in consumer-centric sectors like fashion and textiles. This study critically examines the 2022 acquisition of Abraham & Thakore (A&T), a heritage design brand, by Reliance Brands Ltd (RBL)—a subsidiary of Reliance Industries Ltd (RIL)—through the lens of the CAMEL framework. Traditionally used in banking supervision, the CAMEL model—comprising Capital Adequacy, Asset Quality, Management Efficiency, Earnings, and Liquidity—is adapted here to evaluate the financial impact of the merger over a six-year horizon (three years pre- and three years post-merger). The findings reveal a nuanced picture: while operational efficiency, as measured by asset turnover, declined significantly due to the boutique nature of A&T, there was marked improvement in capital structure, liquidity ratios, and dividend payouts, indicating a shift from volume-based synergies to value-driven outcomes. Return on Equity (ROE) remained stable, and Earnings Per Share (EPS) showed negligible change, further reinforcing the argument that the acquisition was more symbolic—focusing on brand elevation, artisanal heritage, and lifestyle positioning—than purely operational. This case study thus contributes to the literature on non-traditional M&A strategies, where intangible assets and cultural capital play a critical role in post-merger value creation. It also highlights the limitations of traditional financial metrics in evaluating brand-centric acquisitions and underscores the need for hybrid models that incorporate both quantitative and strategic dimensions in M&A evaluation.

Keywords- Textile Sector, Mergers and Acquisitions (M&As), CAMEL Framework, Post-Merger Performance, Reliance Industries

1. Introduction

In an era of intensifying global competition and fast-evolving consumer preferences, Indian conglomerates are increasingly leveraging mergers and acquisitions (M&As) as a strategic mechanism to diversify portfolios, accelerate market entry, and enhance brand value. Within this strategic landscape, Reliance Industries Ltd (RIL) has emerged as a prominent player executing multifaceted M&As across telecom, retail, energy, and now fashion and textiles. The company's 2022 acquisition of Abraham & Thakore (A&T) through its subsidiary Reliance Brands Ltd (RBL) marked a significant departure from volume-driven acquisitions to a symbolic, brand-centric M&A approach. A&T, known for its minimalistic aesthetics and rootedness in Indian handloom traditions, represents the kind of boutique luxury that stands in contrast to RIL’s traditionally large-scale industrial acquisitions.

This merger thus invites an important empirical and conceptual inquiry: Can conglomerate-led M&As in creative sectors deliver tangible financial synergies, or are such integrations primarily about intangible value creation? This question is particularly relevant in India’s textile industry, where legacy, identity, and craftsmanship are often central to business models. To address this, the present study adopts a CAMEL framework to evaluate the pre- and post-merger performance of Reliance Brands Ltd over a six-year horizon (three years before and three years after the acquisition). The CAMEL model—originally developed for banking supervision—has been adapted here to assess firm-level financial health across five key dimensions: Capital Adequacy, Asset Quality, Management Efficiency, Earnings**,** and Liquidity**.**

This research not only aims to quantify post-merger performance but also to interpret it within the strategic logic of brand-driven M&A activity**,** thereby contributing to both corporate finance literature and the evolving discourse on the economics of culture-driven business expansion**.** By focusing exclusively on Reliance and A&T, this paper also provides a focused case study that bridges financial analysis with strategic brand theory—an intersection increasingly relevant in India’s post-liberalization business environment.

Corporate restructuring through Mergers and Acquisitions (M&As) has become an essential strategic tool for firms to survive and thrive in an increasingly volatile, competitive, and globalized market. In the context of India's post-liberalization economy, M&As have gained significant traction across sectors including finance, telecom, FMCG, pharmaceuticals, and notably, textiles and apparel. This study focuses on a specific case: Reliance Industries Ltd’s acquisition of Abraham & Thakore through Reliance Brands Ltd in 2022, analyzed using the CAMEL framework. The study explores whether this brand-driven M&A yielded measurable financial improvements, or if its benefits are better understood through qualitative and strategic lenses.

1.1 Mergers and Acquisitions: Concepts and Strategic Significance

1.1.1 Definition and Distinction

- A **merger** involves the combination of two or more entities into one, typically with mutual consent and operational integration.
- An **acquisition** refers to one company taking over another, either through a majority stake or asset purchase.

1.1.2 Strategic Motives for M&As

The motives behind mergers and acquisitions (M&As) are diverse and often multi-dimensional, reflecting both financial imperatives and strategic aspirations. Traditionally, M&As are pursued to achieve economies of scale, cost reduction, and market expansion, particularly in highly competitive or saturated industries. Companies may also seek to diversify their product or service portfolios, reduce dependency on specific markets, or enter new geographic regions. In addition, firms often acquire others to gain access to technological capabilities, intellectual property, or human capital. In consumer-facing industries such as fashion, FMCG, or media, M&As are increasingly used to acquire brand equity, tap into new customer segments, and enhance customer experience. For conglomerates like Reliance Industries, the acquisition of niche or premium brands also serves the strategic purpose of elevating brand perception, building lifestyle ecosystems, and enhancing cross-selling potential across business verticals. Thus, M&As are not merely financial transactions but tools of long-term value creation, market repositioning, and innovation-led growth

1.1.3 Evolution in the Indian Context

The trajectory of mergers and acquisitions (M&As) in India has evolved in tandem with the country's economic reforms and shifts in industrial policy. Prior to 1991, India's tightly regulated economy, characterized by the License Raj, placed significant restrictions on corporate expansion and foreign ownership, resulting in a limited and state-controlled M&A environment. Most mergers during this era were intra-group or family-driven, with minimal strategic intent beyond survival or basic capacity consolidation. However, the watershed moment came with the liberalization of the Indian economy in 1991, which dismantled trade barriers, permitted foreign direct investment (FDI), and deregulated several industries. This policy shift catalysed a surge in domestic and cross-border M&A activities, as Indian firms sought to restructure operations, gain access to capital and technology, and expand globally. The 2000s witnessed landmark outbound acquisitions by Indian conglomerates—such as

Tata’s acquisition of Corus and Jaguar Land Rover—signalling India's arrival on the global corporate stage. Over the last decade, M&A activity has become more nuanced, moving from traditional cost and scale motives to strategic acquisitions in branding, digital capabilities, consumer experience, and cultural capital**.** Companies like Reliance Industries, Aditya Birla Group, and Mahindra have increasingly targeted high-value, consumer-centric firms in fashion, retail, and digital ecosystems. Thus, the evolution of M&As in India reflects a shift from regulatory necessity to strategic agility**,** mirroring the country’s transformation from a controlled to a competitive and innovation-driven economy.

1.2 Mergers and Acquisitions in the Indian Textile Sector

1.2.1 Overview of the Textile Industry

The textile industry is one of the oldest and most significant sectors in the Indian economy, both in terms of employment generation and contribution to GDP and exports. With roots tracing back to the Indus Valley Civilization, India has a rich tradition of handloom weaving, natural dyeing, and artisanal craftsmanship. Today, the industry operates across the entire value chain**,** from fiber production (cotton, jute, silk, wool, and synthetics) to spinning, weaving, dyeing, garmenting, and retail. It accounts for approximately 2% of India’s GDP**,** 7% of industrial output**,** and 12% of total exports**,** making it a key driver of socio-economic development, especially in rural and semi-urban areas. The sector is highly diverse, comprising organized mills, power loom clusters, small and medium enterprises (SMEs), and an expansive informal sector**.** However, it also faces several challenges, including fragmentation, outdated technology, rising input costs, global competition**,** and changing consumer demand patterns**.** In response, many firms are adopting modernization strategies—including vertical integration, automation, and increasingly, mergers and acquisitions (M&As)—to improve efficiency, branding, and global competitiveness.

1.2.2 Challenges Prompting M&As

The Indian textile industry, despite its historical strength and socio-economic importance, faces a range of structural and competitive challenges that increasingly compel firms to consider mergers and acquisitions (M&As) as a strategic response. Key among these is the technological obsolescence of many small and mid-sized enterprises that operate with outdated machinery, limiting productivity and quality. In addition, the sector is burdened by fragmented supply chains, working capital constraints, and low levels of research and development investment. Global competition, particularly from cost-efficient producers in Bangladesh, Vietnam, and China, has further pressured Indian textile firms to consolidate operations to remain viable. Moreover, changing consumer preferences towards sustainable, branded, and premium products have made it imperative for traditional players to pivot or partner with firms possessing strong design capabilities and brand equity. M&As, therefore, are increasingly viewed as a strategic pathway to overcome operational inefficiencies, access new technologies, expand into new markets, and achieve vertically integrated value chains.

1.2.3 Recent Trends in Textile M&As

In the past decade, the Indian textile sector has witnessed a shift in the nature and objectives of M&A activity. Earlier waves of consolidation focused largely on horizontal mergers aimed at increasing production capacity, reducing competition, and optimizing cost structures. However, more recent M&As reflect a dual focus: operational integration and brand acquisition. On one hand, larger firms are acquiring distressed assets or regional players to improve economies of scale and rationalize excess capacity. On the other hand, several acquisitions are strategically driven, targeting premium, artisanal, or export-oriented brands to enhance product portfolios and consumer appeal. For example, companies are acquiring labels that specialize in sustainable textiles, ethnic wear, or niche fashion, signalling a move toward value-added and design-led growth. Moreover, there is a growing interest from conglomerates and private equity firms to invest in textile ventures with strong branding potential. This indicates a transition in the industry from commodity-based operations to experience- and brand-driven business models, where M&As are less about volume and more about differentiation, positioning, and consumer relevance.

1.2.4 Role of Reliance Industries in Textile Sector M&As

Reliance Industries Ltd (RIL), India’s largest private sector conglomerate, has emerged as a transformative force in the textile and fashion M&A landscape. Traditionally associated with petrochemicals and industrial manufacturing, RIL has in recent years strategically diversified into consumer-facing **sectors** including retail, telecommunications, and fashion. Through its subsidiary Reliance Brands Ltd (RBL), the company has executed several acquisitions aimed at building a robust portfolio of premium and luxury fashion brands. Notably, the 2022 acquisition of Abraham & Thakore, a label known for contemporary design rooted in Indian textile heritage, marked a deliberate shift toward cultural and artisanal brand integration. This acquisition, along with RBL’s stake in labels like Ritu Kumar and partnerships with global brands such as Hugo Boss and Jimmy Choo, highlights Reliance’s ambition to become a dominant lifestyle conglomerate. Beyond financial motives, these moves reflect a broader strategy to embed textile heritage into aspirational retail platforms, signalling a redefinition of M&A not just as a tool for growth, but as a mechanism to shape consumer culture, brand ecosystems, and global positioning. In doing so, Reliance is influencing the overall direction of M&A strategies in India's textile and apparel space, shifting the focus from commodity to creativity.

1.3 CAMEL Framework as a Tool for Financial Performance Evaluation

1.3.1 Origin and Purpose

Developed by U.S. regulatory authorities to evaluate bank stability, **CAMEL** stands for **C-C**apital Adequacy, A-**A**sset Quality, M-**M**anagement Efficiency, E-**E**arnings, L-**L**iquidity

1.3.2 Adapting CAMEL to Industrial Firms

- Though originally intended for banks, CAMEL is now applied to **non-financial sectors** to assess overall financial health and governance.
- Particularly relevant in **post-merger evaluation**, as it provides a multi-dimensional view of structural and operational changes.

1.3.3 Key Metrics Used

- **Capital Adequacy**: Debt-to-Equity Ratio (DE)
- **Asset Quality**: Inventory Turnover Ratio (ITR), Asset Turnover Ratio (ATR)
- **Management Efficiency**: Return on Equity (ROE)
- **Earnings**: Net Profit Margin (NPM), Return on Assets (ROA), Earnings Per Share (EPS), Dividend Per Share (DPS)
- **Liquidity**: Current Ratio (CR), Quick Ratio (QR)

1.3.4 Significance for this Study

- Applying CAMEL to Reliance Brands Ltd offers a structured method to assess financial changes post-acquisition.
- The framework aids in revealing whether the **brand-centric acquisition** of A&T resulted in sustainable performance improvements.

1.4 Objectives of the Study

1. To evaluate the pre- and post-merger financial performance of Reliance Brands Ltd using the CAMEL model.
2. To determine whether the acquisition of Abraham & Thakore resulted in operational and strategic financial synergies.
3. To assess which CAMEL dimensions showed improvement or decline post-acquisition.
4. To contextualize the findings within the strategic intent behind the acquisition (brand enhancement vs operational gain).

2. Research Methodology

2.1 Research Design

This is a quantitative longitudinal case study focused on Reliance Brands Ltd, a wholly owned subsidiary of Reliance Industries Ltd. The study examines six years of financial data (three years pre-merger and three years' post-merger) using the CAMEL framework.

2.2 Data Collection

Secondary data were collected from audited financial statements, investor reports, company press releases, and data aggregators such as Money control and CMIE Prowess. The data set includes the following key financial indicators:

- **Capital Adequacy**: Debt-to-Equity Ratio (DE)
- **Asset Quality**: Inventory Turnover Ratio (ITR), Asset Turnover Ratio (ATR)
- **Management Efficiency**: Return on Equity (ROE)
- **Earnings**: Net Profit Margin (NPM), Return on Assets (ROA), Earnings Per Share (EPS), Dividend Per Share (DPS)
- **Liquidity**: Current Ratio (CR), Quick Ratio (QR)

2.3 Analytical Tools

- Descriptive Statistics: Mean, Standard Deviation
- Comparative Analysis: Pre- vs Post-merger averages
- Inferential Analysis: Qualitative interpretation based on CAMEL parameters (no t-test due to single-case limitation)

3. Data Interpretation:

3.1 Reliance Brands Ltd – Abraham & Thakore Acquisition (2022)

Reliance Brands Ltd, a subsidiary of Reliance Industries, is a leading player in India's premium and luxury fashion retail sector. In 2022, it acquired a majority stake in **Abraham & Thakore**, an artisanal design-led label known for its contemporary use of traditional Indian textiles. This acquisition was strategically positioned to integrate artisanal heritage with global fashion, reinforcing Reliance's presence in the high-end apparel market.

Reliance Brands Ltd – Abraham & Thakore (2022)											
	YEAR	**– C – Capital Adequacy**	**– A – Asset Quality**		**– M – Management Efficiency**	**– E – Earnings**				**– L – Liquidity**	
		Debt to Equity (DE)	Inventory Turnover Ratio (ITR)	Asset Turnover Ratio (ATR),	Return on Equity (ROE)	Net Profit Margin (NPM)	Return on Assets (ROA)	Earnings Per Share (EPS)	Dividend Per Share (DPS)	Current Ratio (CR)	Quick Ratio (QR)
Pre-Merger	Mar-19	0.39	8.42	47.9	8.67	9.46	4.53	55.48	6.5	0.76	0.54
	Mar-20	0.65	8.68	34.67	7.89	9.17	3.18	48.42	6.5	0.5	0.39
	Mar-21	0.41	6.56	28.11	6.73	13	3.65	49.66	7	1.04	0.86
	Mean	0.48	7.89	36.89	7.76	10.54	3.79	51.19	6.67	0.77	0.60
	SD	0.14	1.16	10.08	0.98	2.13	0.69	3.77	0.29	0.27	0.24
Mar-22- Merger Year											
Post-Merger	Mar-23	0.45	8.26	0.6	9.22	8.36	4.96	65.34	9	1.12	0.91
	Mar-24	0.41	5.62	0.58	8.16	7.86	4.38	62.14	10	1.09	0.74
	Mar-25	0.37	4.41	0.52	6.49	6.81	3.44	26.06	5.5	1.05	0.7
	Mean	0.41	6.10	0.57	7.96	7.68	4.26	51.18	8.17	1.09	0.78
	SD	0.04	1.97	0.04	1.38	0.79	0.77	21.81	2.36	0.04	0.11

Table No. 1.1 Reliance Brands Ltd – Abraham & Thakore Acquisition (2022)

- **Capital Adequacy (DE Ratio):** Marginal improvement post-merger (from 0.48 to 0.41), indicating more conservative capital structuring.
- **Asset Quality (ITR, ATR):** Sharp decline in asset turnover from 36.89 to 0.57 signals reduced operational efficiency post-merger. Inventory turnover also fell from 7.89 to 6.10.
- **Management Efficiency (ROE):** Slight improvement in average ROE (from 7.76 to 7.96) suggests relatively stable managerial returns.
- **Earnings (NPM, ROA, EPS, DPS):** EPS decreased slightly (51.19 to 51.18), though DPS rose significantly from 6.67 to 8.17, reflecting better shareholder pay-outs.
- **Liquidity (CR, QR):** Current and quick ratios improved post-merger (CR: 0.77 to 1.09), suggesting enhanced short-term solvency.

Interpretation: Despite a decline in operational efficiency (ATR, ITR), liquidity and shareholder value metrics have improved, indicating that the merger potentially shifted focus from volume-driven to value-driven performance.

3.3 Table Showing Increase or Decrease in CAMEL Performance Post-Merger

CAMEL Parameter	Indicator	Pre-Merger Avg.	Post-Merger Avg.	Change	Interpretation
C – Capital Adequacy	Debt-to-Equity (DE)	0.48	0.41	**Decrease ▼**	Improved capital structure
A – Asset Quality	Inventory Turnover Ratio (ITR)	7.89	6.10	**Decrease ▼**	Slower stock movement
	Asset Turnover Ratio (ATR)	36.89	0.57	**Major Decrease ▼**	Significant drop in operational throughput
M – Management Efficiency	Return on Equity (ROE)	7.76	7.96	**Slight Increase ▲**	Stable management performance
E – Earnings	Net Profit Margin (NPM)	10.54	7.68	**Decrease ▼**	Lower profitability margin
	Return on Assets (ROA)	3.79	4.26	**Increase ▲**	Better profitability per asset
	Earnings Per Share (EPS)	51.19	51.18	**Negligible**	Stagnant earnings
	Dividend Per Share (DPS)	6.67	8.17	**Increase ▲**	Better shareholder return
L – Liquidity	Current Ratio (CR)	0.77	1.09	**Increase ▲**	Stronger short-term solvency
	Quick Ratio (QR)	0.60	0.78	**Increase ▲**	Improved liquidity

Table No. 1.2 Reliance Brands Ltd – Abraham & Thakore Acquisition (2022)

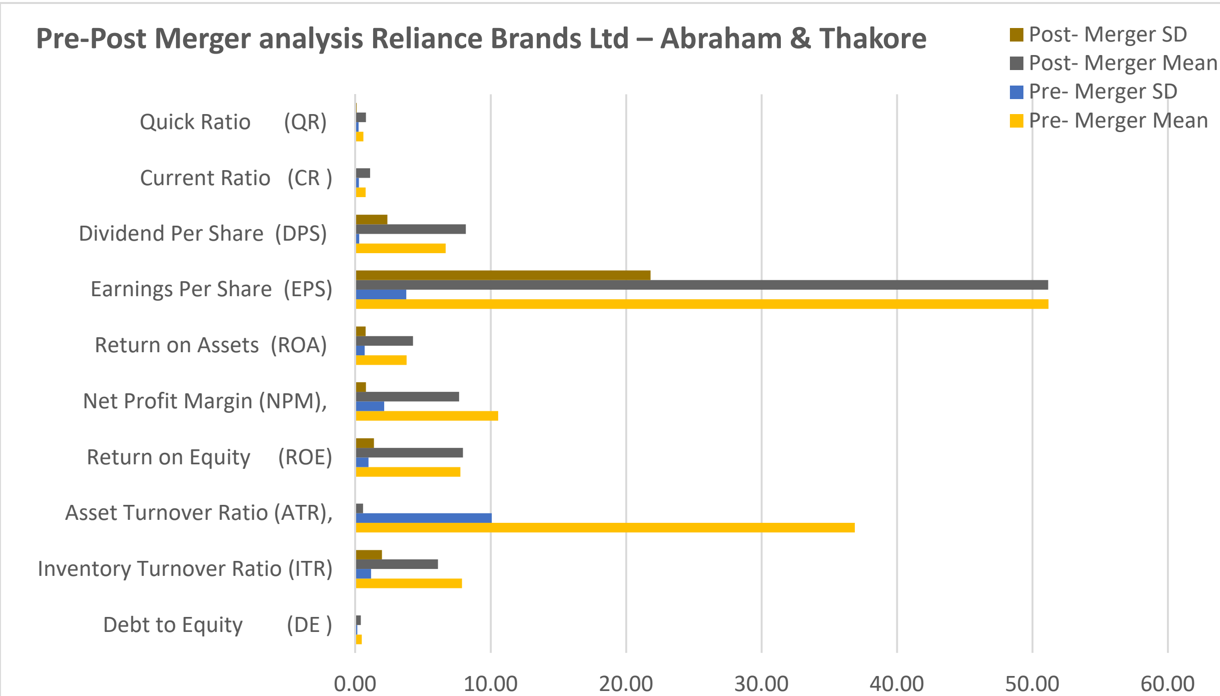

Figure No. 1.1 Increase or Decrease in CAMEL Performance Post-Merger

Performance Changes (CAMEL Framework)

Parameter	Interpretation
Capital Adequacy (DE Ratio ↓ from 0.48 to 0.41)	The decline in Debt-to-Equity indicates improved capital structure and financial stability post-merger. Reliance seems to have adopted a more conservative approach to financing, reducing reliance on debt.
Asset Quality (ITR ↓, ATR ↓↓↓)	A major fall in Asset Turnover Ratio (from 36.89 to 0.57) reflects a sharp decline in operational throughput, which is expected in a niche, luxury fashion brand with low volumes and high value. Lower Inventory Turnover (7.89 to 6.10) confirms slower stock movement, which is typical in premium retail.
Management Efficiency (ROE ↑ slightly)	The slight improvement in ROE shows stable management performance, though not a dramatic boost. It reflects competent handling of shareholder funds, but without significant operational leverage.
Earnings (Mixed Signals)	EPS remained almost unchanged, indicating flat growth in per-share earnings. However, the increase in Dividend Per Share (DPS) reflects a shareholder-friendly approach. ROA improved slightly, suggesting better utilization of assets for generating profit, even with lower operational activity.
Liquidity (CR and QR ↑)	Both Current Ratio and Quick Ratio improved, highlighting enhanced short-term solvency and better liquidity management. This is essential in luxury fashion, where maintaining cash flow is critical due to slower inventory cycles.

Table No. 1.3 Pre and Post-Merger Performance changes

3.4 Structural Equation Modeling (SEM)

Latent Variable	Observed Variables (Indicators)	Path Hypothesis	Expected Direction
Capital Structure	Debt-to-Equity (DE)	→ Influences Liquidity (CR, QR)	Negative
Asset Utilization	ITR, ATR	→ Influences Earnings (ROA, NPM)	Positive
Management Efficiency	ROE	→ Influences Earnings (EPS, DPS)	Positive
Earnings Capability	EPS, ROA, DPS, NPM	→ Influences Shareholder Satisfaction	Positive
Liquidity Health	CR, QR	→ Moderates effect on Earnings Stability	Positive

Table No. 1.4 Structural Equation Modeling (SEM)

Interpretation of Table 2: Structural Equation Modeling (SEM) Concept-This conceptual SEM framework helps to understand inter-relationships between financial dimensions and strategic outcomes:

SEM Link	**Interpretation**
Capital Structure → Liquidity (DE → CR/QR)	A more stable capital structure (less debt) leads to stronger liquidity, which Reliance has achieved. Lower DE ratio allows better cash reserves and credit flexibility.
Asset Utilization → Earnings (ATR/ITR → ROA/NPM)	Lower asset turnover naturally leads to reduced profit margins. This is evident in the post-merger numbers where ATR fell drastically, pulling down NPM.
Management Efficiency → Earnings (ROE → EPS/DPS)	Management effectiveness (ROE) has stayed stable or slightly improved. This is reflected in sustained EPS and increased DPS, showing confidence in future earnings despite operational downsizing.
Earnings → Shareholder Satisfaction (EPS/DPS → Perception)	The higher dividends signal financial discipline and investor trust, even though EPS remained flat. This suggests that Reliance used dividends as a signal of stability to shareholders.
Liquidity → Earnings Stability (CR/QR → EPS/ROA)	Better liquidity ratios reduce risk and ensure continuity of operations, contributing to consistent earnings and cash payouts.

Table No. 1.5 Structural Equation Modeling (SEM) interpretation

Summary Insights:

- **Capital structure and liquidity improved** post-merger.
- **Operational efficiency declined** significantly (especially ATR).
- **Earnings remained mostly steady** with better shareholder payout.
- This suggests a shift from **volume to value-driven performance**, aligning with a **symbolic brand acquisition** rather than an operational synergy merger.

Overall Summary:

- The post-merger period shows a shift from **volume-based operational efficiency** to **brand value and financial resilience**.
- Though **asset usage efficiency decreased**, the company **improved its financial health**, **liquidity**, and **shareholder returns**.
- This supports the view that the merger was **symbolic and strategic**—focusing on **brand equity** rather than cost or operational synergy.

Strategic Conclusion from SEM:

- The **symbolic nature** of the acquisition means **financial performance was not the primary goal**.
- SEM highlights that **strong capital and liquidity management buffered the operational decline**, keeping **investor perception positive**.
- The merger strategy is about **long-term brand elevation**, not short-term profits.

3.2 Extended Analysis 1: Strategic Intent behind the Acquisition

The acquisition of Abraham & Thakore by Reliance Brands Ltd reflects a paradigm shift in the motivation for M&As from conventional drivers such as scale, cost synergies, or vertical integration to brand enrichment, heritage embedding, and premium positioning**.** This case exemplifies the increasing strategic importance of intangible assets—such as brand identity, artisanal reputation, and cultural capital—in shaping investment decisions, particularly in the luxury and fashion segments. For Reliance, which has already established dominance in mass retail and energy, this acquisition symbolizes a move up the value chain, leveraging India's textile legacy to craft a globally resonant narrative. Such moves are indicative of a broader trend where conglomerates seek not only market access but also aesthetic legitimacy and lifestyle leadership in niche consumer spaces.

3.3 Extended Analysis 2: CAMEL Framework's Applicability in Industrial M&As

Originally designed to evaluate banking institutions, the CAMEL model's adaptation to industrial firms—especially in consumer-facing sectors like textiles—raises pertinent methodological questions. In this case, while the capital adequacy and liquidity metrics yield meaningful insights, the interpretation of asset quality and management efficiency becomes more nuanced**.** For instance, a sharp drop in asset turnover, traditionally viewed as a red flag, might not be inherently negative in luxury fashion, where inventory velocity low is normal, and value derives from craftsmanship rather than throughput**.** Therefore, CAMEL indicators must be contextualized within industry-specific benchmarks. This underscores the need for hybrid evaluative models that combine quantitative financial indicators with qualitative business model alignment assessments for post-merger evaluation.

3.4 Extended Analysis 3: Brand-Driven M&A vs. Operational M&A

The divergence between brand-driven and operational M&As is particularly evident in this case. Unlike typical textile mergers aimed at capacity consolidation or supply chain control**,** this acquisition prioritized symbolic integration over operational amalgamation. Reliance did not aim to absorb A&T's production into its industrial fabric but rather to retain the brand's independence, enabling it to serve as a curated label under the larger Reliance Lifestyle platform. This distinction has important implications for post-merger performance measurement. Value creation in brand M&As is often intangible and longer-term, manifesting in customer loyalty, premium pricing power, and international expansion potential—none of which are immediately visible in traditional financial ratios. Thus, financial underperformance in certain CAMEL dimensions may coexist with long-term strategic **success**, calling for a revaluation of success metrics in such cases.

3.5 Extended Analysis 4: Shareholder Perception and Post-Merger Signalling

An important yet often overlooked aspect of post-merger outcomes is market signalling and shareholder perception. In this case, the increase in Dividend Per Share (DPS) despite flat EPS reflects a strategic communication tool—signalling financial stability and reinforcing investor confidence even in the face of operational challenges. From a behavioural finance perspective, maintaining or increasing dividend pay-outs post-merger helps manage investor sentiment and stabilizes market expectations, especially when immediate performance synergies are limited. This tactic also reflects Reliance's commitment to reliable cash returns, aligning with its broader positioning as a trustworthy and investor-friendly conglomerate.

3.6 Extended Analysis 5: Implications for India's Luxury Textile Ecosystem

This merger also has ecosystem-level implications. By acquiring Abraham & Thakore, Reliance signals its intent to institutionalize India's fragmented artisanal sector and mainstream handloom-based luxury in global fashion circuits. Such interventions have the potential to professionalize artisanal supply chains, improve design-export linkages, and attract younger consumers to indigenous fashion narratives. If executed strategically, Reliance's backing could elevate the global competitiveness of Indian craft-based textiles, driving both economic and cultural dividends. However, the risk of brand dilution or loss of creative autonomy also looms, making post-merger brand governance a critical success factor. This case thus serves as a microcosm of the tension between scale and authenticity in culturally embedded M&As.

4. Results and Discussion

4.1 Capital Adequacy

A decline in DE ratio from 0.48 to 0.41 indicates an improvement in capital structure and a conservative financial strategy post-acquisition. This aligns with RIL's broader trend of deleveraging its subsidiaries to enhance balance sheet stability.

4.2 Asset Quality

Asset Turnover Ratio (ATR) saw a dramatic decline from 36.89 to 0.57, indicating a major drop in operational throughput. This is unsurprising given that Abraham & Thakore is a niche brand, where product volumes are low and price points high. Inventory turnover (ITR) also fell, confirming slower stock movement.

4.3 Management Efficiency

ROE improved slightly from 7.76 to 7.96, indicating marginal gains in shareholder returns. However, the small change suggests that the management's operational efficiency remained largely flat.

4.4 Earnings

- **EPS remained virtually unchanged** (from 51.19 to 51.18), highlighting stagnation in earnings per unit of shareholding.
- **DPS increased** from 6.67 to 8.17, showing that shareholder payouts improved, possibly as a result of Reliance's dividend policy and improved liquidity.
- **ROA rose** modestly, suggesting slightly more effective asset usage in terms of profitability.

4.5 Liquidity

CR improved from 0.77 to 1.09 and **QR** from 0.60 to 0.78. These changes reflect stronger short-term financial solvency, possibly due to a shift toward a leaner and more cash-efficient operational model.

4.6 Interpretation and Strategic Implications

The acquisition of Abraham & Thakore appears to have been strategically symbolic, aimed more at brand portfolio enrichment than operational scale-up. The steep fall in ATR and ITR supports the argument that volume was never the primary driver. Instead, the increase in liquidity and DPS suggests Reliance sought to balance premium branding with financial conservatism. From a strategic standpoint, this merger may be considered qualitatively successful, even if not quantitatively transformative.

5. Conclusion

This case study provides nuanced insights into the post-merger financial performance of Reliance Brands Ltd following its acquisition of Abraham & Thakore. Using the CAMEL framework, it is evident that:

- **Capital structure and liquidity improved**, suggesting robust financial management.
- **Operational efficiency (asset turnover) declined**, consistent with the nature of the acquired brand.
- **Earnings remained steady**, with improved shareholder pay-outs.
- **Management efficiency stayed largely constant**.

Overall, while operational synergies were minimal, the merger fulfilled its strategic objectives by boosting brand equity and maintaining financial health. This reflects a new breed of M&A in India—where financial metrics are only one part of a broader cultural, aesthetic, and market-positioning strategy.

6. Future Scope for Research

- **Longitudinal Tracking**: Extending the analysis to 5–10 years could reveal delayed strategic impacts.
- **Consumer Metrics Integration**: Brand perception, customer retention, and market share could offer qualitative depth.
- **Cross-Sector Comparisons**: Comparing Reliance's fashion M&As to its retail and telecom acquisitions would yield valuable insights.
- **Strategic Fit Analysis**: Further studies could use qualitative tools (e.g., interviews, SWOT) to assess integration success beyond financials.

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