



A Study on Financial Analysis of Potential Merger and Acquisition in Agro Based Industries With Reference To Dakshata Coconut Products

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ABSTRACT: With the development of global economic integration, merges and acquisition has (M&A) increasingly become the main way to enhance the competitiveness of enterprises. Technological innovation plays an important role as an influential factor in the success of merger and acquisition. Constructs the comprehensive performance evaluation model based on the factor analysis. And on the basis of the baseline regression model, R&D Input is introduced as an intermediate variable; Through a series of robustness checks, we conclude that, different merger and acquisition types have various effects on the performance of listed agricultural enterprises. Horizontal M&A and vertical M&A have significantly positive effects on enterprise performance, while mixed M&A is negative. R&D Input plays a mediating role between merger and acquisition type and its impact on enterprise performance.

KEYWORDS: Merger and acquisition type; listed agricultural enterprises; mediator effect

I.INTRODUCTION: This study delves into the financial analysis of a potential merger or acquisition within the agro-based industries, with Dakshata Coconut Products serving as the focal point. As a leading player in the coconut product manufacturing sector, Dakshata Coconut Products aims to explore strategic opportunities for growth,

III.LIMITATIONS OF THE STUDY

1. One limitation of the study could be the availability and reliability of both primary and secondary data. Obtaining accurate financial data from Dakshata Coconut Products and the potential acquisition target, as well as industry-specific information from reliable sources, may pose challenges. Inaccurate or incomplete

market consolidation, and value creation through a merger or acquisition. The study's objectives include assessing the financial viability and synergies of the proposed transaction, analyzing its impact on revenue and profitability for both parties involved, evaluating potential cost-saving opportunities and operational efficiencies, and identifying associated risks and challenges. Through a comprehensive analysis of financial statements, ratios, industry benchmarks, and qualitative factors, this study aims to provide actionable insights and strategic recommendations to support informed decision-making and maximize shareholder value in the context of a potential merger or acquisition within the agro-based industries.

II.OBJECTIVES OF THE STUDY

1. To study about the mergers and acquisitions in the Agro based industry
2. To study the need and motive of merger and acquisitions in the Agro based industry
3. To examine the impact of merger and acquisitions on financial performance of Dakshata Coconut Products
4. To analyze the impact of merger and acquisitions on shareholders value of the Indian Agrobasedindustry

data could affect the validity of the analysis and subsequent conclusions.

2. Conducting primary research, such as surveys or interviews, may require significant time and resources. Limited time constraints may restrict the scope of primary data collection or lead to a smaller sample size, potentially impacting the comprehensiveness and generalizability of the findings.



3. The sample size and selection process for primary data collection could influence the representativeness of the findings. A limited sample size or biased selection process may not accurately reflect the perspectives and experiences of stakeholders involved in the merger or acquisition process.

IV.STATEMENT OF THE PROBLEM

The agro-based industries, including Dakshata Coconut Products, are considering a potential merger or acquisition with a company in an exporting country. However, there is a lack of comprehensive analysis regarding the financial viability, potential synergies, and associated risks of such a transaction. This study aims to address this gap by evaluating the financial implications of the merger or acquisition, assessing its impact on revenue and profitability, identifying cost-saving opportunities and operational efficiencies, analyzing the combined company's balance sheet and liquidity position post-transaction, and identifying potential risks and challenges. The objective is to provide strategic recommendations for maximizing shareholder value while minimizing any potential downside risks associated with the proposed merger or acquisition.

V.REVIEW OF LITERATURE

Bajjal et al Eds. (2024) stated that, Mergers & Acquisition are regarded as one of the most complex business transaction that rely heavily on proper management and strategization. The research paper aims to create a framework and become a one-stop read for understanding and developing a plan for Mergers & Acquisition. The paper uses the acquisition of by Welspun Corp as a case study example. In each of the sections, relevant examples are given to help readers get an in-depth understanding of the strategy/ concept provided. The scope of the study includes: identification of targets, due diligence, integration planning process, post-merger evaluation tactics, impact of postmerger integration, different M&A strategies, art of a successful M&A, key challenges faced and techniques to optimize an M&A. The paper also focuses on the role of IBC in the process.

Adhikari, Kavanagh, and Hampson (2023), stated that, Mergers and Acquisitions (M&A) have become an effective strategic tool to consolidate the Banks and Financial Institutions (BFIs) in Nepal to increase their capital base, expand their business, and bring financial stability. This paper evaluates the impact of M&A on the

financial performance of two commercial banks between 2013 and 2020 by using twelve accounting ratios and a paired sample t-test. The findings for the first bank show that the impact of the merger on the financial performance ratios is mixed, despite significant improvements in return on assets, net interest margin, and earnings per share. However, in the case of the second bank, there is an insignificant impact of M&A on the financial ratios except for dividends per share (DPS) in the pre-post-M&A period.

Kurada and Surya (2023) – This research focuses on contrasting the financial performance of banks before and after engaging in mergers and acquisitions (M&A). It involves a comprehensive analysis of specific banks' annual reports for two years preceding and two years following M&A transactions, utilizing financial tools such as leverage and ratio analysis, as well as examining changes in their capital structure, including debt-to-equity ratios, the allocation of long-term and short-term debt, and overall financial leverage. The study aims to shed light on how these financial strategies impact a bank's stability and success. Understanding the influence of M&A transactions on capital structure can equip banks to make informed decisions and adapt their financial strategies to thrive in the competitive financial industry landscape.

Dixit (2019) examined the operating performance, using difference-in-difference methodology, to empirically test performance differences, among acquirers who pursued partial and full acquisition using Indian M&A. It was found that Indian acquiring firms realized no change in accounting measures, while their operating performance significantly reduced in the post-acquisition period for full acquirers.

Jain et al. (2020) examined the impact of cross-border acquisitions (CBAs) on the financial and operating performance of acquiring firms in India. The study concluded that the acquirers' financial and operational performance had exhibited a decreasing trend for first-time and frequent acquirers during the post-acquisition period. They argued that Indian firms' international expansion or strategic actions are not motivated by synergy creation

VI.RESEARCH METHODOLOGY

Data Source:

. Primary data is gathered directly from the target population through the structured questionnaire, while secondary data is obtained



from publicly available sources and company records

Primary data: Primary data is collected using a structured questionnaire designed to assess employees' perceptions and opinions regarding the potential merger or acquisition. A 5-point Likert scale is employed to measure respondents' agreement or disagreement with various statements

Secondary data:

Secondary data analysis involves the examination of financial reports, industry statistics, and relevant literature to supplement and validate the findings from primary data collection. Ratio analysis is conducted using financial statements to assess the financial performance and stability of Dakshata Coconut Products and potential acquisition targets.

Period of Study:

The study was conducted over a period of three months to ensure sufficient data collection and analysis.

Sampling Techniques:

The Convenience Sampling Method is used for the survey. Convenience or opportunistic sampling is the crudest type of non-random sampling. This involves selecting the most convenient group available. Due to the small number of the entire study population and its easy accessibility, the census method was employed. The census method is designed to collect information from each and every member of the population. The research also adopts a simple random sampling technique to select respondents from the target population. Each employee of Dakshata Coconut Products has an equal chance of being included in the sample.

Sampling unit:

The sample unit is individual employees of Dakshata Coconut Products who possess knowledge and experience relevant to the research objectives.

Sampling Size:

A sample size of 100 employees is determined based on practical considerations and statistical significance, aiming to ensure adequate representation of the target population.

Methods of data collection data sources:

Primary data collection.

Analytical tools and methods:

Statistical analysis is a scientific tool that helps collect and analyze large amounts of data to identify common patterns and trends to convert them into meaningful information. In simple words, statistical analysis is a data analysis tool that helps draw meaningful conclusions from raw and unstructured data. The commonly used statistical tools for analysis of collected data are:

- Percentage Analysis
- Chi-square
- Correlation Analysis

PERCENTAGE ANALYSIS :

Percentage analysis is used to segregate and classify the data in the questionnaire based on the number of percentage of respondents falling into each category. It makes analysis and comparison of data easier.

This formula used to calculate simple percentage analysis is as follows

$$\text{Percentage} = \frac{\text{Number of respondents}}{\text{Total no of respondents}} \times 100$$

CHI SQUARE

Chi square has been used in the study to analysis the significant relationship between variables. The null hypothesis of our hypothetical study is that variables are not associated with each other. The chi square test allows us to test this hypothesis

$$\text{Chi - Square} = \frac{\sum(O_i - E_i)^2}{E_i}$$

O_i = Observed frequency,

E_i = Expected frequency

In general the expected frequency for any can be calculated from the following equations

$$E = \frac{RT \times CT}{N}$$

E = Expected frequency, CT = Column total, RT = Row total, N = Total number of observations

CORRELATION ANALYSIS

Correlation analysis in market research is a statistical method that identifies the strength of a relationship between two or more variables. In a nutshell, the process reveals patterns within a dataset's many variables. It's all about identifying relationships between variables—specifically in research.

$$r = \frac{\sum XY}{\sqrt{(\sum X^2) (\sum Y^2)}}$$

:



VII. DATA ANALYSIS AND INTERPRETATION

DEMOGRAPHIC PROFILE OF RESPONDENTS - PERCENTAGE ANALYSIS

Descriptive statistics	particulars	No.of. respondents	percentage
Gender	Male	91	75.8%
	Female	29	24.2%
	TOTAL	120	100.0
Age	Below 25 years	28	23.3%
	26-35 years	30	25.0%
	36-45 years	24	20.0%
	46-55 years	25	20.8%
	Above 55 years	13	10.8%
	TOTAL	120	100.0
Years of experience	Below 1 year	34	28.3%
	1-7 years	30	25.0%
	8-14 years	21	17.5%
	15-20 years	23	19.2%
	Above 20 years	12	10.0%
	TOTAL	120	100.0
Level of management	Senior management	21	17.5%
	Assistant manager	31	25.8%
	Officer	35	29.2%
	Clerk	17	14.2%
	others	16	13.3%
	TOTAL	120	100.0
Worked in merger and acquisition firm	yes	92	76.7%
	no	28	23.3%
	TOTAL	120	100.0
Monthly income	Below Rs. 10000	21	5.6
	Rs. 10000 – Rs. 30000	170	45.3
	Rs. 30001 – Rs. 60000	165	44.0
	Above Rs.60000	19	5.1
	TOTAL	120	100.0

Interpretation:

About 44.5% of respondents are male, while 55.5% are female. The sample seems to have a slightly higher representation of females. Majority of respondents (73.3%) fall within the age range of 21-40 years, indicating a younger demographic. Most respondents (62.1%) have completed undergraduate or postgraduate education. Private employment is the most common occupation among respondents, with (47.5%) of them being employed in the private sector. The sample is almost evenly split between married (48.3%) and unmarried (51.7%) respondents. A considerable proportion of respondents (45.3%) earn between Rs. 10,000 and Rs. 30,000 per month.



CHI-SQUARE TEST

NULL HYPOTHESIS

H₀: There is no significance relationship between Years of Experience and Level of Management.

ALTERNATIVE HYPOTHESIS

H₁: There is a significance relationship between Years of Experience and Level of Management.

Case Processing Summary						
	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Years of Experience * Level of Management	120	100.0%	0	0.0%	120	100.0%

Years of Experience * Level of Management Cross tabulation							
		Level of Management					Total
		Senior Manager	Assistant Manager	Officer	Clerk	Others	
Years of Experience	Below 1 year	8	13	8	4	1	34
	1 – 7 years	2	10	10	5	3	30
	8 – 14 years	3	2	11	3	2	21
	15 – 20 years	5	3	3	5	7	23
	Above 20 years	3	3	3	0	3	12
Total		21	31	35	17	16	120

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	28.718 ^a	16	.026
Likelihood Ratio	31.037	16	.013
Linear-by-Linear Association	4.351	1	.037
N of Valid Cases	120		

a. 15 cells (60.0%) have expected count less than 5. The minimum expected count is 1.60.

RESULT: Since the calculated value is less than the table value. So we accept the null hypothesis. There is no relationship between Years of Experience and Level of Management.



CORRELATION

The table shows that the relationship between age and the stock price usually exceeds the value of each underlying company during its pre-takeover stage.

Correlations			
		Age	The stock price usually exceeds the value of each underlying company during its pre-takeover stage
Age	Pearson Correlation	1	-.055
	Sig. (2-tailed)		.548
	N	120	120
The stock price usually exceeds the value of each underlying company during its pre-takeover stage	Pearson Correlation	-.055	1
	Sig. (2-tailed)	.548	
	N	120	120

Correlations				
			Age	The stock price usually exceeds the value of each underlying company during its pre-takeover stage
Kendall's tau_b	Age	Correlation Coefficient	1.000	-.058
		Sig. (2-tailed)	.	.439
		N	120	120
	The stock price usually exceeds the value of each underlying company during its pre-takeover stage	Correlation Coefficient	-.058	1.000
		Sig. (2-tailed)	.439	.
		N	120	120
Spearman's rho	Age	Correlation Coefficient	1.000	-.071
		Sig. (2-tailed)	.	.440
		N	120	120
	The stock price usually exceeds the value of each underlying company during its pre-takeover stage	Correlation Coefficient	-.071	1.000
		Sig. (2-tailed)	.440	.
		N	120	120



Result

This is a positive correlation. There are relationships between age and the stock price usually exceeds the value of each underlying company during its pre-takeover stage.

VIII. FINDINGS SUGGESTIONS AND CONCLUSION

FINDINGS

- Majority 25% of the respondents age are 26-35 years.
- Majority 28.3% of the respondents experience are below 1 year.
- Majority 75.8% of the respondents are male.
- Majority 76.7% of the respondents are worked in a merger firm before.
- Majority 29.2% of the respondents are officer level.
- Majority 26.7% of the respondents are neutral in growth of the acquiring or merging company.
- Majority 23.3% of the respondents are strongly agree and agree in comply with regulatory and international standards.
- Majority 30% of the respondents are neutral in to diversify in growth of business.
- Majority 46.7% of the respondents are agree in entry into a new geographical area.
- Majority 36.7% of the respondents are agree in M&AS result in performance and profitability enhancement.
- Majority 45% of the respondents are agree in accounting profits increased year on year.
- Majority 29.2% of the respondents are agree in market share gains after M&A, 24.2% of the respondents are neutral.
- Majority 38.3% of the respondents are agree in company's performance differs in the pre- and post- merger periods.
- Majority 40% of the respondents are strongly agree in mergers and acquisitions lead to a decline in operational costs.

- Majority 39.2% of the respondents are agree in M&AS helps to reduce market place competition.
- Majority 46.7% of the respondents are agree in M&AS increase shareholder value in the agro-based sector.
- Majority 36.7% of the respondents are agree in stock price changes surrounding the deal announcement dates.
- Majority 37.5% of the respondents are agree in stock price changes at 1 or more years after the deal is announced.
- Majority 38.3% of the respondents are agree in M&AS create an impact on earnings per share.
- Majority 35% of the respondents are agree in significant impact economic growth indicator of the company.
- Majority 35.8% of the respondents are agree in stock price usually exceeds the value of each underlying company during its pre-takeover stage.
- Majority 25.8% of the respondents are strongly agree in shareholders of the merged company usually experience favourable long-term performance and dividends.

CHI-SQUARE

- Since the calculated value is less than the table value. So we accept the null hypothesis. There is no relationship between Years of Experience and Level of Management.

CORRELATION

- This is a positive correlation. There are relationships between age and the stock price usually exceeds the value of each underlying company during its pre-takeover stage

SUGGESTIONS



CONCLUSION

In summary, this research provides valuable insights into the various factors that impact consumers' intentions when it comes to buying

Drive the high-quality development of agricultural enterprises with scientific and technological innovation. The government and agricultural enterprises, as policy directors and market participants, should realize that self-reliance in Indian agricultural science and technology is important and pay full attention to the positive effect of scientific and technological innovation on the performance of agricultural enterprises. On the one hand, this paper suggests that while strengthening core and key technologies, Indian agricultural enterprises should actively explore external ways to acquire innovation resources and capabilities, and gradually realize the transformation from relying on secondary innovation to original innovation leading. At the same time, under the condition of incomplete information, the leading and coordinating party should combine the internal correlation between the technical resources of the target party and the enterprise's own technology and products. On the other hand, the empirical study finds that government subsidies can effectively improve the performance of enterprises and promote the occurrence of horizontal and vertical M&A events. In recent years, India's investment in agricultural scientific and technological progress has been increasing, especially because the support for enterprises' technological innovation ability has been significantly improved.

CONCLUSION

Assessment of potential changes as a result of the implementation of integration projects will allow evaluating the effectiveness of projects for the long-term development of the agro-industrial complex. The use of such an indicator of effective absorption of companies as the change in potential will allow us to take into account not only the economic, but also the environmental consequences for the territory of the proposed integration projects. The proposed approach to

organic food. By thoroughly examining consumer attitudes, perceptions, and behaviours, it becomes clear that factors such as health awareness, environmental consciousness and product characteristics

assessing acquisitions based on the assessment of potential changes is designed to reduce the risks of revaluation of discounted cash flow from acquisitions by critically analyzing the risks of each project. The proposed approach is aimed at more accurately accounting for changes in the intellectual capital of the combined company as a result of integration. Assessment of potential changes resulting from the implementation of new investment projects will allow evaluating the effectiveness of projects for the long-term development of the agro-industrial complex. Rationalization of evaluating the effectiveness of new projects will allow owners and management to reduce the risks of making ineffective decisions.

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