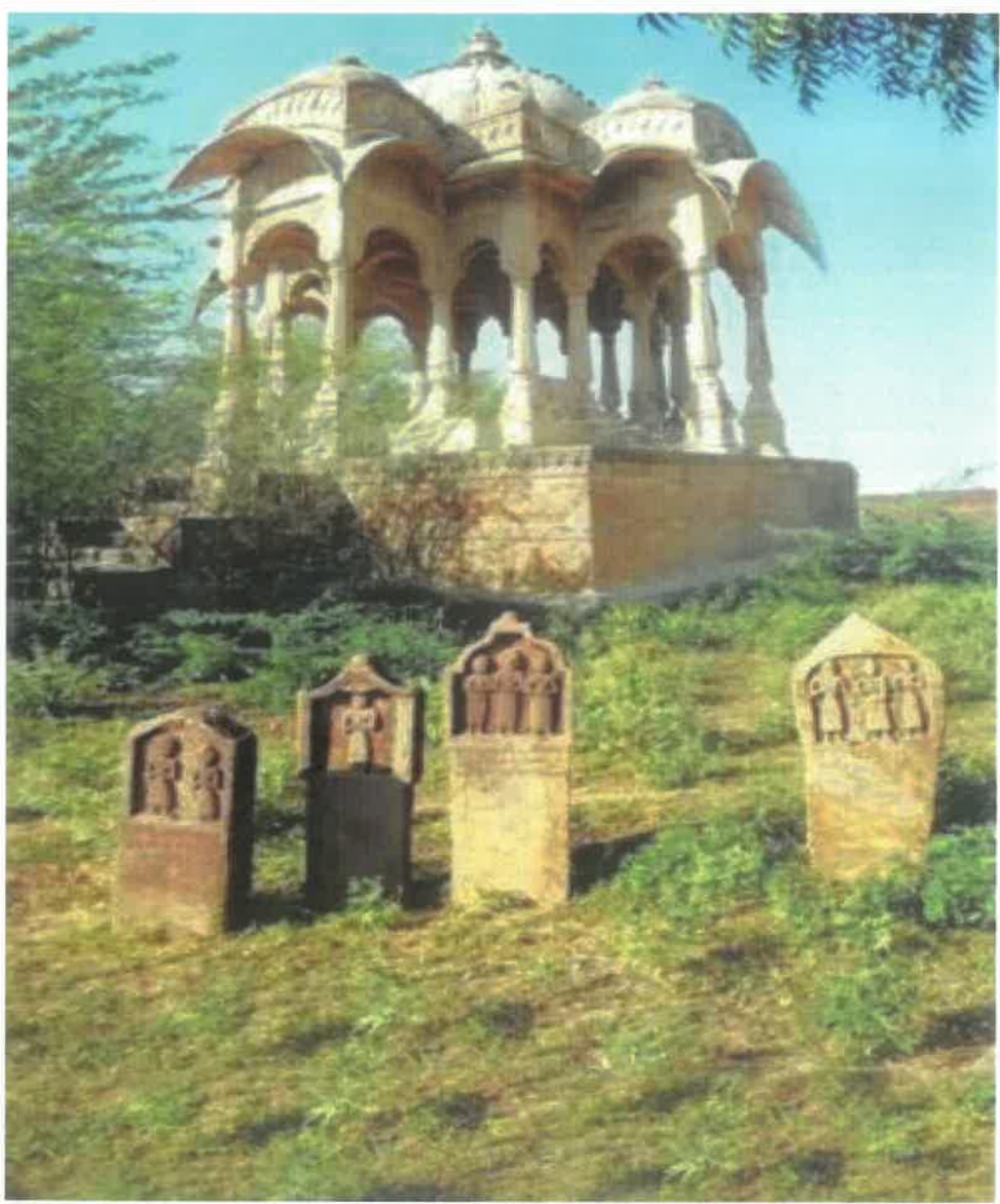


ISSN : 2278-4632

JUNI KHYAT जूनी ख्यात

इतिहास, कला एवं संस्कृति की शोध पत्रिका

A Peer-Reviewed and Listed in UGC Care List



INDEX

S.No.	TITLE	Page No.
1	COVID-19 IMPACT ON TOURISM SECTOR OF INDIA	1
2	FORMULATION DEVELOPMENT AND PHARMACOLOGICAL EVALUATION OF POLYHERBAL FORMULATION FOR THEIR HEPATOPROTECTIVE POTENTIAL	5
3	FORMULATION DEVELOPMENT AND EVALUATION OF ROSIGLITAZONE MALEATE LIPOSPHERE FOR EFFECTIVE TREATMENT OF TYPE II DIABETES	18
4	VICTIMIZATION OF BLACK VERSUS BLACK: SHADOWS OF OPPRESSION BY CULTIVATED IGNORANCE IN 'THE BLUEST EYE'	26
5	GANDHI IN KOLKATA IN 1917: HIS VISITS TO THE CITY	30
6	EFFECT OF MUSIC ON MOOD	41
7	A STUDY ON TECHNO-PEDAGOGICAL KNOWLEDGE OF XI STANDARD PHYSICS STUDENTS IN DHARMAPURI DISTRICT	48
8	विषय- डॉ आम्बेडकर की दृष्टि में बुद्ध धर्म	53
9	FORMULATION DEVELOPMENT AND EVALUATION OF ABACAVIR SUSTAINED RELEASE MICROSPHERES USING SYNTHETIC AND NATURAL POLYMERS	58
10	AN ANALYSIS OF PRE AND POST AMALGAMATION WORKING CAPITAL SITUATION OF CEMENT & CEMENT PRODUCTS INDUSTRY	65
11	स्कूली छात्रों के शैक्षणिक प्रदर्शन को प्रभावित करने वाले कार्यशील सोच के आयामों के प्रभावों का अध्ययन	71
12	THE BIG BANK THEORY: ANALYSIS AND EVALUATION OF POST-MERGER FINANCIAL PERFORMANCE OF STATE BANK OF INDIA	74
13	NUMERICAL SOLUTION OF MULTIPLE SLIP EFFECTS ON MHD THERMO-SOLUTAL FLOW IN POROUS MEDIA SATURATED BY NANOFLUID	82
14	STUDY OF SPIRITUAL INTELLIGENCE OF SECONDARY SCHOOL TEACHERS	89
15	CONVERSATIONS ON THE EDGE OF DAL LAKE: A QUALITATIVE STUDY OF TOURISM, UNCERTAINTY AND POVERTY AMONG THE SHIKARA RIDERS IN DISTRICT SRINAGAR OF JAMMU AND KASHMIR	95
16	HISTORY, GENDER AND CLASS IN <i>ADAM BEDE</i> AND <i>ANNA KARENINA</i>	101
17	भारतीय संस्कृति और मानवीय मूल्य	116

18	ACCESS TO DIGITAL MEANS OF FINANCIAL INCLUSION BY THE SCHEDULED CASTS AND SCHEDULED TRIBES	119
19	AN EMPIRICAL STUDY ON FACTORS AFFECTING THE MOBILE BANKING SERVICES IN BANGALORE CITY	129
20	THE GIRL WHO STOOD FOR GIRLS' EDUCATION AND SHOT BY TALIBAN: A BRIEF STUDY OF I AM MALALA A MEMOIR BY MALALA YOUSAFZAI	135
21	यमदीप : थर्ड जेण्डर का जीवन संघर्ष	138
22	MARITAL ADJUSTMENT AND PERSONALITY DIMENSIONS AMONG WIVES OF EMPLOYEES IN KERALA AND GULF	142
23	THE PURCHASE INTENTION OF GOLD AMONG CONSUMERS	149
24	PREDICTORS OF PROBLEMATIC INTERNET USE AMONG YOUTH DURING COVID 19 LOCKDOWN	160
25	A STUDY ON ANALYZING CONSUMER'S ATTITUDES TOWARDS E-WASTE MANAGEMENT PRACTICES	164
26	E-COMMERCE AND IT IMPACTS ON GLOBAL MARKET	173
27	JOB ROTATION PRACTICES AND ITS IMPACT ON EMPLOYEE RETENTION WITH SPECIAL REFERENCE TO IT SECTOR IN BENGALURU DISTRICT	177
28	الإتجاه شرقاً لعبد الله ناصر سلطان العامري: رحلة استكشافية من الصحراء إلى بلاد الثلوج	184

AN ANALYSIS OF PRE AND POST AMALGAMATION WORKING CAPITAL
SITUATION OF CEMENT & CEMENT PRODUCTS INDUSTRY

Dr. Anishkumar Karia HOD-Academics, S. B. Patil Institute of Management, Pune, Maharashtra,
India : kariaanish1@gmail.com

Abstract:

The New Economic Policy 1991, given a possibility to grab opportunities for growth and expansion. In this process, amalgamation became a regular phenomenon. Mergers and acquisition is not new in Indian business environment for corporate restricting to gain market share, extension of infrastructural resources, reducing tax burden. In Indian context various industries in the past have preferred mergers and acquisitions for inorganic growth. This paper is an attempt to analyze pre and post-amalgamation gross and net working capital situation of acquiring companies in Cement and Cement Products industry during the year 1999 – 00 to 2009 – 10 are selected for this study listed on BSE. For this study difference of mean test has been used. It has been evident from the analysis that the results are statistically significant in pre and post-amalgamation working capital situation for acquiring companies.

Keywords: Amalgamation, Corporate Restructuring, Working Capital, Merges & Acquisitions

Introduction:

Over a period of time a business might grow whenever utility of products and services are recognized. A growth may also be achieved through inorganic process that is represented through an instant extension in infrastructural resources, customers, manpower that results into inclusive rise in revenues and profits as well. Amalgamation comprises mergers & acquisitions are torch bearers for process of inorganic growth. Unification of more than one establishment into a single establishment is merger, whereas an acquisition signifies one combined establishment of more than one establishment wherein one buys out other establishments. The amalgamation is used as an instrument of momentous growth and accepted widely by Indian companies as an important tool of corporate restructuring and an integral part of their business strategy. This is used in traditional businesses and various other fields such as telecommunication, information technology for extension of customer base, gaining competitive advantage, reducing competition, entry in a new product segment or new market. The amalgamation might be undertaken to accessing market via an established brand, for getting market share, to reduce tax burden or to set off losses of accumulated nature.

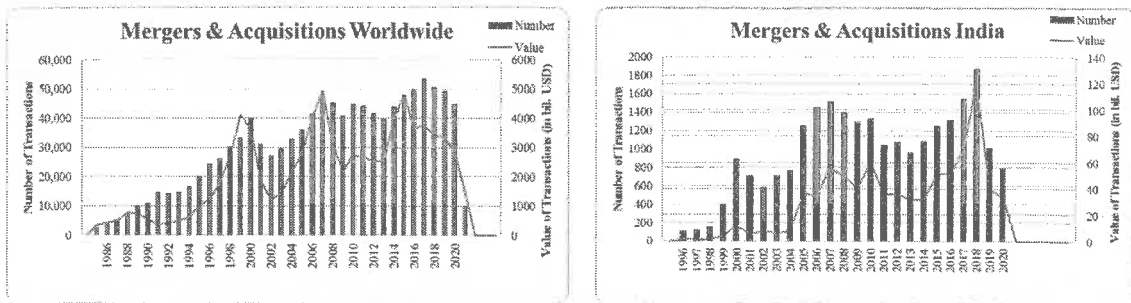
In the business world amalgamation is no longer a new concept. The presence of mergers and acquisitions can be identified since 1800s. The widespread application of amalgamation is evident to increase in global competitiveness. Economic analysts have stated that amalgamations takes place in waves.

Table No. 1 – The Mergers and Acquisitions Evolution

Waves	Period	Characteristic
First Wave	1893 - 1904	Horizontal Mergers
Second Wave	1919 - 1929	Vertical Mergers
Third Wave	1955 - 1970	Diversification Conglomerate Mergers
Fourth Wave	1974 - 1989	Hostile Takeovers and Congeneric Mergers
Fifth Wave	1993 – 2000	Cross Border Mergers
Sixth Wave	2003 - 2008	Globalization, Private Equity
Seventh Wave	2011 onwards	Globalization, BRICS, Cross Border Mergers

Source: www.cleverism.com

Graph No. – 1 Mergers and Acquisitions Worldwide and India



Source: Institute of Mergers, Acquisitions & Alliances, Austria

On account of introduction to various economic reforms by Indian government in 1991, comprises policy related to liberalization and globalization. These reforms resulted into a major transformation and structural changes. Ultimately the size and competence became focal point for Indian companies. Comprehending the need of speedy growth and expansion, several corporates have adopted restructuring as a part of long-term strategy.

Review of Literature:

Lubatkin (1983) inspected that “does mergers provides real benefits to acquiring firm?” The core area of investigation was, stockholders gets benefit by applying certain type of strategy. Additionally, he recommended that acquiring firms gets value from mergers due to technical diversification and pecuniary synergies. According to the model developed for financial performance through Capital Assets Pricing Model, the acquired firm through merger gains significantly. Mcdougall (1995) studied selected financial performance variables indicating profitability position due to acquisitions. For the study, examined 131 Canadian companies between 1985 and 1987 those were controlled by foreign companies after acquisition. Presented in his analysis that behaviour of companies differs in interest considerably of foreign controlled companies as compared with Canadian controlled companies. The study also discloses that short-term profitability was compromised by foreign companies in long-term perspective and invested in Research & Development or physical assets. Pawaskar (2001) the paper focused on analysis of operating performance in post-merger period for acquiring firm. Sample of 36 cases of mergers between 1992 and 1995 were taken into consideration, found that because of merger there was a negative impact on firm’s profitability. It also showed that operating performance didn’t improved after merger. Further, showed that mergers failed to gain to additional profits significantly in post-merger period for the acquiring firm. Vanitha & Selvam (2007) evaluated financial performance of Indian manufacturing industry before-merger and after-merger. 17 companies during 2001 to 2002 went for mergers and acquisitions were considered for conducting the study. Researcher studied 3 years pre-merger and 3 years post-merger period using tools such as ratio analysis, standard deviation mean, and ‘t’ test. The results obtained through study were statistically not significant in the context of profitability, liquidity and solvency and inclusive of 13 variables. Mantravadi & Reddy (2008) aimed towards studying impact of mergers and acquisitions on the operating performance of acquiring corporate in different industries. The sample was chosen were mergers between years 1991 and 2003 of Indian corporates from different industries including banking and finance, textiles, pharmaceutical and electrical equipment sectors. Further, examine whether any significant deviations in the results accomplished by mergers in different sectors in India, this was done by analysing sub-samples representing industry sectors. The study found that there are minor variations in terms of impact on operating performance subsequent to mergers, in different industries in India. The results suggested that of mergers had a differential impact for different industry sectors in India. Type of industry does seem to make a difference to the post-merger operating performance of acquiring firms. Shah (2018) studied M&As in chemical and fertilizer sector of India, and found that the operating performance

and returns to shareholders' improved, post-merger, but the improvements were not statistically significant.

Objectives:

1. To study and analyze pre and post-amalgamation gross working capital situation of acquiring companies.
2. To study and analyze pre and post-amalgamation net working capital situation of acquiring companies.

Hypothesis:

H₀₁: Amalgamation has no significant impact on gross working capital of the acquiring companies.

H₀₂: Amalgamation has no significant difference between the net working capital of the acquiring companies.

Research Methodology:

Selection of the sample: Amalgamations in Cement & Cement Products industry during the year 1999 – 00 to 2009 – 10 are selected for this study listed on BSE.

Sources and Collection of Data: This research paper is purely based on secondary data collected from various sources like: Annual Reports, CMIE Prowess Database and company website.

Period of the study: The researcher has taken 5 years pre amalgamation data and 5 years post amalgamation data for the analysis and the year of amalgamation is excluded.

Tools used for analysis: For the analysis of data Gross Working Capital and Net Working Capital is used. For the verification of hypotheses difference of mean test has been used.

Result and Discussion:

Table No. 2 – Gross Working Capital of companies in Cement and Cement Products Industry (Values in Crores Rs.)

Sr. No	Company Name	Pre-Acquisition Year					Post-Acquisition Year				
		5	4	3	2	1	1	2	3	4	5
1	Ultratech Cement Limited	578.34	580.55	883.07	1133.13	1247.34	2605.87	3431.31	4060.4	4495.37	462.9.97
2	Keerthi Industries Limited	8.53	7.62	8.82	14.03	9.78	22.37	25.95	25.33	24.26	24.35
3	Gujarat Ambuja Cement Ltd.	178.75	215.55	280.09	301.67	380.59	885.66	949.62	1230.14	1522.26	131.3.93
4	Hyderabad Industries Ltd.	163.54	164.14	187.83	201.35	196.46	240.43	308.46	330.16	371.82	436.3
5	Kakatiya Cement Sugar Industries Ltd.	11.06	21.4	35.35	46.29	44.56	62.98	29.5	27.75	39.64	58.65
	Mean	188.04	197.85	279.03	339.29	375.75	763.46	948.97	1134.8	1290.7	129.2.6

(Source: CMIE Prowess Database)

Table No. 3 – Test results of Gross Working Capital for Cement and Cement Products Industry

t-Test: Paired Two Sample for Means		
	<i>Pre</i>	<i>Post</i>
Mean	275.9936	1086.099
Variance	6951.989	52443.88
Observations	5	5
Pearson Correlation	0.953059	
Hypothesized Mean Difference	0	
df	4	
t Stat	-11.9443	
P(T<=t) one-tail	0.000141	
t Critical one-tail	2.131847	
P(T<=t) two-tail	0.000281	
t Critical two-tail	2.776445	

The difference between the pre-amalgamation and post-amalgamation gross working capital is tested statistically by using the difference of means test. The value of the two tail significance is 0.000141 is less than 0.05 ($p < 0.05$), as such the difference between the means is significant. The test output indicates that there is a significant difference in pre-amalgamation gross working capital and post-amalgamation gross working capital. Hence, the post-amalgamation gross working capital is more than pre-amalgamation gross working capital, with $t_4 = 2.776$, $p < 0.05$. Hence, it can be concluded that the post-amalgamation gross working capital is more than pre-amalgamation gross working capital.

Table No. 4 – Net Working Capital of companies in Cement and Cement Products Industry (Values in Crores Rs.)

Sr. No.	Company Name	Pre-Acquisition Year					Post-Acquisition Year				
		5	4	3	2	1	1	2	3	4	5
1	Ultratech Cement Limited	153.24	22.94	127.89	-	-5.73	-	-	-	-	-
2	Keerthi Industries Limited	1.11	-1.00	-5.33	-11.83	-24.33	-34.29	-19.89	-42.72	-35.1	-32.35
3	Gujarat Ambuja Cement Ltd.	-	-10.78	11.78	-51.65	-21.12	173.51	-228.47	-252.38	-227.24	-
4	Hyderabad Industries Ltd.	93.38	99.44	110.12	108.7	112.84	141.56	208.44	225.75	256.67	294.69
5	Kakatiya Cement Sugar Industries Ltd.	2.46	9.81	21.5	26.24	25.61	36.47	13.35	14.49	24.11	35.1
	Mean	23.89	24.082	53.192	-14.79	17.454	-449.48	-234.63	-446.86	-242.94	-990.04

Table No. 5 – Test results of Net Working Capital for Cement and Cement Products Industry

t-Test: Paired Two Sample for Means		
	<i>Pre</i>	<i>Post</i>
Mean	20.7648	-472.79
Variance	586.9209	94577.85

Observations	5	5
Pearson Correlation	-0.15962	
Hypothesized Mean Difference	0	
df	4	
t Stat	3.533639	
P(T<=t) one-tail	0.012076	
t Critical one-tail	2.131847	
P(T<=t) two-tail	0.024151	
t Critical two-tail	2.776445	

The difference between the pre and post-amalgamation net working capital is tested statistically by using the difference of means test. The value of the two tail significance is 0.024151 is less than 0.05 ($p < .05$), as such the difference between the means is significant. The test output indicates that there is a significant difference in pre-amalgamation net working capital and post-amalgamation net working capital. Hence, the post-amalgamation difference in net working capital is greater than pre-amalgamation net working capital, with $t_4 = 2.776$, $p < 0.05$. Hence, it can be concluded that the post-amalgamation net working capital difference is more than pre-amalgamation net working capital due to huge amount of current assets.

Table No. 6 – Statistical significance

Cement and Cement Products Industry				
Variables	Pre-Mean (5 years)	Post-Mean (5 years)	'p' value (0.05)	Significant / Not Significant
Gross Working Capital	275.9936	1086.099	0.000141	Significant
Net Working Capital	20.7648	-472.79	0.024151	Significant

1. Gross Working Capital:

From the analysis of Gross Working Capital of Cement and Cement Products Industry that Gross Working Capital has increased in post-amalgamation period. The mean of Textile industry are increased as compared to pre-amalgamation period i.e. Rs. 275.9936 Crores to Rs. 1086.099 crores. This indicates that firms have acquired considerable amount of current assets in amalgamation.

2. Net Working Capital:

It is observed from the analysis that Net Working Capital of Cement and Cement Products Industry that Net Working Capital has fallen in post-amalgamation period as compared to pre-amalgamation period. The mean for industry are Rs. 20.7648 Crores and Rs. -472.79 Crores respectively in pre and post-amalgamation era. It points out that post-amalgamation acquiring firms have accumulated large amount of current liabilities. Hence, it highlights that firms in Cement and Cement Products Industry have attracted huge amount of creditors post-amalgamation.

Conclusion:

1. Gross Working Capital:

The Gross Working Capital position of the Textile industry has been sizeable increased after amalgamation. That concluded to huge amount of absorption of current assets.

2. Net Working Capital:

The Net Working Capital position of the Cement and Cement Products Industry lower than before to a notable extent. This determines heavy amount is acquired in current liabilities in post-amalgamation period as compared to current assets.

Reference:

1. Agrawal, A., Jaffe, J. F., & Mandelker, G. N. (1992). The Post-Merger Performance of Acquiring Firms: A Re-Examination of an Anomaly. *Journal of Finance*, 47, 1605-1621.

2. Khan, M. Y., & Jain, P. K. (2011). *Financial Management* (6e ed.). New Delhi: Tata McGraw Hill Education Pvt, Ltd.
3. Lubatkin, M. (1983, April). Mergers and the Performance of the Acquiring Firm. *Academy of Management Review*, 8(2), 218-225.
4. Mantravadi, P., & Reddy, A. V. (2008). Post-Merger Performance of Acquiring Firms from Different Industries in India. *International Research Journal of Finance and Economics*(22), 192-204.
5. Menapara, M. R., & Pithadia, V. (2012, September). Review Of Literature of Merger and Acquisition. *Global Research Analysis*, 1(4), 50-51.
6. McDougall, G. (1995, February). The Economic Impact of Mergers and Acquisitions on Corporations. 1-48.
7. Pawaskar, V. (2001, January - March). Effect of Mergers on Corporate Performance in India. *Vikalpa*, 26(1), 19-32.
8. Reddy, M. V., Swetha, B., & Srinivasarao, T. (2012, September). Mergers and Acquisitions in Corporate Sector. *International Journal of Scientific Research*, 1(4), 97-99.
9. Shah, B. A. (2018). Measuring Post-Merger and Acquisition Performance in Chemical and Fertilizer Sector of India. *Pacific Business Review International*, 11, 2.
10. Vanitha, S., & Selvam, M. (2007). Financial Performance of Indian Manufacturing Companies During Pre and Post Merger. *International Research Journal of Finance and Economics* (12), 7-35.
11. www.cmie.com
12. www.bseindia.com



Home

○ UGC

🔍 Search

Journal Details

Journal Title (in English Language)	Juni Khyat
Journal Title (in Regional Language)	जुनी ख्यात
Publication Language	English , Hindi
Publisher	Maru Bhumi Shodh Sansthan
ISSN	2278-4632
E-ISSN	NA
Discipline	Social Science
Subject	Social Sciences (all)
Focus Subject	Cultural Studies
UGC-CARE coverage years	from June-2019 to Present