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INTRODUCTION
REVIEW OF LITERATURE
NEED/IMPORTANCE OF THE STUDY
STATEMENT OF THE PROBLEM
OBJECTIVES
HYPOTHESIS (ES)
RESEARCH METHODOLOGY
RESULTS & DISCUSSION
FINDINGS
RECOMMENDATIONS/SUGGESTIONS
CONCLUSIONS
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- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

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- Garg, Bhavet (2011): Towards a New Gas Policy, Political Weekly, Viewed on January 01, 2012 http://epw.in/user/viewabstract.jsp

EVALUATION OF OPERATING AND FINANCIAL PERFORMANCE IN POST-ACQUISITION (WITH SPECIAL REFERENCE TO UNILEVER-BLUE AIR)

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ABSTRACT

The purpose of this paper is to study the concept of Acquisition in detail by taking one example of some companies. The objective is to examine the relationship between the operating performance and financial performance. Mergers/Acquisition is a phenomenon which is easy to think but hard to implement. Post mergers transition phase is most difficult one as in any organization whether large or small. Mergers/Acquisition is a process which s very essential nowadays for the survival of the business. Companies are acquiring more and more firms in order to expand their business and with many reasons. In this paper the study period is restricted for 5 years and financial tool is ratio. Statistical tool is Mean, standard deviation, Kurtosis and skewness are used in descriptive statistics and also correlation.

KEYWORDS
acquisition, profitability, correlation.

JEL CODE
G34

1. INTRODUCTION

The reasoning behind mergers and acquisition is that two companies together are more valuable than two separate companies. The key principle behind buying a company is to create shareholders value over and above that of the sum of the two companies. This rationale is particularly alluring to companies when times are tough strong companies will act to buy other companies to create a more companies to create a more competitive, cost-efficient company. The companies will come together hoping to gain a greater market share or achieve greater efficiency. Because of these potential benefits, target companies most often agree to be purchased when they cannot survive alone (Brigham,1986; Cyco and Murgin, 2000; Brealey and Myers, 2003)

The advantages stemming from M & A have been evaluated in terms of the ability to exploit scale and scope economies, gain market control, economize transaction costs, diversify risks, and provide access to existing know-how. Nonetheless, empirical evidence on M & A has also suggested that M & A might fail because of over-optimistic expectations of benefits and underestimation of post-integration difficulties like lack of market or technology relatedness, business culture clashes, etc. The two main approaches to tackle this this issue empirically are stock price studies.

2. THEORETICAL BACKGROUND

Unilever announced that it has signed an agreement to acquire Blue air, the world's leading supplier of innovative mobile indoor air purification technologies and solutions.

Launched in 1996 in Stockholm, Blue air had a turnover of US$106m in 2015 and is a leading player in the premium category of air purifiers in markets like China, US, Japan, South Korea and India. This significant venture in air purification will further complement Unilever's existing water purification business.

Nitin Paranjpe, President of Unilever's Home Care business said: "We are delighted to be adding Blue air to our Home Care portfolio. The Blue air brand and products are widely known and represent exceptional quality and design, as well as superior capacity and performance. Blue air was founded on the belief that business should be a force for good in society, which is shared by Unilever."

Sold in over 60 countries around the world, Blue air has grown rapidly in recent years as the demand for indoor air purification has increased, as consumers become more aware of the health and wellbeing risks posed by poor air quality. Blue air's acclaimed air purifying products remove up to 99.97% of all contaminants from the air, including hazardous sooty particles, allergens and viruses.

Blue air founder Bengt Rittri, who calls clean air a basic right, said: "Blue air was launched 20 years ago with the mission to start a clean air revolution by bringing people the world's best air purifiers."

"This mission remains embedded in the company values of Blue air today as we continuously work to elevate people's health and wellbeing in a world where WHO says outdoor air pollution has been continuously increasing over the past several years, with billions of people now exposed to dangerous air.

"We are saying yes to leveraging the help of Unilever – one of the world's most admired corporations for its sustainability practices – to help Blue air take the next step to allow more people to take action to create safe indoor havens for themselves, their loved ones, work colleagues and customers. Unilever is the best possible partner to help Blue air more quickly fulfil its mission to help people enjoy the health benefits of breathing clean air."

3. LITERATURE REVIEWS

The operating performance approach compares the performance of companies between the pre-merger and post-merger phase by using accounting data which determines whether consolidation leads to changes in reported costs, revenue or profit figures. The most widely researched financial parameters in relation to M&A are profitability, productivity, ROI, market share etc. Review of literature shows that the impact of M&As on the operating performance and profitability of firms may be both positive or detrimental in nature. This section first discusses the studies dealing with mergers in nations other than India followed by studies undertaken on Indian mergers.

Manoj Kumara NV (2017), in a paper "Impact of post mergers and acquisition on capital structure of the firm: A study of selected Indian bidding firms" the objective of the study is to examine the changes in capital structure and its impact on profitability through mergers and acquisition. The study period of this paper is 6 years, statistical and financial tool is used for the study and they have concluded that the research should focuses on evaluation of capital structure using net income approach model by considering the actual year cost of capital.

Ismail et al. (2011), in a paper "Review of Literature Linking Corporate Performance to Merger and Acquisitions" analysed prior literature of M&As and its effects on financial performance. Previous studies used various measures to examine the impact of M&As on corporate performance, where measures might be based on accounting measures, market measures, and mixed measures or qualitative measures. The study proved that there is a dispute regarding the factors that affect the reported performance, where eight factors might affect performance: method of payment (cash or stock), book-to-market ratio, type of merger or acquisition transaction (related or unrelated), cross-border vs. domestic M&As, mergers vs. tender offers, firm size, macro-economic conditions, and time period of transaction.

Bratianu and Anagnoste (2011), in a study "The Role of Transformational Leadership in Merger and Acquisitions in Emergent Economies" analysed the role of transformational leadership in M&As, in emergent economies. The study found that M&As represent strategies for developing new markets, or for increasing market dominance in old markets.

Nam et al. (2008), in a study entitled "Prediction Model of Post-merger Performance" developed a comprehensive model describing the post-merger performance of a combined firm based on a fundamental return on equity equation. The study found that the post-merger performance is the function of relative size, price-to-book ratio, synergy, cost of equity, and book value change, and that these factors affect the P of a successful merger simultaneously.

Rottig (2007), in a paper "Successfully Managing International Merger and Acquisitions: A Descriptive Framework" constituted the most frequently used means through which multinational corporations (MNCs) undertake foreign direct investment (FDI); most of these transactions are not successful. The study identified key difficulties that cause the high failure of cross-border M&A developed a typology of strategies to facilitate the management of these problems. The study found that the performance of international M&As is a function of successful cultural combination during the post-acquisition integration process.

McDonald et al. (2005), in a paper "Planning for a Successful Merger or Acquisition: Lessons from an Australian Study" used semi-structured interviews: to identify the link between corporate strategic planning and M&As strategy; to examine the due diligence process in screening an M&As; and to evaluate previous experience in successful M&As. The study found that there was a clear alignment between corporate and M&As strategic objectives but each organisation had a different emphasis on individual criterion. Due diligence was also critical to success; its particular value was removing managerial ego and justifying the business case.

Selcuk and Yilmaz (2011), in an article "The Impact of Merger and Acquisitions on Acquirer Performance: Evidence from Turkey" analysed the impact of M&As deals on the performance of acquiring Turkish firms. The study was based on both stock market and accounting data. The study proved the hypothesis that acquiring firms are negatively affected by M&As activities the abnormal returns are statistically negative and different from zero for 10-day and 7–day returns for stocks of Turkish firms involved in M&As exceed average industry returns.

Azhagaiah and Sathish Kumar (2012), in a study "A Study on the Short-run Profitability of Acquirer Firms in India" attempted to study the impact of M&As on the short-term post-merger profitability (P) across industries in India with a sample of 10 corporate firms each in four major industries which have undergone M&As in the same industry (related merger) during the period 2004 to 2007 with an objective of comparing the post-merger P using appropriate P measures (ratios) and compared the mean P of acquiring firms for three years before merger and three years after merger by use of t–test. they concluded that there is a significant improvement on the short-run post-merger of acquiring firms across industries in India except Banking and Finance Industry.

Jain and Raorane (2011), in a paper "Mergers and Acquisitions- A Change Paradigm in Performance of Indian Company" attempted to evaluate the impact of M&As on the performance of the acquiring and target firms. The sample size of the study was limited to 13 firms. Empirical tests were carried out on the financial data with the help of liquidity ratios, namely, current ratio and quick ratio in order to ascertain whether M&As resulted in SW or not. The study used paired samples t-test for measuring the pre-merger and post-merger average performance of the acquiring and target firms. The study concluded that the acquiring firms always benefited more than that of the target firms in the M&As event.

Indhumathi et al. (2011), in an analysis "The Effect of Mergers on Corporate Performance of Acquirer and Target Companies in India" attempted to compare the performance of the acquiring and target firms. The study analysed the financial performance of sample firms from the viewpoint of profitability, liquidity, leverage, and activity.From the overall analysis, it was found that the acquiring firms increased shareholders' wealth, that is, increased the returns for the investment after the M&As event.

4. OBJECTIVE OF THE STUDY
To examine the relationship between the operating performance and financial performance.

5. RESEARCH METHODOLOGY
TYPE OF RESEARCH

Descriptive research study is used to describe the characteristics of a population or phenomenon being studied. It does not answer questions about how/when/where/why the characteristics occurred.

SAMPLING DESIGN

It is a part of the target population, which can be an individual element or group from within a statistical resident to estimation the characteristics of the entire population.

SAMPLE

TABLE A

Acquiring	Acquired	Type of activity	Deal value	Year of occurrence	Strategic motive
Unilever (London)	Blue Air (Roman)	Acquisition	15.6 Billion Euro	16-aug-16	Expansion of business, Long term survival in the market

SOURCES OF DATA

Secondary data are data which are already collected and published by others, and they are journals, articles, company records, books, websites, etc.

STATISTICAL TOOLS

Descriptive statistics – These are used to describe the basis features of the data in a study. They provide simple summaries about the sample and the measures.

Mean – Simple or arithmetic average of a range of values or quantities, computed by dividing the total of all values, also called Arithmetic mean.

Standard deviation – It is a measure of the dispersion of a set of data from its mean. It is calculated as the square root of variance by determining the variation between each data point relative to the mean.

Kurtosis & Skewness: Skewness is a measure of symmetry, or more precisely, the lack of symmetry. A distribution, or data set, is symmetric if it looks the same to the left and right of the centre point.

Kurtosis is a measure of whether the data are heavy-tailed or light-tailed relative to a normal distribution.

Correlation - It is a statistical technique that can show whether and how strongly pairs of variables are related.

FINANCIAL TOOLS

Ratios - A ratio is a relationship between two numbers indicating how many times the first number contains the second. It is a quantitative analysis of information contained in a company's financial statements. Ratio analysis is used to evaluate various aspects of a company's operating and financial performance such as its efficiency, liquidity, profitability and solvency.

HYPOTHESIS

Ho: There is no significant relation between operating performance and financial performance.

6. DATA ANALYSIS AND INTERPRETATION
In this study considers five years of ratios as a secondary data analysis. Ratios use as financial tools and mean, standard deviation, kurtosis, skewness and correlation used as a statistical tool. To examine the relationship between the operating performance and financial performance.

TABLE 6.1: ANALYSIS OF RATIOS

Ratios	2013	2014	2015	2016	2017
Gross Profit	14.59	15.04	15.97	16.91	17.72
Return on net worth	142.01	118.04	115.87	110.73	69.18
Net profit	14.7	13.8	14	12.76	14.07
Return on capital employed	163.63	147.75	148.75	160.3	95.17
Return on long term fund	163.63	147.59	148.75	160.3	95.17
Inventory turnover ratio	10.8	10.76	12.57	13.61	14.6
Debtors turnover ratio	34.13	33.96	38.52	18.06	17.3
Fixed asset turnover ratio	6.73	6.77	6.99	6.31	7.38
Total asset turnover ratio	9.79	8.62	8.32	9.73	5.39
Asset turnover ratio	8.34	9.42	8.8	9.11	6.65

Sources: Authors calculation, Annual report database.

In the above table the ratios of five years from 2013 to 2017 is showing. The Gross profit of 2013 and 2017 has been increased from 14.59 and 15.04 respectively. The Inventory turnover ratio of 2013 and 2017 has been increased from 10.8 to 14.6 respectively and also fixed asset turnover ratio of 2013 and 2017 has been increased from 6.73 to 7.38 respectively.

TABLE 6.2 DESCRIPTIVE STATISTICS ANALYSIS

Descriptive	Mean	Standard Deviation	Kurtosis	Skewness	Minimum	Maximum
GP	16.046	1.292915	-1.76939	0.237284	14.59	17.72
RONW	111.166	26.38061	2.363188	-1.00407	69.18	142.01
NP	13.866	0.704045	2.084394	-0.91003	12.76	14.7
ROCE	143.088	27.68884	3.780441	-1.88401	95.17	163.63
ROLTF	143.088	27.68884	3.780441	-1.88401	95.17	163.63
ITOR	12.468	1.699962	-2.22054	0.132126	10.76	14.6
DTOR	28.394	9.953471	-3.01942	-0.45193	17.3	38.52
FATOR	6.836	0.391127	0.804226	0.122779	6.31	7.38
TATOR	8.37	1.789651	2.522302	-1.53156	5.39	9.79
ATOR	8.464	1.089739	2.504011	-1.5422	6.65	9.42

Sources: Authors calculation, Annual report Database.

In the above table the descriptive statistics of mean, standard deviation, kurtosis and skewness. Gross profit of mean is 16.046, std deviation is 1.292915, kurtosis is -1.76939 showing negative value. Inventory turnover ratio mean is 12.468, std deviation is 1.699962, kurtosis is -2.22054. Fixed asset turnover ratio mean is 6.836, std deviation is 0.391127 and kurtosis is 0.804226.

TABLE 6.3 CALCULATION OF CORRELATION

		GPM	RONW	NPM	ROCE	ROLTF	ITOR	DTOR	FATOR	TATOR	ATOR
GPM	R	1	-0.9	-0.486	-0.699	-0.699	0.988	-0.82	0.328	-0.662	-0.582
	Sig.		0.037	0.405	0.188	0.188	0.001	0.089	0.588	0.223	0.302
RONW	R	-0.9	1	0.239	0.922	0.923	-0.851	0.698	-0.621	0.899	0.698
	Sig.	0.037		0.698	0.026	0.026	0.067	0.190	0.264	0.038	0.190
NPM	R	-0.487	0.240	1.000	-0.144	-0.144	-0.437	0.533	0.571	-0.189	-0.393
	Sig.	0.406	0.698		0.817	0.817	0.462	0.355	0.314	0.761	0.513
ROCE	R	-0.700	0.923	-0.144	1.000	1.000	-0.658	0.502	-0.848	0.990	0.843
	Sig.	0.188	0.026	0.817		0.000	0.227	0.388	0.070	0.001	0.073
ROLTF	R	-0.700	0.923	-0.144	1.000	1.000	-0.658	0.502	-0.848	0.990	0.843
	Sig.	0.188	0.026	0.817	0.000		0.227	0.388	0.070	0.001	0.073
ITOR	R	0.989	-0.851	-0.437	-0.658	-0.658	1.000	-0.790	0.325	-0.625	-0.610
	Sig.	0.001	0.067	0.462	0.227	0.227		0.112	0.594	0.260	0.274
DTOR	R	-0.820	0.698	0.533	0.502	0.502	-0.790	1.000	-0.001	0.393	0.495
	Sig.	0.089	0.190	0.355	0.388	0.388	0.112		0.999	0.512	0.397
FATOR	R	0.329	-0.621	0.571	-0.848	-0.848	0.325	-0.001	1.000	-0.897	-0.777
	Sig.	0.589	0.264	0.314	0.070	0.070	0.594	0.999		0.039	0.122
TATOR	R	-0.662	0.899	-0.189	0.990	0.990	-0.625	0.393	-0.897	1.000	0.811
	Sig.	0.223	0.038	0.761	0.001	0.001	0.260	0.512	0.039		0.095
ATOR	R	-0.583	0.698	-0.393	0.843	0.843	-0.610	0.495	-0.777	0.811	1.000
	Sig.	0.302	0.190	0.513	0.073	0.073	0.274	0.397	0.122	0.095	

Sources: Authors calculation and SPSS Data base.

In the above table calculation of correlation, the Gross profit of 'R' resulted with 1, RONW & DTOR is -0.9 & -0.820 respectively these are negatively strongly related, ROCE & ROCTF are resulted with -0.700 and -0.700 so these are strongly correlated, NPM, TATOR and ATOR is -0.487,0.662 and -0.583 respectively these are weakly correlated. ITOR is resulted with 0.989 so these is positively strongly correlation & FATOR is 0.329 it is positively weekly correlated.

FINDINGS AND RECOMMENDATION

- The study finds that the gross profit ratio has been increased from the year 2013 to 2017 that is 14.59 and 17.79 respectively.
- The analysis finds that Inventory turnover ratio has been increased from the year 2013 to 2017 that is 10.8 and 14.6 respectively.
- In this study finds that return on capital employed and return on long term fund resulted the highest value in the mean and the standard deviation.
- In this study finds that fixed asset turnover ratio has resulted positive values in mean, standard deviation, Kurtosis and skewness.
- The study finds that in the analysis of correlation return on net worth and debtors turnover ratio resulted the negatively strongly correlation.
- The analysis of this paper Inventory turnover ratio resulted with Positively strongly correlation that is 0.989.
- The study finds that in the analysis of correlation the net profit margin and asset turnover ratio resulted with weakly correlated.
- The profitability of the firm is showing good progress so for further growth it can be give more importance for concentrating on operational efficiency of the firm.
- The Debtors turnover ratio and total asset turnover ratio is showing a decreasing tendency, it implies the efficiency of the firm. So, the firm requires to give more focus on improving the overall efficiency of the firm.
- In this study the profitability ratios have been increased so considering this the company can go with the acquisition for further development of the company.

CONCLUSION

Mergers and acquisition are the one of the business strategy by which companies are going to implement. The study started reviewing the mergers and acquisition literature review with an aim to understand the relevant procedure and the relationship between the operating performance and financial performance. In this current study show that strongly correlated in the profitability. To conclude that the company can go with the acquisition and also slight increase in the efficiency of the firms it shows that company can concentrate on increasing the efficiency.

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