Journal Homepage: -www.journalijar.com

INTERNATIONAL JOURNAL OF ADVANCED RESEARCH (IJAR)

Article DOI:10.21474/IJAR01/18219
DOI URL: http://dx.doi.org/10.21474/IJAR01/18219

RESEARCH ARTICLE

"FINANCIAL PERFORMANCE ANALYSIS OF PRE- AND POST-MERGER OF KOTAK MAHINDRA BANK AND STATE BANK OF INDIA"

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Manuscript Info

Manuscript History
Received: 19 November 2023
Final Accepted: 29 December 2023
Published: January 2024

Key words:-
Public Sector Bank, Private Sector Bank, Merger, Efficiency, Post Merger, Pre Merger

Abstract

The banking sector is one of the most important and fastest growing sectors in India. It occupies a unique place in the growth of the economy. The economic development of a country is evident from the reliability of the banking system. Mergers in the banking sector lead to significant growth in business, help in reducing costs and reduce competition as mergers lead to elimination of competitors in the banking sector. Today, every bank strives to be financially strong and more effective and efficient in its operations. Public sector banks face strong challenges from private sector banks and are under great pressure to keep up with the facilities offered by private sector banks. The study is conducted to understand the performance of Kotak Mahindra Bank and SBI before and after merger. One private sector bank and one public sector bank were selected for the study. Kotak Mahindra Bank is one of the leading and growing private sector banks, while SBI is the largest bank in India with a market share of more than 23% in assets and 25% in loans and deposits. The analysis before and after the merger of SBI with its partner banks and Kotak Mahindra Bank with ING Vysya Bank shows that the net profit margin, return on capital employed, return on equity and leverage ratio have no significant difference in these ratios. There is a significant difference in operating profit margin for Kotak Mahindra Bank but not for SBI and its partners.

Introduction:-

Mergers and Acquisitions, both international and domestic, have evolved into strategic tools that support the expansion of product portfolios, entry into new markets, and acquisition of new technologies over the past few decades as a result of increased competition, new financial opportunities, and changes in the regulatory process in all countries. The choice to use Mergers and Acquisitions operations is frequently one of the most significant ones made in relation to an organization's strategy; it has immediate financial repercussions but also significant effects on the organization's long-term development and survival.(S. Singh & Das, 2018)[9]. And if we talk about the M & A in the banking sector it has the capacity to ensure efficiency, profitability and synergy. Deregulation in the financial market , market liberalization and a number of other factors have played important function behind the growth of mergers and acquisitions in the banking sector(Bhardwaj, 2014)[6]

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The Banking sector in India is been divided into 3 major phases namely:
Phase I: The First Phase of Indian banking sector was from 1770 to 1969, where more than 600 banks were registered in India during pre- Independence but most of the banks have failed to Persist. In India, the banking system was first introduced in 1770, with the Bank of Hindustan being the first Indian bank, and later a few more banks were established, such as the Bank of Bombay in 1840, the Bank of Madras in 1843, and the Bank of Calcutta in 1840. All of these banks were established under the charter of the British East India Company. In 1921, all these banks were merged to form a new of India. This bank was partially nationalised and later renamed State Bank of India in 1955 to spread and develop banking in rural areas.

Besides the State Bank of India, there were several other banks established in the pre-independence period, including the Allahabad Bank in 1865, the Punjab National Bank in 1894, the Bank of India and Canara Bank in 1906, the Bank of Baroda in 1908, and the Central Bank of India in 1911.Most banks failed in the pre-independence period due to lack of facilities, lack of technological improvements, human error and time-consuming process, and weak management skills.

Phase –II: The second phase of bank nationalisation took place from 1947 to 1991. After India's independence, most banks were privately owned, and people in rural areas relied more on moneylenders for financial support; to overcome this situation, it was decided to nationalise banks. Therefore, all banks in India were nationalised by the Banking Regulation Act 1949. As a result, the State Bank of India was established in 1955, and 14 more new banks were nationalised between 1969 and 1979. Another 6 banks were nationalised in 1980, bringing the total number of nationalised banks to 20. In addition to these 20 banks, there were seven subsidiary banks of the SBI, which was nationalised in 1959.

Phase-III: It was a banking sector reform phase which was also called as Liberalization phase which is continuing till date. The Committee was formed by government under the leadership of Shri. M Narashimham to manage the various reforms in the Indian Banking sector. The biggest reform which was made during this phase was Privatization of Banks. Reserve Bank of India gave licence to 10 private banks to establish in India. (Source:byjus.com)

Bank when a company merges or is acquired, there are numerous general benefits for shareholders, including increased revenue efficiency-related benefits, return on asset (ROA), which is broken down into total asset turnover (efficiency) and profit margin (effectiveness), return on investment (ROI), cash flows, reserves, liquidity, etc. In the current era of severe competition, growth is the norm.(Mondal, 2017)[8]. In response to the numerous economic changes implemented by the Indian government since 1991, in its march toward liberalization, privatization, and globalization, mergers and acquisitions have been started in the banking industry of India. The Indian banking sector underwent a number of changes on the advice of the Narshimam Committee I (1991), Narshimam Committee II (1997), and Verma Committee (1999). These reforms' primary goals were to boost a competitive and diverse financial sector as well as the efficiency of Indian banks.(S. Singh & Das, 2018)[6]

Review of Literature:-

Sinha Pankaj & Gupta Sushant (2011), it isobserved the Pre and Post analysis of the companies and concluded that this had a positive effect, since in most cases their profitability worsened liquidity. After several years of mergers and acquisitions (M&A), companies unable to manage their cash flow were able to take advantage of merger and acquisition synergies. The study showed a comparison of the Pre and Post analysis of the companies. It also indicated a positive impact on the based on certain financial metrics such as earnings before interest and taxes (EBIT), return on shareholders investments, profit margin, interest coverage, current ratio and profitability.(Sinha & Gupta, 2011)[1]

(Dutta & Dawn, 2012)[3]: Here, the researcher highlighted the performance of the merged banks in terms of growth in total assets, profits, revenue, deposits and number of employees. To analyse the data, a random sample of five banks, including public and private sector banks, was drawn from the researcher's list of 25 banks that merged after liberalization. The results of the merged banks were compared on a four-year pre-merger and four-year post-merger basis. The results of the study showed that the merged banks experienced a significant increase in their total assets after the merger. The post-merger period was positive with significant growth in total assets, profits, revenues, deposits and the number of employees in the banking sector acquiring businesses in India.

Pardeep Kaur (2013), In the article, he examines the impact of mergers on the profitability of banks that merged in the post-progressive phase. The author examined the efficiency of private and public banks using parametric and non-parametric tests. The results of the study suggest that the normal spending control of public banks was 73.4% and that of private banks was76.3% throughout the period under review. In this case, the concept of data envelopment analysis, also called Frontier analysis, was used to formulate the equations. This article also discusses two important approaches, the production approach and the intermediation approach. The author also notes that some consolidation has been successful in the Indian banking sector.(Kaur & Kaur, 2013) [4]

Naga and Tabassum (2013), It was stated that the banking sector is one of the most important tools for the country's development and occupies a unique place in the national economy. Financial deregulation, market liberalization and economic reforms have led to amazing changes in the banking sector that have resulted in incredible competitiveness and technological advance in the banking sector. The current Article evaluates the performance of the two selected banks based on pre- and post-merger financial metrics. To analyse the impact of the merger, a t-test is being used to various financial metrics was applied to pre- and post-merger data. Based on analysis of Indian banking data, net profit margin, operating profit margin, return on investments, return on equity and debt to GDP ratio were significant but not significant difference in gross profit margin. Based on the data analysis of the HDFC banks, it can be concluded that the net profit margin, operating profit margin, return on investments, return on equity and debt to GDP ratio did not differ significantly in these reports before there was a significant difference in the gross profit margin.(Naga & Tabassum, 2013)[5]

Gurbaksh Singh, Sunil Gupta (2015), The study focuses on the financial results of the banking sector of selected banks after 1990, with the business of banks consolidating before and after the merger. It examines the impact of mergers and acquisitions on banking sectors profitability and productivity, and the strengths and weaknesses of public and private sector banking outcomes. The banking sector plays an important role in economic growth. Banks financial results are increasing, accounting for a margin of percentage of profits at a select public and private bank. It uses profitability, debt and leverage ratios such as: Gross Profit Margin, Net Profit Margin, Operating Profit Margin, Debt Ratio, Return on Equity, etc. Finally, it was observed that some ratios impact negative metrics, but most ratios impact positive metrics, and the pre- and post-merger financial results of the selected banks are significant.(G. Singh & Gupta, 2015) [7]

Ishwarya J (2019), In this article, the author draws attention to the mergers and acquisitions that have taken place in the Indian banking sector. The paper analyses emerging trends, adopts secondary data and highlights on the Narasimhan Committee and Raghuram Rajan Committee. The article compares the financial performance of the merged banks before and after the merger versus the benefits of financial constraints. The results suggest that mergers and acquisitions for the Indian banking sector have achieved some success. The main drivers of future mergers in the Indian banking sector were the challenges of free convertibility and the requirements of large investment banks. The paper states that government and policymakers should be more cautious in promoting mergers as a way to achieve economies of scale and scope.(Ishwarya J, 2019)[10]

Praveen S Kambar (2019), In this article the author states that area of banking is considered as the support of an economy. The merger will assist the manages an account with improving operational proficiency and client administrations. This would include the cooperative dynamisms in the branch organization, expenses on stores and auxiliaries will be reduced. In this paper the creator has attempted to showcase the possible reduction in unemployment which will be a bounce back from the employee unions and also looks at the degree, suggestions and downsides of the consolidation interaction and further more to recognize the significant difficulties in its manner. He also highlights about the customers who has been allotted with new account number or IFSC code will have to be updated and even with NPS and Income tax department details will be with third party entities.(Kambar, 2019)[11]

Jaskaran Singh Madray (2020),(Singh Madray & Kamal, 2020)The study analysed by the author is descriptive in nature and attempted to isolate the conditions that led to the merger of public banks and examine the impact of the merger on the banking sector in India. The article said that the merger of Public-owned banks is a measure requested by the Indian government to strengthen the country's financial system and improve distressed assets and boost bank lending growth. The author talks about technological advances in banking, customer value, service quality and efficiency in merging small banks with large banks, resulting in higher performance and better operations of the merged banks.(Singh Madray & Kamal, 2020) [12]

Objectives of the Study:-

1. To apprehend the impact of ING Vysya Bank merger on the financial performance of Kotak Mahindra Bank.
2. To capture the impact of the merger of SBI Associates Banks on the financial performance of SBI Bank.

Scope of the Study:

The study indicates about one private sector bank and one public sector bank in order to understand the financial performance of banks from the angle of pre-merger and post-merger. Here the Public sector bank is State bank of India and its Associates has been evaluated taking in to consideration Five years' pre-merger and post-merger. The private sector is Kotak Mahindra Bank and ING Vysya Bank has been evaluated taking in to consideration Three years' pre-merger and post- merger.

Research Methodology:-

Research is the systematic process of collecting and analysing information to gain new knowledge. In short, the search for knowledge through objective and systematic method of finding solution to a problem, is research (Kothari, 2005). In order to understand the impact of Per and Post merger data the following financial ratios will be used. The years Prior to the year of merger and Post to the year of merger is considered for the study.

1. Net profit Margin ratio = Net profit (Net Income) / Total Revenue.
2. Return on Assets = Net Income/ Total Assets.
3. Return on Capital Employed = EBIT (Net profit) / Capital Employed.
4. Return on Equity = Net Income / Total Shareholders' Equity.
5. Debt to Equity ratio = Total Debt / Shareholders Equity
6. Earnings per Share (₹.) = Net Income – Preference Dividends / No. of Equity Shares.
7. Profit per Employee (₹.) = Total Revenue / No. of Employees.
8. Operating profit Margin ratio = Operating profit / Total Revenue.

Operating profit is also called as Earnings before Interest and Tax which is arrived as (Total revenue –COGS-operating expenses- Depreciation).

Paired T-test is being applied to find out whether there is significance difference in ratio before and after merger of State Bank of India and Kotak Mahindra Bank.(Naga & Tabassum, 2013)[5]

Hypotheses:

Hypotheses have been formulated for testing the significant difference between Pre and Post merger financial indicators which have been depicted below:

H0 (Null Hypothesis): There is no significance difference between the pre and post-merger financial indicators like Net Profit Margin ratio; Return on Capital Employed; Return on Equity; Debt to Equity ratio; Earnings per share in (₹.); Profit per Employee (₹.); operating profit Margin ratio; Business per Employee (₹.) etc.

H1 (Alternative Hypothesis): There is significance difference between the pre and post-merger financial indicators like Net Profit Margin ratio; Return on Capital Employed; Return on Equity; Debt to Equity ratio; Earnings per share in (₹.); Profit per Employee (₹.); operating profit Margin ratio; Business per Employee (₹.) etc. (Mondal, 2017)[8]

Sources of Data:

The study will be purely based on the secondary data. The data will be collected from the Annual reports of the banks. Reports will also be collected from Reserve Bank of India, Security Exchange Board of India, Centre for Monitoring Indian Economy Pvt ltd., and various Journals.

Sample Design:

In order to understand the Pre and Post Mergers impact of Financial Performance of the merged banks, two individual Banks were selected. One is of Public sector bank (State Bank of India) and other is Private sector bank (Kotak Mahindra Bank).

Period of the study

Here the Public sector bank is State bank of India and its Associates has been evaluated taking in to consideration Five years' pre-merger and post-merger. (that is from 2012-13 to 2021-22). The private sector is Kotak Mahindra

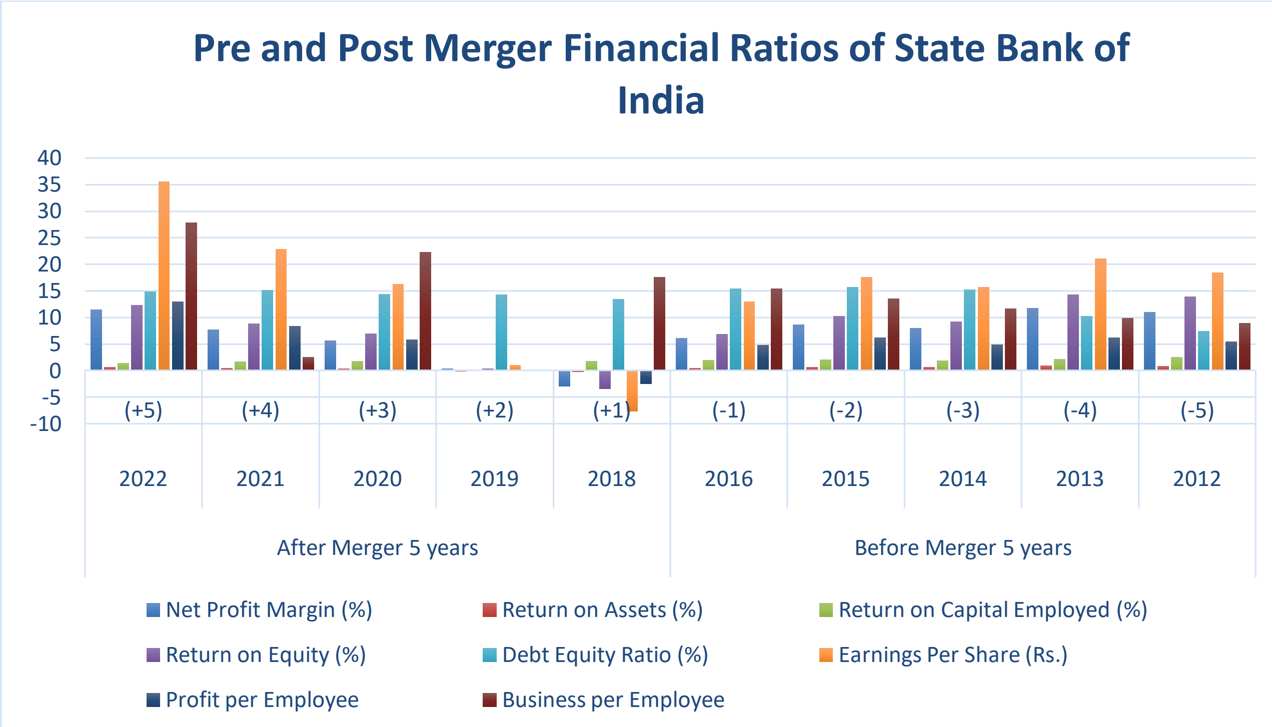
Bank and ING Vysya Bank has been evaluated taking in to consideration Three years' pre-merger and post- merger (that is from 2011-12 to 2017-18).

About State Bank of India:
With a history spanning over 200 years, State Bank of India dates back to Bank of Calcutta established in 1806 and is the oldest commercial bank in the Indian subcontinent. SBI is India's multinational public banking and financial services institution, supporting a US$2.6 trillion economy and serving the aspirations of a large population. The head office is located in Mumbai, Maharashtra. SBI is the 43rd largest bank in the world and ranked 221st in the 2020 Fortune Global 500 list of the world's largest companies. The bank's origins date back to the Bank of Calcutta, which was founded by the Imperial Bank of India in 1806, making it the oldest commercial bank in the Indian subcontinent. The Madras Bank merged with the other two presidential banks of British India, the Bank of Calcutta and the Bank of Bombay, to form the Imperial Bank of India, which in turn became the State Bank of India in 1955. The Indian government took control of the Imperial Bank of India in 1955. In 1955 the Reserve Bank of India acquired 60% of the shares and renamed it the State Bank of India.Effective April 1 2017, five partners will join State Bank of India, the largest management company in the history of Indian accounting. Bikaner and Jaipur State Bank (SBBJ), Mysore State Bank (SBM), State Bank of Travancore (SBT), Partial State Bank (SBP) and Hyderabad State Bank (SBH) SBI and April 1 Exchange was held in the year 2017, Bringing together five partners, SBI will build a world-class bank with a revenue base in excess of Rs. Rs. 37 million, 22,500 branches and 58,000 ATMs. It will have more than 500 million subscribers. With the exception of the leader and activist, the management and the official directors of the partner banks, SBI will be the representative after the merger.(Jena, 2011)[2]

Table1:- Pre and Post Merger Financial Ratios of State Bank of India.

Financial Ratios	**After Merger 5 years**					**Before Merger 5 years**				
	2022 (+5)	**2021 (+4)**	**2020 (+3)**	**2019 (+2)**	**2018 (+1)**	**2016 (-1)**	**2015 (-2)**	**2014 (-3)**	**2013 (-4)**	**2012 (-5)**
Net Profit Margin (%)	11.49	7.69	5.63	0.35	-2.96	6.06	8.59	7.98	11.78	10.99
Return on Assets (%)	0.63	0.45	0.36	0.02	-0.18	0.42	0.63	0.6	0.9	0.87
Return on Capital Employed (%)	1.42	1.64	1.79	0	1.81	1.96	2.06	1.89	2.11	2.51
Return on Equity (%)	12.33	8.86	6.95	0.39	-3.37	6.89	10.2	9.2	14.26	13.94
Debt Equity Ratio (%)	14.8	15.1	14.4	14.3	13.4	15.45	15.73	15.26	10.2	7.42
Earnings Per Share (Rs.)	35.49	22.87	16.23	0.97	-7.67	12.98	17.55	15.68	21.006	18.431
Profit per Employee (Rs.) in Lakhs	12.968	8.309	5.801	0	-2.48	4.79	6.14	4.88	6.17	5.43
Business per Employee (Rs.) in Lakhs	2778.0	249.7	2231.6	0	1757.7	1537.7	1349.1	1168.8	984.8	886.95

Source: Financial Statement/ratios of State Bank of India is obtained from money control.com.



The table and graph above represent data from various financial ratios of the State Bank of India. We observe ratios in case of the pre-merger scenario shows that operating-per-employee and debt ratios have increased while other ratios show a mixed trend, i.e. some ratio increases and other rates decrease. In case of the post-merger scenario, net profit margin, return on assets, return on equity, earnings per share, Earnings per employee increase when, like other ratios, there is variation. Thus, it is clear that in the above cases before and after consolidation, there is a continuous increase in some ratios and fluctuations in others.

Table2:- Analysis of Financial Ratio of State Bank of India.

Financial Ratios	Merger	Mean	Standard Deviation	t-value	p-value	Remark	Changes in Ratio	Growth Rate (%)
Net Profit Margin (%)	Pre-Merger	9.20	2.387	1.345	0.250	NS	D	-52.17%
	Post-Merger	4.40	5.771					
Return on Assets (%)	Pre-Merger	0.20	0.447	-1.5	0.208	NS	I	400%
	Post-Merger	0.80	0.447					
Return on Capital Employed (%)	Pre-Merger	2.20	0.447	2.138	0.099	NS	D	-36.36%
	Post-Merger	1.40	0.894					
Return on Equity (%)	Pre-Merger	10.80	3.114	1.393	0.236	NS	D	-53.70%
	Post-Merger	5.00	6.285					
Debt Equity Ratio (%)	Pre-Merger	12.60	3.912	-1.115	0.327	NS	I	12.70%
	Post-Merger	14.20	0.837					
Earnings Per Share (Rs.)	Pre-Merger	88.20	99.761	1.452	0.220	NS	D	-84.81%
	Post-Merger	13.40	17.155					
Profit per Employee (Rs.)	Pre-Merger	5.50	0.66	0.193	0.856	NS	D	-10.55%
	Post-Merger	4.92	6.25					
Business per Employee (Rs.)	Pre-Merger	1185.49	264.81	-1.598	0.185	NS	I	56.27%
	Post-Merger	1852.65	1101.70					

Note: 5% level of significance / Growth Rate: Mean Growth Rate (In Percentage) /S: Significant / NS: Not Significant/ D: Decrease/ I: Increase.Source: Author’s own estimate using SPSS.

Analysis:

In the above table represents the Descriptive statistics of data and Analysis of various Financial ratios of State Bank of India. The Mean ratio of Return on Assets, Debt equity ratio and Business per Employee found that Post Merger ratio value is more than compared to pre-merger ratio. This shows that after merger has happened the financial performance of State Bank of India has enhanced in case of these ratios. Whereas some of the other ratios like Net Profit Margin, return on Capital Employed, return on Equity, earning per share and Profit per Employee found that in post-merger the mean ratio is less than compared to pre-merger. In order to understand whether there is a significant difference in the financial ratio of pre-merger and post-merger, paired T-test and P-value is being applied using SPSS. As it is shown in the Table No.2 All the Financial ratios used shows that its P-value is more than the Significant value i.e. more than 5 percent, by this we can say that there is no Significant difference in the ratios before the merger has happened.

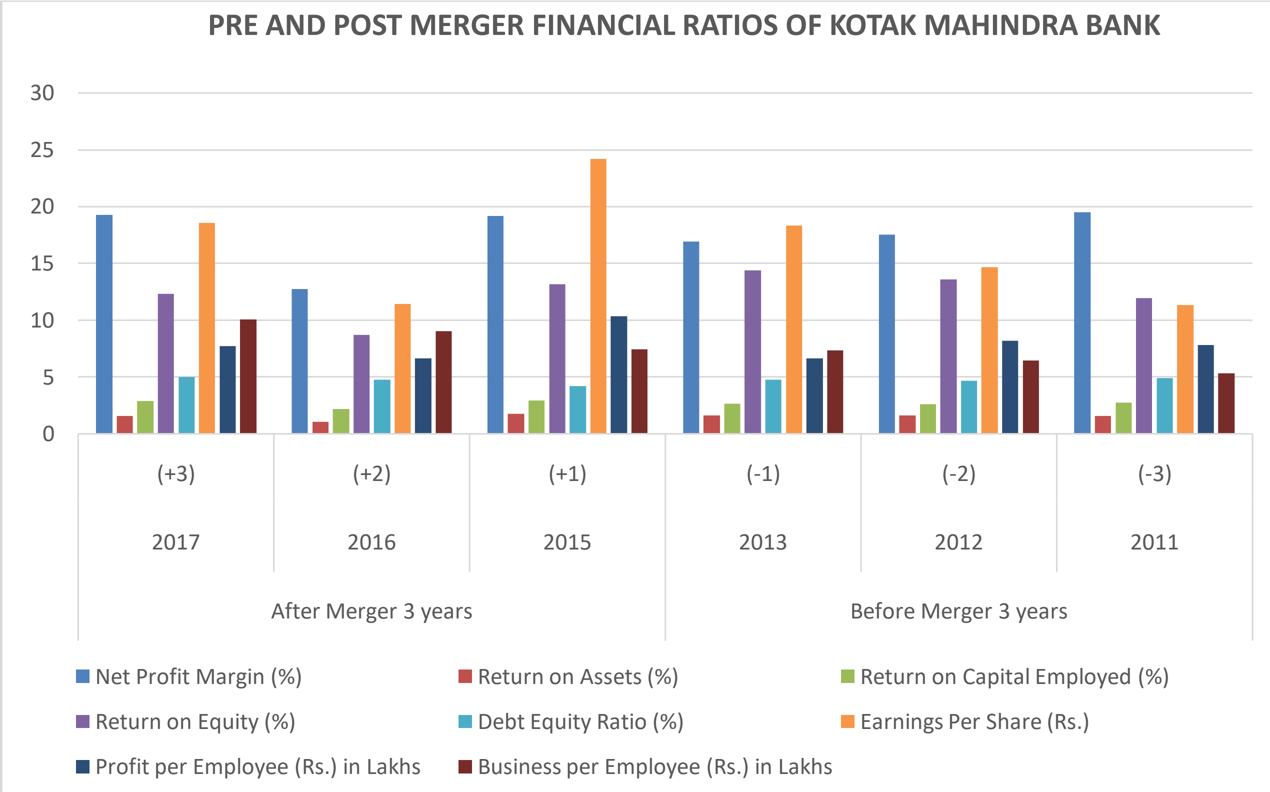
About Kotak Mahindra Bank:

Kotak Mahindra Bank Limited is one of India's private sector banks headquartered in Mumbai. It provides various banking products and financial services to businesses and individuals in the areas of personal finance, investment banking, life insurance and wealth management, and more. It is one of India's third largest private sector banks by market capitalization. It has more than 1600 branches across the country. In February 2003, Kotak Mahindra Finance Ltd (KMFL), the group's flagship company, received a banking license from the RBI. In 2015, Kotak Mahindra Bank acquired ING Bank Vysya in a deal worth Rs 150 billion. With this merger, Kotak Mahindra Bank has nearly 40,000 employees and over 1,200 branches. After the merger, ING Vysya Bank holds a 7% stake in Kotak Mahindra Bank. The bank has four strategic business units – Consumer Banking, Corporate Banking, Commercial and Treasury Banking, which cater to individuals and businesses across urban and rural India. Depository services provided by the Bank enable customers to hold stocks, government securities, bonds and other securities in electronic or Demat form. Their Pay to Wealth offering provides complete governance solutions for businesses with features like simple and automated payroll uploading processes based on marriages, eliminating the paperwork associated with process-related, dedicated relationship manager at corporate account service, personalized promotions and links. The bank has overseas subsidiaries with offices in Mauritius, London, Dubai, Singapore, San Francisco and New York. The overseas subsidiaries are mainly engaged in investment consulting and investment fund management, brokerage and brokerage business and investment. The bank has also entered into a strategic alliance with Scotiabank, Canada's most international bank, to provide financial services to immigrants to Canada and non-resident Indians and people of Indian descent seeking Bank accounts and general banking services in India. This alliance brings together the respective strengths of each bank to enable the referral of clients in Canada and India.

Table3:- Pre and Post Merger Financial Ratios of Kotak Mahindra Bank.

Financial Ratios	**After Merger 3 years**			**Before Merger 3 years**		
	2017 (+3)	**2016 (+2)**	**2015 (+1)**	**2013 (-1)**	**2012 (-2)**	**2011 (-3)**
Net Profit Margin (%)	19.27	12.75	19.19	16.91	17.55	19.52
Return on Assets (%)	1.58	1.08	1.76	1.62	1.65	1.6
Return on Capital Employed (%)	2.9	2.2	2.96	2.66	2.62	2.77
Return on Equity (%)	12.35	8.72	13.19	14.37	13.59	11.97
Debt Equity Ratio (%)	5	4.8	4.2	4.8	4.7	4.9
Earnings Per Share (Rs.)	18.57	11.42	24.2	18.31	14.69	11.35
Profit per Employee (Rs.)	7.75	6.65	10.37	667.06	819.19	783.45
Business per Employee (Rs.)	10.08	9.04	7.44	737.02	646.80	532.64

Source: Financial Statement/ratios of Kotak Mahindra Bank is obtained from money control.com.



The table and graph above represent data from various financial ratios of the Kotak Mahindra Bank. We perceive ratios in case of the pre-merger scenario shows that Return on Equity, earning per share and business per employee ratios are drastically increasing, whereas when it comes to Net Profit Margin is the only ratio that is decreasing and in case of other ratios we can see fluctuation. In case of Post-Merger Debt Equity Ratio and Business per Employee ratio are the only two ratios that is increasing other than these two ratios all other ratios are showing fluctuation from year to year. Thus, it is clear that in the above cases before and after consolidation, there is a continuous increase in some ratios and fluctuations can be seen other type of ratios.

Table4:- Analysis of Financial Ratio of Kotak Mahindra Bank.

Financial Ratios	**Merger**	**Mean**	**Standard Deviation**	**t-value**	**p-value**	**Remark**	**Changes in ratio**	**Growth Rate (%)**
Net Profit Margin (%)	Pre-Merger	17.99	1.36	-0.442	0.702	NS	D	-5.11%
	Post-Merger	17.07	3.74					
Return on Assets (%)	Pre-Merger	1.62	0.03	-0.689	0.562	NS	D	-9.26%
	Post-Merger	1.47	0.35					
Return on Capital Employed (%)	Pre-Merger	2.68	0.08	-0.016	0.989	NS	I	0.37%
	Post-Merger	2.69	0.42					
Return on Equity (%)	Pre-Merger	13.31	1.22	-1.074	0.395	NS	D	-14.20%
	Post-Merger	11.42	2.38					
Debt Equity Ratio (%)	Pre-Merger	4.80	0.10	-0.468	0.686	NS	D	-2.71%
	Post-Merger	4.67	0.42					
Earnings Per Share (Rs.)	Pre-Merger	14.78	3.48	-0.67	0.572	NS	I	22.19%
	Post-Merger	18.06	6.41					
Profit per Employee (Rs.)	Pre-Merger	8.85	1.33	-0.338	0.768	NS	D	-6.67%
	Post-Merger	8.26	1.91					
Business per Employee (Rs.)	Pre-Merger	638.82	102.42	1.22	0.347	NS	I	18.43%
	Post-Merger	756.57	79.55					

Note: 5% level of significance / Growth Rate: Mean Growth Rate (In Percentage) /S: Significant / NS: Not Significant/ D: Decrease/ I: Increase. Source: Author's own estimate using SPSS.

Analysis:

In case of Merger between Kotak Mahindra Bank and ING Vysya Bank, it is being observed that while equating Pre-merger and Post-Merger Financial performance that Average value of Net Profit Margin (i.e. 17.99 and 17.07, mean difference is 0.92, growth rate is -5.11%) has decreased showing a mean difference of 0.92 which shows a substantial decline in Net Profit margin in terms of decrease rate of -52.17%.Here we can see the representation of the Descriptive statistics of data and Analysis of various Financial ratios of Kotak Mahindra Bank. The Average ratio of Return on Capital Employed, earning per share ratio and Business per Employee value is more in case of Post-Merger ratio value is more than compared to pre-merger ratio. Through this we can say that the financial performance of Kotak Mahindra Bank has improved in case of these ratios in Post-Merger compared to per merger. When it comes to ratios like Net Profit Margin, return on Assets, return on Equity, Debt equity ratio and Profit per Employee found that in post-merger the average ratio is less than compared to pre-merger. As it is being mentioned in the State Bank of India analysis in order to understand the significant, paired T-test and P-value is being applied using SPSS. Same as SBI even in Kotak Mahindra bank also show that its P-value is more than the Significant value i.e. more than 5 percent, so here also there is no Significant difference in the ratios before the merger has happened.

Conclusion:-

Banking is one of the industries in India that is growing the fastest. It has changed from being a slow moving organization to a flourishing area. This industry is growing at a striking rate, and unfamiliar financial backers presently pick it as their favoured financial area. Over the past two decades, the Indian banking industry has undergone a paradigm shift. The pace of development in the Indian financial industry is amazing. Through mergers and acquisitions, the Indian financial area has added a generally new aspect. Banking mergers are a type of horizontal merger because the merging entities are involved in similar activities. As a result of the elimination of competitors from the banking sector, banks can significantly expand their operations, significantly reduce their costs, and lessen competition through mergers and acquisitions. In recent years, the banking industry has undergone significant mergers and acquisitions, with a number of global players emerging from successive Banking is among the industries that have seen mergers and acquisitions. According to the current study, the profitability ratio of a few Indian banks does not change more pre or post mergers and acquisitions; Matching businesses exhibit a decline in performance that is comparable. Therefore, merger alone cannot account for the decline in performance experienced by merging businesses. Be that as it may, in future, there are solid possibilities of enhancements in productivity. The participating banks did not see any significant efficiency gains as a result of the mergers between distressed and strong banks. However, stakeholders of these banks have not benefited from mergers, despite the fact that the forced merger between these banks protected the depositors' interests of weak banks.

It can be concluded from the analysis of five years' worth of pre- and post-merger financial ratios of a State Bank of India there is a significant difference in ratios like Net Profit Margin, return on Capital Employed, return on Equity, earning per share and Profit per Employee found that in post-merger the mean ratio is less than compared to pre-merger ratios. It is possible to determine the existence of net profit margin, operating profit margin, return on capital employed, return on equity, and debt-to-equity ratio by analysing three years' worth of Kotak Mahindra Bank pre- and merger data.

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