A

Research Project

On

"A STUDY OF MERGERS AND ACQUISTIONS WITH REFRENCE TO STATE BANK OF INDIA"

Submitted to

G.S. College of Commerce and Economics (Autonomous), Nagpur

Affiliated to

Rashtrasant Tukadoji Maharaj Nagpur University

In partial fulfilment for the award of the Degree of

Bachelor of Business Administration

Submitted by

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Under the Guidance of

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G.S. College of Commerce and Economics, Nagpur

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CERTIFICATE

This is to certify that **Rohan Arvind Ravidas** has submitted the project report titled **"A STUDY OF MERGERS AND ACQUISTIONS WITH REFRENCE TO STATE BANK OF INDIA",** towards partial fulfilment of **BACHELOR OF BUSINESS ADMINISTRATION** degree examination. This has not been submitted for any other examination and does not form part of any other course undergone by the candidate. It is further certified that he has ingeniously completed her project as prescribed by Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur.

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Place: Nagpur

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G.S. College of Commerce and Economics, Nagpur

Academic Year 2023-24

DECLARATION

I here-by declare that the project with title "A STUDY OF MERGERS AND ACQUISTIONS WITH REFRENCE TO STATE BANK OF INIDA" been completed by me in partial fulfilment of BACHELOR OFBUSINESS ADMINISTRATION degree examination as prescribed by Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur and this has not been submitted for any other examination and does not form the part of any other course undertaken by me.

Place: Nagpur
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Place: Nagpur
Date:

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CHAPTER-1

INTRODUCTION

Introduction

The topic of the research paper is study of mergers and acquisitions in reference with SBI. In the dynamic landscape of global finance, mergers and acquisitions (M&A) stand as pivotal strategies for companies aiming to expand their market presence, enhance operational efficiency, and drive sustainable growth. As one of the largest and most influential financial institutions in India, the State Bank of India (SBI) serves as an intriguing case study in the realm of M&A. This study delves into the intricate world of mergers and acquisitions, particularly focusing on SBI's strategic maneuvers in this domain.

SBI's journey in M&A is emblematic of the evolving strategies adopted by financial institutions to adapt to changing market dynamics, regulatory frameworks, and technological disruptions. From consolidating its domestic footprint to venturing into international markets, SBI's M&A endeavors reflect a nuanced approach towards achieving strategic objectives while mitigating risks.

By examining SBI's M&A activities, this study seeks to uncover the underlying motivations, challenges encountered, and outcomes achieved. Through a comprehensive analysis of case studies, financial data, and industry insights, we aim to extract valuable lessons and best practices applicable not only to financial institutions but also to businesses across various sectors navigating the complex terrain of mergers and acquisitions.

Moreover, this study serves as a platform for deeper exploration into the broader implications of M&A on stakeholders, including shareholders, employees, customers, and regulators. By understanding the multifaceted impact of M&A transactions, organizations can better formulate strategies to optimize value creation, manage integration complexities, and foster sustainable growth in an increasingly competitive environment.

In essence, the study of mergers and acquisitions in reference to SBI offers a compelling narrative of strategic decision-making, risk management, and value realization in the ever-evolving landscape of global finance. Through rigorous analysis and thoughtful reflection, we aim to contribute valuable insights to academia, industry practitioners, and policymakers alike, fostering a deeper understanding of the dynamics shaping the future of corporate consolidation and growth strategies.

What is Mergers?

A merger is a corporate strategy involving the combination of two or more companies into a single entity. In a merger, the merging companies typically pool their assets, liabilities, and operations to form a new, larger organization. This process often involves the exchange of shares, cash, or a combination of both between the companies' shareholders.

In the context of mergers and acquisitions (M&A) with reference to the State Bank of India (SBI), a merger refers to the consolidation of two or more entities into a single entity. Mergers serve as strategic initiatives aimed at achieving various objectives, such as expanding market share, diversifying revenue streams, enhancing operational efficiency, or accessing new customer segments. However, successful mergers require careful planning, execution, and integration to realize synergies, mitigate risks, and maximize value for all stakeholders involved.

What is Acquisitions?

An acquisition refers to the purchase of one bank or financial institution by another. It is a strategic move where one bank, referred to as the acquiring bank, buys another bank, known as the target bank, along with its assets, liabilities, and operations.

For SBI, an acquisition could involve taking over a smaller or competing bank to achieve various strategic objectives, such as expanding its market presence, gaining access to new customer segments, or diversifying its product and service offerings.

Acquisitions by SBI are strategic moves aimed at enhancing its competitive position in the banking industry, leveraging synergies, and driving growth. These transactions require thorough due diligence, regulatory approvals, and effective integration planning to ensure a smooth transition and maximize value for shareholders and stakeholders.

Overall, acquisitions play a significant role in SBI's growth strategy, enabling the bank to strengthen its market leadership, optimize operational efficiency, and capitalize on emerging opportunities in the dynamic financial landscape.

CHAPTER- 2

COMPANY PROFILE

STATE BANK OF INDIA

The origin of the State Bank of India goes back to the first decade of the nineteenth century with the establishment of the Bank of Calcutta in Calcutta on 2nd June 1806. Three years later the bank received its charter and was redesigned as the Bank of Bengal on 2nd January 1809. The Bank of Bombay on the 15th April 1840 and the Bank of Madras on 1st July 1843 followed the Bank of Bengal. These three banks were governed by Royal Charter, which were revised from time to time187. These three banks received the exclusive right to issue paper currency in 1861 with the Paper Currency Act, a right they retained until the formation of the Reserve Bank of India. The business of the banks was initially confined to discounting of bills, keeping cash accounts, receiving deposits and issuing and circulating cash notes. Loans were restricted to Rs.1 lakh and the period of accommodation confined to three months only. With the passing of the Paper Currency Act of 1861, the right of note issue of the presidency banks was abolished and the Government of India assumed the sole power of issuing paper currency from 1 March 1862. None of the three banks had till then any branches although the charters had given them such authority. By 1876, the Bank of Bengal had eighteen branches including its head office; seasonal branches and sub agencies, the Banks of Bombay and Madras had fifteen each. The Presidency Banks Act, which came into operation on 1st May 1876, brought the three presidency banks under a common statute and the banks involved themselves in the financing of practically every trading, manufacturing and mining activity in the subcontinent. But the three banks were rigorously excluded from any business involving foreign exchange, as it was feared that these banks enjoying government patronage would offer unfair competition to the exchange banks, which had by then arrived in India. This exclusion continued till the creation of the Reserve Bank of India in 1935.

SBI took over State Bank of Saurashtra in 2008. The merger of State Bank of India with the associates will minimise vulnerability to any geographic concentration risks faced by the subsidiary banks, the government said. “It will create improved operational efficiency and economies of scale

A brief profile of the banks:

State bank of India is an Indian multinational, public sector banking and financial services providing company. It is a government owned corporation with it’s headquarter in Mumbai, Maharashtra. On April 1, 2017 the state bank of India which was largest bank, merged with its five associates and Bharatiya Mahila bank.

• **State Bank of Hyderabad**: Hyderabad State Bank was established on 8 August 1941 under the Hyderabad State Bank Act, by last Nizam of Hyderabad, Mir Osman Ali Khan now the new state of Telangana. It is one of the five associate banks of State Bank of India and is one of the scheduled banks in India. In 1956, the Reserve Bank of India took over the bank as its first subsidiary and renamed it as State Bank of Hyderabad. Since 1956 it has been a subsidiary and largest associate bank of SBI. The bank has performed well in the past decades, winning several awards for its banking practices. SBH has over 2,000 branches and about 18,000 employees. The Bank's business has crossed Rs. 2.4 trillion as on 31.12.2015 with a net profit of Rs. 8.12 billion. The bank has performed well in the past decades, winning several awards for its banking practices.

• **State Bank of Mysore:** State Bank of Mysore was established in the year 1913 as The Bank of Mysore Ltd. under the patronage of Maharaja Krishna Raja Wadiyar IV, at the instance of the banking committee headed by the great Engineer Statesman, Bharat Ratna Sir M. Visvesvaray. During 1953, "Mysore Bank" was appointed as an agent of Reserve Bank of India to undertake Government business and treasury operations, and in March 1960, it became a subsidiary of the State Bank of India under the State Bank of India (subsidiary Banks) Act 1959. Now the bank is an Associate Bank under State Bank Group and the State Bank of India holds 92.33% of shares. The Bank's shares are listed in Bangalore, Chennai, and Mumbai stock exchanges. This bank has 976 branches and 10627 employees (June 2014) and the Bank has 772 branches (79%) in Karnataka State. The bank's turnover in the year 2013-2014 was around US$19 Billion and Profit about US$46 Million.

• **State Bank of Patiala:** Bhupinder Singh, Maharaja of Patiala State, founded the Patiala State Bank on 17 November 1917 to foster growth of agriculture, trade and industry. The bank combined the functions of a commercial bank and those of a central bank for the princely state of Patiala. The bank had one branch at Chowk Fort, Patiala, and undivided India. The formation of the Patiala and East Punjab States Union in 1948 led to the bank being reorganized, being brought under the control of the Reserve Bank of India, and being renamed Bank of Patiala. On 1 April 1960 Bank of Patiala became a subsidiary of State Bank of India and was renamed State Bank of Patiala. Presently, State Bank of Patiala has a network of 1445 service outlets, including 1314 branches, in all major cities of India, Particularly in north India.

• **State Bank of Bikaner and Jaipur:** SBBJ came into existence on 1963 when two banks, namely, State Bank of Bikaner (established in 1944) and State Bank of Jaipur (established in 1943), were merged. Both these banks were subsidiaries of the State Bank of India under the State Bank of India (Subsidiary Bank) Act, 1959. On 25 April 1966 SBBJ took over Govind Bank (Private) Ltd., Mathura, established on 8 February 1963. In 1984 SBBJ sponsored and established Ganganagar K shetriya Gramin Bank as a Regional Rural Bank. Thereafter, in 1985 SBBJ opened the Bikaner K shetriya Gramin Bank, the second Regional Rural Bank sponsored by it. The third Regional Rural Bank, sponsored by SBBJ was Marwar Gramin Bank, which covered the districts of Pali, Jalore and Sirohi. On 12 June 2006, SBBJ merged all three regional rural banks that it sponsored under the name MGB Gramin Bank, with headquarters in Jodhpur. It is an associated bank of State Bank of India. As of 2015, SBBJ had 1,360 branches, mostly located in the state of Rajasthan, India. Its branch network out of Rajasthan covers all the major business centres of India. In 1997, the bank entered the capital market with an Initial Public Offering of 13, 60,000 shares at a premium of Rs 440 per share. For the year 2015-16 the net profit of the company was 850.60 Crore.

- **State Bank of Travancore:**

SBT was established in 1945 as the Travancore Bank Ltd, at the initiative of Travancore Divan C.P. Ram swami Iyer. Following popular resentment against his dictatorial rule, the bank no longer credits his role. Instead, the Bank now considers the Maharaja of Travancore as the founder, though the king had little to do with the founding. Although the Travancore government put up only 25% of the capital, the bank undertook government treasury work and foreign exchange business, apart from its general banking business. Its registered office was at Madras. In 1960, it became a subsidiary of State Bank of India under the SBI Subsidiary Banks Act, 1959, enacted by the Parliament of India.

CHAPTER- 3
LITERATURE REVIEW

LITERATURE REVIEW

Under this study the researcher reviewed research papers for the purpose of providing an insight into the work related to Merger and Acquisitions (M&As). After going through the available relevant literature on M&As and it comes to know that most of the work done high lightened the impact of M&As on different aspects of the companies. A firm can achieve growth both internally and externally. Internal growth may be achieved by expanding its operation or by establishing new units, and external growth may be in the form of Merger and Acquisitions (M&As), Takeover, Joint venture, Amalgamation etc. Many studies have investigated the various reasons for Merger and Acquisitions (M&As) to take place, Just to look the effects of Merger and Acquisitions on Indian financial services sector.

1. **Kotnal Jayashree (2016)** explored in her paper titled, “The economic impact of merger and acquisition on profitability of SBI” various motives of merger in Indian banking industry. It also compares pre and post-merger financial performance of merged banks with the help of financial parameters like, Gross Profit margin, Net Profit margin, operating Profit margin, Return on Capital Employed, Return on Equity, and Debt Equity Ratio.

   Independent T-test used for testing the statistical significance and this test is applied not only for ratio analysis but also effect of merger on the performance of banks. This performance was tested on the basis of two grounds i.e., Pre-merger and Post- merger. Finally the study indicates that the banks have been positively affected by the event of merger.

2. **Tamragundi & Devarajappa (2016),** examined in their study titled, "Impact of mergers on Indian Banking Sector: A comparative study of Public and Private Sector merged Banks" the impact of mergers on performance of selected commercial banks in India. The impact of mergers on performance of the banks has been evaluated from three prospective

   i) Physical Performance of merged banks,

   ii) Financial Performance of Merged Banks

   iii) Share price performance.

   The study concludes that, Merger is a useful strategy, through this Banks can expand their operations, serve larger customer base, increases profitability, liquidity and efficiency but the overall growth and financial illness of the bank can't be solved from mergers.

3. **Singh & Gupta (2015)**, conducted a study on, "An Impact of Mergers and Acquisitions on Productivity and Profitability of Consolidation Banking Sector in India". The current paper examined the performance, strengthens and weakness of the sample two banks i.e. one public and one private sector banks based on the financial ratios from the perspective of pre and post – merger grounds. The collection of data covers financial performance of selected banks from 2004-05 to 2014- 15. The study concluded that the banks have been positive effects when distinguished between pre – mergers and post- merger period.

4. **Arundhati Bhattacharya (2017)** stated that not only the bank, but the borrowers too will be able to reap the benefits of the merger of State Bank of India with its 5 associates. As per Investopedia (Anonymous), a merger is a deal to unite two existing companies into one new company. Most mergers unite two surviving companies into one newly named company. An acquisition is a commercial action in which a company buys most, if not all, of another firm's possession stakes to assume control of it. An acquisition occurs when a procurement company obtains more than 50% ownership in a target company.

   Under this study the we reviewed numerous research papers for the purpose of providing an insight into the work related to Merger and Acquisitions (M&As). After going through the available related literature on M&As and it derives to know that most of the work done high lightened the impact of M&As on different aspects of the companies. A firm can achieve progress both internally and externally. Internal growth may be achieved by expanding its operation or by forming new units, and external growth may be in the form of Merger and Acquisitions (M&As), Takeover, Joint venture, Amalgamation etc. Many studies have considered the various explanations for Merger and Acquisitions (M&As) to take place, Just to look the effects of Merger and Acquisitions on Indian financial services sector.

CHAPTER- 4

RESEARCH STUDY

PROBLEM DEFINITION

Problem Definition

In 2008, the State Bank of India has merged with the State Bank of Saurashtra and in 2010 again it merged with State Bank of Indore. In 2017 it has entered into the mega-merger with its associate banks. This mega merger forms a very base for strengthening the banking sector. It saves resources, reduces operation cost, improves risk management and increases the professional standard of the bank. Therefore, there is a necessity to study the financial performance of the bank in the post merger period to judge the effectiveness of the merger. In this backdrop, this study has been conducted to analyze the post merger performance of the SBL. The results of the study would provide enough information about the business growth and financial performance of the bank in the post merger period.

OBJECTIVES

Objectives

The SBI is the largest public sector bank in India. The SBI and its associate banks share a common information technology platform for the core banking solutions. The main aim of the merger of SBI and its associate banks is that the bank will become a global player after merger. The objectives of this study are

1. To analyze the post merger financial performance of the SBI during 2016-17 to 2020-21.

2. To provide appropriate suggestions to improve the performance of SBI.

LIMITATIONS

Limitations

- There were several time constraints.
- The study is restricted to a period of five years of SBI banks
- The analysis is based only upon the annual report of SBI banks.

HYPOTHESIS

HYPOTHESIS

- **H0:** Mergers do not improve the operating performance and shareholder wealth of the acquiring firm.
- **H1:** Mergers improve the operating performance and shareholder wealth of the acquiring firm.

CHAPTER- 5
RESEARCH METHODOLOGY

RESEARCH METHODOLOGY

Secondary Data:

Secondary data is proposed to be used for the purpose of research. The financial and accounting data will be collected from the banks published annual reports to examine the impact of mergers and acquisitions on the performance of banks selected as sample. Bombay Stock Exchange, National Stock Exchange and other financial services websites will be used for the purpose of study.

For this research paper ex-post methodology will be used to analyze the impact of mergers on banks. Data required for this study is secondary data which is gathered from various secondary sources like NSE India, Moneycontrol.com, Books and Wikipedia etc.

The study has used secondary data, the data were collected from the annual reports of SBI during 2016-17 to 2020-21. The statistical tools growth rate, mean and compound annual growth rate has been used to analyse the financial data.

CHAPTER- 6

DATA ANALYSIS AND INTERPRETATION

SECONDARY DATA

The study has used the following variables, viz, Share capital, Deposits, advances and Investments, Income, Expenditure and Net profit for the period 2016-17 to 2020-21, to analyse the financial performance of the SBI.

Table: 1 Share capital of SBI during the post-merger period (Rs. in Crores)

Tables Year	Tables Capital (i)	Tables Reserve & surplus (ii)	Tables Shareholder's Fund (i) + (ii)	Tables Growth Rate (%)
2016-17	797	216394	217191	
2017-18	892	229429	230321	6.04
2018-19	892	233603	234495	1.81
2019-20	892	250167	251059	7.06
2020-21	892	274669	275561	9.75
Mean	873	240852.4	241725.4	6.17
Max	892	274669	275561	9.75
Min	797	216394	217191	1.81
CAGR (%)	2.28	4.88	4.88	-

Source: Annual reports of SBI

INTERPRETAION

Table 1 shows the shareholders fund of the SBI during the post-merger period.

The analysis revealed that the shareholders’ fund was Rs.217191 crore in 2016-17 and increased to 6.04 per cent in 2017-18 and registered 9.75 per cent growth rate in 2020-21.

The average growth rate of the shareholders’ fund recorded during the study period was 6.17 per cent with the maximum growth of 9.75 per cent in 2020-21 and the minimum growth rate of 1.81 per cent in 2018-19.

The compound annual growth rate (CAGR) was 4.88 per cent. The positive growth rate of the shareholders fund showed that the bank has a strong capital base in the post-merger period.

Table: 2 Deposits, advances and Investments of SBI during the post-merger period (Rs.in Crores)

Tables Year	Tables Deposits	Tables Growth Rate (%)	Tables Investments	Tables Growth Rate (%)	Tables Advances	Tables Growth Rate (%)
2016-17	2599810		1027280		1896886	
2017-18	2722178	4.70	1183794	15.23	1960118	3.33
2018-19	2940541	8.02	1119247	-5.45	2226853	13.60
2019-20	37274160	11.34	1228284	9.74	2374311	6.62
2020-21	3715331	13.47	1595100	29.86	2500598	5.31
Mean	3050404	9.38	1230741	12.34	2191753	7.22
Max	3715331	13.47	1595100	29.86	2500598	13.60
Min	2599810	4.70	1027280	-5.45	1896886	3.33
CAGR (%)	7.4		9.20		5.68	

Source: Annual reports of SBI

INTERPRETAION

The table 2 exhibit the deposits, advances and investments of the SBI and its growth rate during the post-merger period from 2016-17 to 2020-21.

It is noted that the deposit has increased every year, From Rs.2599810 crore in 2016-17 to Rs.3715331 in 2020-21 with the average deposits of Rs.3050404Crore.

The maximum and minimum deposit were Rs.3715331 стоге in 2020 21 and Rs.2599810 crore in 2016-17 respectively.

The average growth rate was 9.38 per cent.

The CAGR was 7.4 per cent.

Hence, the increasing trend in the deposit has revealed that the SBI has increased its market share in the post merger period.

The investment showed an increasing trend except in 2018-19. In 2016-17 it was Rs.1027280 crore, increased to Rs.1183794 crore in 2017-18 and decreased to Rs.1119247 crore in 2018-19, recorded a negative growth rate of (-) 5.45 per cent.

In 2020-21, the investments of the bank stood At Rs 1595100 crore.

The average growth rate of investment was 12.34 percent.

The maximum growth rate was 29.86 per cent in 2020-21 and the minimum growth rate was -5.45 per cent in 2018-19. The CAGR was 9.2 per cent.

The results revealed that the investment of the bank was found satisfactory.

During the post merger period, The advances registered an increasing trend from 2016-17 to 2020-21 which indicates that the lending performance of the bank during the post-merger was found to be good.

The advances in 2016- 17 was Rs. 1896886 crore and increased to Rs. 2500598 crore in 2020-21.

The average growth rate of advances was 7.22 per cent. The maximum growth rate was 13.60 per cent in 2018-19 and the minimum growth rate was registered with 3.33 percent in 2017-18. The CAGR was 5.68 per cent.

Table: 3 Income, Expenditure and Net profit of SBI in the post-merger period (RS in crores)

Tables Year	Tables Total Income	Tables Growth Rate (%)	Tables Total Expenditure Expenditure	Tables Growth Rate (%)	Tables Net Profit
2016-17	298640		299031		-390
2017-18	306527	2.64	310714	3.90	-4187
2018-19	330687	7.88	327618	5.44	3069
2019-20	368010	11.28	349833	6.78	18176
2020-21	385337	4.70	361058	3.20	24279
Mean	337840.2	6.62	329650.8	4.83	8189.4
Max	385337	11.28	361058	6.78	24279
Min	298640	2.64	299031	3.20	-4187
CAGR (%)	5.23		3.84		

Source: Annual Reports Of SBI

INTERPRETAION

The data in the **Table 3** explain the total income, total expenditure and net profit of the SBI along with its growth rate during the post-merger period. The total income registered an increasing trend which signifies that the bank has maintained a stable earnings in the post merger period.

The total income increased from Rs. 298640 crore in 2016-17 to Rs. 385337 crore in 2020-21.

The average growth rate of total income was 6.62 percent and the CAGR was 5.23 per cent.

The maximum and minimum growth rate were 2.64 per cent in 2017 – 18 and 11.28 per cent in 2019 – 20.

In 2020 – 21 the growth rate was reduced to 4.70 due to the COVID – 19 crisis resulted in an economic downturn.

The total expenditure showed a mixed trend, this is due to huge operating expenditure during the post merger period. From the results it is evident that the bank has controlled the growth rate of operating expenditure in the post merger period. It was 3.90 per cent in 2016-17 and reduced to 3.20 per cent in 2020-21.

The amount of total expenditure has increased from Rs. 299031 crore to Rs. 361058 crore in 2020-21. The average growth rate of total expenditure was 4.83 percent.

The maximum and minimum growth rate were 6.78 per cent in 2019-20 and 3.20 per cent in 2020-21.

The CAGR was 3.84 per cent.

From the data given in the table 3 clearly indicates that the bank has incurred a loss of Rs.390 crore in 2016-17 and Rs.4187 crore 2017-18 and in the remaining period it has earned a profit.

It is evident that the stress in **the loan portfolio** of associate banks was transferred to the SBI in the post merger period, the accumulated losses of subsidiaries and huge provisioning of non performing assets (**NPAs**) has resulted in losses during 2016-17 and 2017-18.

The SBI has quickly recovered from the stress of NPA and has earned a good profit in 2018-19 amounted to Rs. 3069 crore and Rs. 24279 crore in 2020-21.

Suggestions Even though the SBI's performance was found satisfactory in the post merger period, from the findings of the study, it is suggested that the operating expenditure of the bank need to be controlled to increase the operating profit in future. The bank has incurred losses due to the higher operating cost and accumulated losses.

SECONDARY DATA

A HYPOTHETICAL COMPARATIVE STUDY OF STATE BANK OF INDIA (SBI) BEFORE AND AFTER MERGER AND ACQUISITION (M&A), SPLIT INTO BEFORE AND AFTER 2017:

Category	Before 2017	After 2017	Change
Financial Performance			
- Revenue	$8 billion	$10 billion	+$2 billion
- Profit	$1.2 billion	$1.5 billion	+$0.3 billion
- Assets	$250 billion	$300 billion	+$50 billion
Market Position			
- Market Share	18%	20%	+2%
- Market Capitalization	$40 billion	$50 billion	+$10 billion
Operational Efficiency			
- Cost-to-Income Ratio	52%	50%	-2%
- Efficiency Ratio	57%	55%	-2%
Customer Base and Reach			
- Customer Accounts	45 million	50 million	+5 million
- Geographic Reach	12 countries	15 countries	+3 countries
- Stock Price	$90	$100	+$10

Interpretation:- This table provides a comparison of key quantitative metrics for SBI before and after the hypothetical merger and acquisition, with the split point being 2017. These values are hypothetical and for illustrative purposes only.

Category	Before 2017	After 2017	Change
Financial Performance			
- Revenue	$8 billion	$10 billion	+$2 billion
- Profit	$1.2 billion	$1.5 billion	+$0.3 billion
- Assets	$250 billion	$300 billion	+$50 billion

INTERPRETATION

In the above table, the financial performance after 2017 in revenue, profit and assets were increased by $2 billion, $0.3 billion and $50 billion respectively.

Category	Before 2017	After 2017	Change
Market Position			
- Market Share	18%	20%	+2%
- Market Capitalization	$40 billion	$50 billion	+$10 billion
- Stock Price	$90	$100	+$10

INTERPRETATION

In the above table, the market Positioning after 2017 in market share, market capitalization and stock prize increased by 2%, $10 billion and $10 respectively.

Category	Before 2017	After 2017	Change
Operational Efficiency			
- Cost-to-Income Ratio	52%	50%	-2%
- Efficiency Ratio	57%	55%	-2%

INTERPREATION

In the above table, the operational efficiency after 2017 in the cost to Income Ratio and Efficiency Ratio were decreased both by -2% because of the loan portfolio transferred from the five associates bank to State bank of India.

Category	Before 2017	After 2017	Change
Customer Base and Reach			
- Customer Accounts	45 million	50 million	+5 million
- Geographic Reach	12 countries	15 countries	+3 countries

INTERPRETATION

In the above table, The Customer Base and Reach after 2017 in customer accounts and geographic reach increased by $5 milliion Users to 3 Countries respectively.

Status of SBI after merger

- SBI will now have **23,899 branches** and an **employee strength of 271,765**.
- SBI now has a **deposit base** of more than Rs **26 lakh-crore** and **advances level of Rs 18.50 lakh crore**.
- The total customer base of the bank reaches **37 crore** and nearly **59,000 ATMs** across the country.
- Now, SBI is set to be among the top 50 large banks of the world. SBI was **ranked 52** in the world in terms of assets in 2015, according to Bloomberg.

HYPOTHESIS RESULT

H1 i.e., Mergers improve the operating performance and shareholder wealth of the acquiring firm is satisfying this report while **H0** i.e., Mergers do not improve the operating performance and shareholder wealth of the acquiring firm. is not satisfying the project report.

CHAPTER- 7
SUGGESTIONS

Suggestions

Even though the SBI's performance was found satisfactory in the post merger period, from the findings of the study, it is suggested that the operating expenditure of the bank need to be controlled to increase the operating profit in future.

The bank has incurred losses due to the higher operating cost and accumulated losses of its associates and SBI itself. So the bank, without any delay has to take necessary steps for the recovery of bad loans of associate banks and SBI to avoid huge provisioning for the NPAs.

CHAPTER- 8
CONCLUSION

CONCLUSION

Expanding business activities by way of organic and inorganic mode is the essential decision for the survival of business in the today's world. Merging is an important development in the banking field and its impact is also durable. From the analysis, it is found that the performance of the SBI was found satisfactory during the post merger period. This merger has moved the SBI to the list of the world's top 50 banks in terms of assets. Even though the bank has incurred losses in the initial period due to NPAs and accumulated losses of associate banks, later on it has earned a good profit and returned to good position. Thus, the post merger period tremendous success of SBI will provide a road map for the future merger.

CHAPTER- 9
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- https://en.wikipedia.org/wiki/State_Bank_of_India#Other_SBI_service_points

CHAPTER- 10
ANNEXURE

BALANCE SHEET FROM THE YEAR 2019-2023

BALANCE SHEET OF STATE BANK OF INDIA (in Rs. Cr.)	MAR 23	MAR 22	MAR 21	MAR 20	MAR 19
EQUITIES AND LIABILITIES					
SHAREHOLDER'S FUNDS					
Equity Share Capital	892.46	892.46	892.46	892.46	892.46
TOTAL SHARE CAPITAL	**892.46**	**892.46**	**892.46**	**892.46**	**892.46**
Revaluation Reserve	27,756.26	23,377.87	23,577.35	23,762.67	24,653.94
Reserves and Surplus	298,959.73	255,817.73	229,405.38	207,352.30	195,367.42
Total Reserves and Surplus	326,715.99	279,195.60	252,982.73	231,114.97	220,021.36
TOTAL SHAREHOLDERS FUNDS	**327,608.45**	**280,088.06**	**253,875.19**	**232,007.43**	**220,913.82**
Deposits	4,423,777.78	4,051,534.12	3,681,277.08	3,241,620.73	2,911,386.01
Borrowings	493,135.16	426,043.38	417,297.70	314,655.65	403,017.12
Other Liabilities and Provisions	272,457.15	229,931.84	181,979.66	163,110.10	145,597.30
TOTAL CAPITAL AND LIABILITIES	**5,516,978.53**	**4,987,597.41**	**4,534,429.63**	**3,951,393.92**	**3,680,914.25**

ASSETS					
Cash and Balances with Reserve Bank of India	247,087.58	257,859.21	213,201.54	166,735.78	176,932.42
Balances with Banks Money at Call and Short Notice	60,812.04	136,693.11	129,837.17	84,361.23	45,557.69
Investments	1,570,366.23	1,481,445.47	1,351,705.21	1,046,954.52	967,021.95
Advances	3,199,269.30	2,733,966.59	2,449,497.79	2,325,289.56	2,185,876.92
Fixed Assets	42,381.80	37,708.16	38,419.24	38,439.28	39,197.57
Other Assets	397,061.58	339,924.86	351,768.68	289,613.55	266,327.70
TOTAL ASSETS	**5,516,978.53**	**4,987,597.41**	**4,534,429.63**	**3,951,393.92**	**3,680,914.25**
OTHER ADDITIONAL INFORMATION					
Number of Branches	22,405.00	22,266.00	22,219.00	22,141.00	22,010.00
Number of Employees	235,858.00	244,250.00	245,652.00	249,448.00	257,252.00
Capital Adequacy Ratios (%)	14.68	13.85	13.74	13.13	12.72
KEY PERFORMANCE INDICATORS					
Tier 1 (%)	12.06	11.16	11.44	10.71	10.65
Tier 2 (%)	2.62	2.69	2.30	2.42	2.07

ASSETS QUALITY					
Gross NPA	90,927.78	112,023.00	126,389.00	149,091.85	172,753.60
Gross NPA (%)	2.78	4.00	5.00	6.00	8.00
Net NPA	21,466.64	27,965.71	36,809.72	51,871.30	658,947.40
Net NPA (%)	0.67	1.02	1.50	2.23	3.01
Net NPA To Advances (%)	0.67	1.00	2.00	2.00	3.00
CONTINGENT LIABILITIES, COMMITMENTS					
Bills for Collection	64,531.08	77,730.12	1,706,949.91	55,758.16	70,022.54
Contingent Liabilities	1,826,574.12	2,007,083.44	1,706,949.91	1,214,994.61	1,116,081.46