

much growth in number of employees in SBI leads to decrease in productivity because there is no much increase in profits and business according to the growth in number of employees.

4. The total advances of PNB bank have been increased Rs.293775 crs in year 2011 to Rs.412326 crs in year 2016. Further in case of SBI the advances are increased from Rs 867579 crs in year 2011 to Rs 1463700 crs in year 2016. It is cleared that the growth rate of SBI is more as compared to PNB. But both the show a rising trend in advances.

5. The borrowings of PNB are increased from Rs.37264crs in year 2011-12 to Rs. 59755 crs in year 2015-16. Further in case of SBI the borrowings are increased from Rs.127006 crs in 2011-12 to Rs. 224190 crs in year 2015-16.

The following are basic conclusion from the study:

The selected banks have shown growth in terms of deposits, number of branches, employees, credit deployment and borrowings. But the growth of SBI bank is higher as compared to PNB bank. For the past three decades India's banking system has several outstanding achievements to its credit. The most striking is its extensive reach. It is no longer confined to only metropolitans or cosmopolitans in India. In fact, Indian banking system has reached even to the remote corners of the country. This is one of the main reasons of India's growth process. So a public sector bank plays a crucial role in the economy.

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FINANCIAL ANALYSIS OF PRE AND POST - MERGER OF HDFC BANK WITH CBOP

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Mergers and Acquisitions have gained substantial importance in the present day Corporate World as it is one of the best processes of Capital Restructuring. Restructuring usually means major alterations and modifications in the corporate strategies and beliefs. This strategic alliance is adopted with an aim of getting a competitive edge over competitors, eventually creating a new economic paradigm. The increasing popularity of mergers can be attributed to breaking of trade barriers and high-end competition. This expansion is either done through absorption or consolidation. The present case is also one such example of consolidation. This type of set up was a horizontal merger and was mainly taken up to meet the competition from foreign banks, Policies of Government of India, Inflation, gaining synergy etc.

The Merger between HDFC & CBOP Bank was one of the biggest in Indian Banking Sector. It proved beneficial in taking CBOP out of financial crises and financially strengthened HDFC. Therefore, through our research, we tried to study reasons behind the merger and its effect on financial position of HDFC Bank.

This study is restricted to merger between HDFC Bank and Centurion Bank of Punjab. The Pre-Merger and Post-Merger financial ratios have been compared for 5 years before the merger and 5 years after the merger.

Objectives of the Study:

- 1) To compare Pre-Merger financial Performance of the HDFC Bank and CBOP
- 2) To analyze Post-Merger Financial Performance of HDFC Bank

The research has been conducted with the help of secondary data. The secondary data may be defined as the data that has been collected by someone other than the user. Entire research is dependent upon secondary data which has been collected from moneycontrol.com and capitolline.com.

The Study is based on the merger of Housing Development Finance Corporation (HDFC) Bank & Centurion Bank of Punjab (CBOP). To study the impact of the merger of HDFC Bank and CBOP sample data has been taken for 10 years. The data has been divided into pre- merger period (2003 – 2007) and post- merger period (2009 – 2013).

For the purpose of the research HDFC Bank and CBOP has been selected as their merger was one of the major mergers in Indian banking industry.

For the purpose depicting the significance of Financial Ratios, Hypothesis has been formulated:

H0 = There is no significant difference between pre and post ratio of acquirer bank.

H1= There is significant difference between pre and post ratio of acquirer bank.

1. Debt Equity Ratio

SPSS Output: (The Table No 4.1 Shows the SPSS Output of Dummy Variable Test on Debt Equity Ratio)

Model	Value	Significance	R Square
Constant	10.092	.000	.448
Time Dummy	-1.658	.034	

$$\text{Before Merger} = 10.092 - 1.658 * 0 = 10.092$$

$$\text{After Merger} = 10.092 - 1.658 * 1 = 8.434$$

Hypothesis	P Value	Accept / Reject
Ho: There is no significant difference between pre average and post average current ratio of banks. H1: There is significant difference between pre average and post average current ratio of banks.	.034	Accept H1

At 5% level of significance, we find both Intercept and Time Dummy to be significant as the value is less than 0.05. Thus the merger of HDFC Bank and CBOP has some **positive** impact on the debt equity ratio of HDFC Bank as it has reduced by 1.658 after the merger.

2. Financial Charge Coverage Ratio

SPSS Output: The Table No 4.2 Shows the SPSS Output of Dummy Variable Test on Financial Charge Coverage Ratio

Model	Value	Significance	R Square
Constant	1.642	.000	.700
Time Dummy	-1.000	.003	

$$\text{Before Merger} = 1.642 - 1.000 * 0 = 1.642$$

$$\text{After Merger} = 1.642 - 1.000 * 1 = 0.642$$

Hypothesis	P Value	Accept / Reject
Ho: There is no significant difference between pre average and post average Current ratio of banks. H1: There is significant difference between pre average and post average Current ratio of banks.	.003	Accept H1

At 5% level of significance, we conclude that both the Intercept and Time Dummy are significant as the value is **less than 0.05**. The merger of HDFC Bank and CBOP has **negative** impact on financial charge coverage ratio as it has **reduced by 1.000** after the merger.

3. Net Profit Margin

SPSS Output: The Table No 4.3 Shows the SPSS Output of Dummy Variable Test on Net Profit Margin

Model	Value	Significance	R Square
Constant	15.846	.000	.087
Time Dummy	-1.004	.409	

Hypothesis	P Value	Accept / Reject
Ho: There is no significant difference between pre average and post average current ratio of banks. H1: There is significant difference between pre average and post average current ratio of banks.	.409	Accept Ho

At 5% level of significance, we conclude that both the Intercept and Time Dummy are insignificant as the value is *more than 0.05*. The result clearly indicates that the merger of HDFC Bank and CBOP *does not have any impact* on the Net Profit Margin of HDFC Bank.

4. Return on Net worth SPSS Output:

The Table No 4.4 Shows the SPSS Output of Dummy Variable Test on Return on Net Worth

Model	Value	Significance	R Square
Constant	23.038	.000	.849
Time Dummy	-6.974	.000	

Before Merger = $23.038 - 6.974 * 0 = 23.038$

After Merger = $23.038 - 6.974 * 01 = 16.064$

Hypothesis	P Value	Accept / Reject
Ho: There is no significant difference between pre average and post average Current ratio of banks. H1: There is significant difference between pre average and post average Current ratio of banks.	.000	Accept H0

At 5% level of significance, we conclude that both the Intercept and Time Dummy are significant as the value is *less than 0.05*. The merger of HDFC Bank and CBOP has *negative* impact on return on net worth of HDFC Bank as it has *reduced by 6.974* after the merger.

5. Credit to Deposit Ratio

Model	Value	Significance	R Square
Constant	60.094	.000	.588
Time Dummy	14.566	.010	

SPSS Output: The Table No 4.5 Shows the SPSS Output of Dummy Variable Test on Credit/Deposit Ratio

Before Merger = $60.094 + 14.566 * 0 = 60.094$

After Merger = $60.094 + 14.566 * 1 = 74.66$

Hypothesis	P Value	Accept / Reject
Ho: There is no significant difference between pre average and post average Current ratio of banks. H1: There is significant difference between pre average and post average Current ratio of banks.	.010	Accept H1

At 5% level of significance, we conclude that both the Intercept and Time Dummy are significant as the value is *less than 0.05*. The merger has *positive impact* on credit/deposit ratio as it has *increased by 14.566* after the merger.

6. Investment to Deposit Ratio SPSS Output:

(The Table No 4.6 Shows the SPSS Output of Dummy Variable Test on Investment to Deposit Ratio)

Model	Value	Significance	R Square
Constant	55.942	.000	.790
Time Dummy	-17.496	.001	

Before Merger = $55.942 - 17.496 * 0 = 55.942$ After Merger = $60.094 - 14.566 * 1 = 45.528$

Hypothesis	P Value	Accept / Reject
Ho: There is no significant difference between pre average and post average Current ratio of banks. H1: There is significant difference between pre average and post average Current ratio of banks.	.001	Accept H0

At 5% level of significance, we conclude that both the Intercept and Time Dummy are significant as the value is *less than 0.05*. The merger has *negative impact* on investment to deposit as it has *reduced by 17.496* after the merger.

7. Interest Expended to Interest Earned Ratio

SPSS Output: The Table No 4.7 Shows the SPSS Output of Dummy Variable Test on Int. Expended to Int. Earned Ratio

Model	Value	Significance	R Square
Constant	45.838	.000	.495
Time Dummy	5.858	.023	

Before Merger = $45.838 + 5.858 * 0 = 45.838$ After Merger = $45.838 + 5.858 * 1 = 51.696$

Hypothesis	P Value	Accept / Reject
Ho: There is no significant difference between pre average and post average Current ratio of banks. H1: There is significant difference between pre average and post average Current ratio of banks.	.023	Accept H1

At 5% level of significance, we conclude that both the Intercept and Time Dummy are significant as the value is *less than 0.05*. The merger has *positive impact* on interest expended to interest earned ratio as it has *increased by 5.858* after the merger.

8. Interest Expended to Total Funds








SPSS Output: The Table No 4.8 Shows the SPSS Output of Dummy Variable Test on Int. Expended to Total Funds

Before Merger = $3.264 + 1.398 * 0 = 3.264$ After Merger = $3.264 + 1.398 * 1 = 4.662$

Hypothesis	P Value	Accept / Reject
Ho: There is no significant difference between pre average and post average Current ratio of banks. H1: There is significant difference between pre average and post average Current ratio of banks.	0.18	Accept H1

Model	Value	Significance	R Square
Constant	3.264	.000	.522
Time Dummy	1.398	.018	

At 5% level of significance, we conclude that both the Intercept and Time Dummy are significant as the value is *less than 0.05*. The merger has *positive impact* on credit/deposit Ratio as it has *increased by 1.398* after the merger

S.No.	Ratio	SPSS Output		Hypothesis
		Significant	Insignificant	
1.	Debt Equity Ratio			Accept H1
2.	Financial Charge Coverage Ratio			Accept H1
3.	Net Profit Margin			Accept Ho
4.	Return on Net Worth			Accept H1
5.	Credit to Deposit Ratio			Accept H1
6.	Investment to Deposit Ratio			Accept H1
7.	Int. Expended to Int. Earned Ratio			Accept H1
8.	Interest Expended to Total Funds			Accept H1
	Total	7	8	

CONCLUSION: Thus by applying the dummy model through SPSS, we can say that yes, the merger has proved to be a profitable venture for HDFC Bank financially although for CBOP it was a win - win situation. The statistical analysis done on ratios shows that there is a significant impact of merger on HDFC Bank after 2008.