INDUSTRIAL RESEARCH PROJECT REPORT ON

IMPACT OF BANK MERGERS ON THE EFFICINENCY OF BANKS

ICICI BANK - BANK OF RAJASTHAN

FOR THE PARTIAL FULLFILLMENT OF THE REQUIREMENT OF BACHELOR OF BUSINESS ADMINISTRATION

(SCHOOL OF BUSINESS)

GALG OTIAS
UNIVERSITY

UNDER THE GUIDENCE & SUPPORT OF **SUBMITTED BY**

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18GSOB1010409

BBA (SEM -6)

CERTIFICATE

This was done to ensure that the research project entitled "IMPACT OF BANK MERGERS ON THE EFFICIENCY OF BANKS: ICICI BANK - BANK OF RAJSTHAN" by bonafide developed by KHIZAR HAFEEZ (Admission no. 18GSOB1010409) is an undergraduate student of BBA VI semester of Galgotias University between 2018-2021 on the small fulfillment of the BBA curriculum requirement and that the project has never laid the foundation for an award before any grade, diploma or other similar subject.

Name : Mr. Ramarcha Kumar

Date :

Signature : ....

DECLARATION

I declare that a research report entitled "IMPACT OF BANK MERGER ON THE EFFICIENCY OF BANKS: ICICI BANK - BANK OF RAJSTHAN" submitted to partially meet the requirements for the award of Bachelor Business Administration is the result of my first study and did not form the basis for any other award .

Date :

Signature : ....

ACKNOWLEDGEMENT

The project entitled "IMPACT OF BANK MERGERS ON THE EFFICIENCY OF BANKS" was a challenging project for me and required an improved environment, extensive efforts and all the necessary guidance and support. I take this opportunity to express my gratitude to Prof. Ramarcha Kumar Sir, a project guide with his effective direction, collaboration and out of the box I think without this this project would not have happened at all.

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CONTENT

EXCECUTIVE SUMMARY

Banks or banks have become a very important part of our daily lives. The way people used to deposit and withdraw money has completely changed. With the advent of e-commerce, Internet banking has completely changed the face of banking. Services such as ATM services, money transfer via social networking sites or mobiles are some of the reasons for withdrawing money quickly. FDI in banking has led to an increase in competition which is why consumers receive premium payments and customized banking services.

In this report, one of the largest private sector banks, ICICI Bank, is being discussed. The purpose of the current paper is to explore the various reasons for ICICI merger with Rajasthan Bank. This includes various aspects of bank consolidation. It also compares financial performance before and after the consolidation of consolidated banks with the help of financial limits. Through the review of the literature it comes to the conclusion that most of the work done at the top has highlighted the impact of mergers into various companies. Document review shows secondary data collected from external and internal sources.

The findings of the study confirm the value of professional product knowledge and service quality in the Banking Industry. Finally, research shows that banks are better affected when mergers occur.

INTRODUCTION

What the Bank Says :

The Bank is an institution that deals with money and its substitutes and provides the essentials financial services. The main type of baking in the modern industrial world is banking and central banking.

Bank:

• Receive money from the community,
• You pay interest on the investment.
• Borrow or invest
• Refunds the amount required,
• Allow payments to be made by check or by frame.

Origin of word Bank :

The origin of the bank is said to be full of mystery. According to another point of view an Italian business house that owned crude from a bank was called a banchi bancheri "According to another viewpoint banking is derived from the German name "Branch" means a pile or mound. In England, the issuance of paper money is the government was called to expand the bank.

INDIAN BANKING SYSTEM

Banks play a major role in developing an economy. Banks were initially set up with the objective of carrying out its primary function which is to provide loans and accept deposits by public. But with the emergence of economy of India, banks started playing various roles like collecting money of share calls on behalf of a company etc. Banking in India in the modern sense originated in the last decades of the 18th century**.**

We can identify their distinct phases in the history of Indian banking:

1. Early phase from 1786-1969.
2. Nationalization of banks and up to 1991 prior to banking sector reforms.
3. New phase of Indian banking with the advent of financial banking.

Banking in India has its origin as early or Vedic period. It is believed that the transitions from many lending to banking must have occurred even before Manu, the great Hindu furriest, who has devoted a section of his work to deposit and advances and laid down rules relating to the rate of interest. During the mogul period, the indigenous banker played a very important role in lending money and financing foreign trade and commerce. During the days of the East India Company, it was the turn of agency house to carry on the banking business. The General Bank of India was the first joint stock bank to be established in the year 1786. The other which followed was the Bank of Hindustan and Bengal Bank. The Bank of Hindustan is reported to have continued till 1906. While other two failed in the meantime. In the first half of the 19th century the East India Company established their banks, The bank of Bengal in 1809, the Bank of Bombay in 1840 and the Bank of Bombay in1843. These three banks also known as the Presidency banks were the independent units and functioned well. These three banks were amalgamated in 1920 and new bank, the Imperial Bank of India was established on 27th January, 1921.With the passing of the State Bank of India Act in 1955 the undertaking of the
Imperial Bank of India was taken over by the newly constituted SBI. The Reserve Bank of India (RBI) which is the Central bank was established in April, 1935 by passing Reserve bank of India act 1935. The Central office of RBI is in Mumbai and it controls all the other banks in the country. In the wake of Swadeshi Movement, number of banks with the Indian management were established in the country namely, Punjab National Bank Ltd., Bank of India Ltd., Bank of Baroda Ltd., Canara Bank. Ltd. on 19th July 1969, 14 major banks of the country were nationalized and on 15th April 1980, 6 more commercial private sector banks were taken over by the government.

OBJECTIVE OF STUDY

In the past, it is clear that merger analysis has not given much importance to the Indian banking industry, in the way the styles, framework or other policies are presented. The current study will investigate the details of ICICI Bank's merger with Rajasthan Bank.

The purpose of this study was to make a comparative analysis of pre-commissioned performance of the selected business, discussing the impact and benefits that banks have had after the merger.

This project was created to analyze why mergers are needed from a bank perspective or when two or more people agree to combine their operations and build a single business and what will happen to the merged business and the ongoing business.

SIGNIFICANCE AND RELEVANCE OF STUDY

Meaning of Merger

The term "merger" can be defined in both broad and small content. This broader definition of integration defines it as taking when strong banks or companies take over weaker banks or companies.

In simple terms when two or more businesses come together under any circumstances it is called Merger.

Bank Merger

In the banking sector mergigng has become very popular because it helps them to achieve lower costs through the economy, the economy, the balance of power, the possible reduction of tax obligations, etc.

The consolidation of banks can increase value by reducing costs or increasing revenue. The merger helps the bank to reduce its credit risk as it will merge with another bank where it will operate in a wider range or product range. When they do business, they will have cheaper sources of revenue through increased negotiation capacity with vendors and suppliers and will also be able to introduce new businesses at a reduced cost compared to new setups.

In the banking sector, consolidation has the potential to ensure efficiency, profitability. It is controlled or controlled by the country's top financial officer. For example: mergers and acquisitions in the banking sector in India are overseen by the Reserve Bank of India.

FROM MANAGEMENT POITNS OF VIEW

From the perspective of management, they are concerned with improving business performance and managing business affairs effectively in all the surrounding environments and business growth. The reason for this is that we will give them better deals on increasing their status, benefits and side benefits. Integration where all these needs are a guaranteed result in favor of management and they are definitely supported by them. However, at the same time they are afraid to replace new executives in a merged company and the decline in results from mergers and acquisitions becomes more difficult.

Background to the History of Banking Mergers in India

The merger of the Bank is nothing new in India, if we take the history of Indian Banking, the first merger of the Bank took place in 1921 with the merger of three major banks namely. Bank of Bengal, Bank of Bombay and Bank of Madras into the Imperial Bank of India, later known as the State Bank of India.

The banking sector in India can be divided into two important periods, pre-liberation and post-liberation liberation. The first phase of national banking in 1969, made 14 major banks and in the second phase of nationalization in 1980, 6 other banks were state-owned. After liberation many private banks have entered the Indian economy such as Global Trust Bank, Axis Bank, HDFC bank, ICICI bank etc. With the entry of independent players there has been strong competition between Indian banks, many banks have adopted various strategies and policies to support the sector, bank merger is one such strategy to improve the efficiency of banks.

WHY MERGING OF BANKING INDUSTRY

In the banking sector consolidation and acquisition have become very popular because it helps them to achieve lower costs through the economy, the economy, the energy supply, the reduction of tax obligations etc. The consolidation of banks can increase value by reducing costs or increasing revenue

The merger helps the bank to reduce its credit risk as it will merge with another bank where it will operate in a wider range or product range. When they merge with a business they will have cheaper sources of revenue through increased negotiation capacity with vendors and suppliers and will also be able to incorporate new businesses at a reduced cost compared to new sets.

AIM OF MERGING

The primary purpose of a merger or merger of two businesses is to achieve the rapid growth of the company's business. Rapid growth can lead to business improvement and competitiveness. In a donor company, the intention to acquire another company is reflected in the business objectives. A strong offer is needed to determine the specific goals they want to achieve from the merger.

There are other purposes for the following mergers and acquisitions:

1. Reduce competition
2. Remove existing managers
3. To embrace the idea of the benefits of speculation on a new security issue or to change the P / E rating.
4. Separating company risk, especially when acquiring those businesses whose unrelated sources of revenue.
5. A reduction in tax liability due to the provision of an arrangement for accumulated impairment losses for one company compared to another profile.
6. Limit the competitive nature of the company's market power.
7. Utilizing less used resources and can be human, physical and management skills.
8. Exercising market power can be used effectively.
9. Ton overcame the problem of slow growth and profitability in his industry .

LITERATURE REVIEW

In the Indian banking industry having far better position than it was at the time of crises. Government hastaken various initiatives to strengthen the financial system. The economic recovery gained strength on the bank of a variety of monetary policy initiatives taken by the RBI. In therecent times banking sector has been undergoing a lot of changes in terms of regulation and effects of globalization. These changes have affected this sector both structurallyand strategically. With the changing Environment many different strategies have been adopted by this sector to remain efficient and to surge ahead in the global arena. One such strategy is through the process of consolidation of banks emerged as one of the most profitable strategy. There are several ways to consolidate the banking industry; the most commonly adopted by banks is merger.

Merger of two weaker banks or merger of one health Bank with one weak bank can be treated as the faster and less costly way to improve profitability then spurringinternal growth . The main motive behind the merger in the banking industry is to achieve economies of scale and scope. Mergers also help in the diversification of the products, which help to reduce the risk.

The merger of ICICI Bank - Bank of Rajasthan is the seventh voluntary merger and the latest in India after the merger of HDFC Bank - Centurion Bank of Punjab in the year 2008. When compared with other voluntary mergers, this deal has many oddities in the context and in the background of the merger including various regulatory interventions of authorities like the Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI) and Foreign Investment Promotion Board (FIPB). This deal also got lots of attention because of poor corporate governance of the target bank and cancellation of Extra Ordinary General Meeting (EGM) by the Calcutta District Civil Court. In this case, an attempt has been made to analyse the probable impact of strategic features of the banks on post merger performance. Further, the study examines in detail the adequacy and the determinants of swap ratio and its effect on share price.

RESEARCH METHODOLOGY

1. Research Design :

The study has taken one case of merger as a Sample namely, ICICI merger with the Rajasthan Bank. Pre-merge and Post -merge comparative financial estimates. Post-operational analysis and pre-merger operations

The financial and financial research data of the banks is collected from the annual reports of the banks to assess the impact of the consolidation on the financial performance of the banks. Forecasting testing, a method of comparing pre- and post-bank performance performance after consolidation was adopted using financial parameters.

2. Research Process :

To make my study more effective and to speak openly about the impact I took the following steps:

First, I searched for details of banks such as ICICI, BANK OF RAJSTHAN and after INDAIN BANKING SYESTM and the results of mergers, profits, Purpose etc.

I then collected data from top banks that provide basic research to its customers.
After that, I looked for ways to gather research data regarding the mergers offered by the aforementioned banks.

After that I have chosen these ways to complete this project. The method used to collect the data was Second Data such as annual reports and the banking website.

Finally after collecting all the required information, I removed the incomplete / unnecessary data

3. DATA COLLECTION:

The selected data collection method comes from secondary sources. To conduct a study the correct design of the process is important because the consistency and validity of the research results depends on reliable data and knowledge.
In this connection, some tasks are performed to collect data and information. For the purpose of evaluating the survey data is collected from the integration of the Indian Banking industry. Information is collected from secondary sources such as:
Website for banks , Company annual reports , Other cases exist in the industry.

MERGERS IN BANKING INDUSTRY

MERGING OF TWO BANKS

It is a situation in which two banks combine their assets and liabilities into one bank. Because this could have a major impact on the financial sector, Federal Reserve studies are being consolidated involving companies holding banks in a strict regulation.

Simply , When two or more businesses come together under any circumstances called bank mergers.

The primary purpose of a merger of two businesses is to achieve the rapid growth of the company's business. Rapid growth can lead to business improvement and competitiveness. In a donor company, the intention to acquire another company is reflected in the business objectives. A strong offer is needed to determine the specific goals they want to achieve from the merger. The general purpose of the merger is to make more profit from the business created and to expand their corporate backgrounds but at the same time, expanding the business in various regions of the country is also a major reason for mergers.

IDEA BEHIND BANK MERGER IN INDIA

1. Increased Benefits -

Consolidation can increase assets by consolidating that of a combined business, which will increase the number of shareholders.

2. Variety -

Combined, banks can diversify their service and achieve rapid growth with increased market access

3. Integrated Consolidation -

It is one of the reasons for meeting. Mergers can increase the efficiency and effectiveness of a number of companies when they are merged.

4. Risk Reduction -

The combination greatly reduces the risk of extinction.

5. Reduce Competition -

By merging banks, competitors will be introduced to the same business and reduce market competition.

BENEFITS OF MERGER

1. TO BANKS

- In this age of competition, small banks will be a great help to consolidation, they can develop at international levels.
- Ex350 ion of space.
- Inter-banking service would be cost-effective and time-saving.
- Increase contract efficiency.
- Increase the amount of combined bank assets.
  Economics.

2. THE ECONOMY

- Significant reduction in labor costs.
- It provides better services to customers with a variety of products and services, which will grow the economy.
- Key positions such as CMD, GM, Zonal Managers etc. will be introduced or removed, which saves a lot of money.
- Risk separation, and improves bank performance.

3. GOVERNMENT

- Government does not have to restructure banks more often.
- Control of a small number of banks will be easier to manage.
- The merger will expand the capital and will help meet the BASEL III average budget.

4. CUSTOMERS

- The merger can also create more reps and improved details, leading to greater customer satisfaction.
- Customer options can go up or down by merging.
- An integrated product may lead to other options, but in some cases, customer options such as construction,models and materials are limited .

MERGER PROCEDURE UNDER INDIA COMPANY LAW

1) Completing the Application -

Any company, creditors of the company, its class, members or class of members may apply under section 391 seeking disciplinary action against any system of compromise or planning. However, by its very nature it can be understood that a consolidation plan is usually presented by a company.

2) Order of members meeting -

After being satisfied that the scheme is effective and safe, the Tribunal directs the merger of the members, the members 'category, the lenders or the creditors' category. Instead, to pass an order calling for a meeting, if the requirements for holding meetings with the shareholder or members, are dealt with directly in the holding of the meeting, therefore, there will be no subsequent dispute.

3) Approval of Deal -

The plan must be approved by a majority of the participants, namely, members, category of members, creditors or the degree of creditors. The scope of the conduct of the meeting with the members, class of members, lenders or similar class of creditors shall be somehow limited to the application for a waiver or arrangement.

4) Disclosure -

There should be a proper notice disclosing all relevant details and a copy of the plan must be attached as may be the case at the time of the meeting.

5) Merging statement registration report -

In the event of a merger of two companies, prior to approving a report consolidation plan it will be accepted as the registrar of companies where approval of the plan will not affect the interests of shareholders. The Central Government is also required to submit a report to the application for approval of a relaxation, planning or merger as the case is under section 394A.

6) Completion of certain copies under Indian Comapny's law

After complying with all the requirements, if the plan is approved, a certified copy of the order must be submitted to the relevant authorities.

STEPS OF THE FIRST STATEMENT

a) Application to Court:

Parties are designed to be relaxed and organized

Company and creditors.

Company and its members.

An application to court can be made by the Company / Liquidator / credit provider / member.

The application must be accompanied by a relaxation / planning process.

b) Court order:

The court will issue an order to hold a meeting only if it is satisfied that the order of action is effective and reasonable. The meeting will be conducted in the manner prescribed by the court.

The court has no jurisdiction to hold the meeting even though the shareholders may have unanimously approved the plan.

c) Notice of Relaxation and Planning:

Notice will be given by the CG court. The CG reserves the right to make representations, namely objections, comments and suggestions regarding relaxation and order.

Representation must be considered by the court but there is no obligation to be represented and a Notice calling for the meeting to be sent to members or creditors.

The notice will contain the Terms and Conditions of relaxation or planning, the interest of directors or managers and the interest of creditors.

Every director, manager and debt manager will be interested in the plan and how their interest will be affected by the plan.

d) Approval of Scheme by Lenders / Members:

The system must be approved by the majority of creditors or members of any class who are present and voting.

Lenders or members who approve the program must represent ¾ the number of creditors / members present and voting.

The scheme must be approved by shareholders and interested shareholders. Such approval may be obtained at a meeting of Equity shareholders and interested parties or at a separate meeting as directed by the court.

e) The court will be satisfied with the Sonafede Scheme:

Compliance with court orders in holding a meeting, provision for corporate action. The arrangement is realistic and is approved by a competent authority.

Disclosure of relevant facts includes the latest financial situation, audit report and other information.

Members or lenders of any category are duly represented by those who attended the meeting. Most do not force a few

There is no oblique motive for this program. The scheme is based on business thinking, practicality, practicality, financial viability and the public interest. The scheme is in the interest of the company, members or lenders. Most act accordingly, intelligently and Bonafede.

f) Removal of Scheme:

It is up to the court to decide whether to punish or reject the plan. Completion of court order with the Registrar The Scheme is solely responsible for filing a court order with the Registrar.

IMPACT OF MERGING BANKS

IMPACT ON INDIAN BANKING SYSTEM

Globally, merging has become a different way of preventing and the banking industry has also faced huge waves of convergence leading to the creation of major banks and financial institutions. Joint movements have been the subject of much debate in policy reports. In addition, mergers help financial institutions split their portfolio or increase their market share.

Merging has many opportunities to bring the number of banks together. For example: shareholders in targeted banks may receive a price as the premium offered to accept the merger offers a higher price than the stock book value. Similarly, shareholders in a bidding bank can benefit over time from the growth of the company not only because of the scale of the economy but also because of many other factors.

The wave of mergers is not new to Indian Banking Industry. It is constantly changing the state of global finance over the years. After studying the previous combined works of integration, it has been examined that there are different conclusions and observations in all the various interactions that have taken place. Prior to the merger, many banks have taken steps to reduce the cost of small businesses.

This paper will examine the merger of ICICI Bank with Rajasthan Bank (2010). The market response to the announcement of mergers in developing countries could be very different from the regulatory framework. The merger of ICICI Bank with Rajasthan Bank was the seventh and most recent merger in the Indian banking industry after the merger of the HDFC bank - Centurion Bank of Punjab (2008).

Merging in the Banking sector is critical to the growing Indian Banking industry which they can achieve by reducing costs and increasing revenue. An important factor that needs to be considered is what needs to be integrated into the Indian Banking Sector and what could be the challenges ahead. Also, the role of central government is very important and needs to be analyzed throughout the process as the most important role is played by them in formulating the policy required for the growth of Indian Banking Industry.

IMPACT ON THE EFFICINENCY OF BANKS

Efficiency means a high level of performance that uses the minimum input amount to achieve the highest output value. In simple terms, efficiency is defined as the ability to produce something with a minimum amount of effort.

Impact on banking efficiency is shown below -

a) Scale -

Bank integration helps your institution grow faster and gain a greater number of new customers faster.

b) Npa / Wrong loan -

Bad Loans / NPAs are one of the major problems with our banking system and the Government has made efforts to ensure that a weak bank is not removed from the market due to bad loans / NPAs.

c) Reducing costs -:

With the consolidation of banks, legal costs and other subsidized costs will be reduced considerably as it appears that the same borrower has taken out loans from many banks.

d) Large customers -:

As it will be supplying a larger portion of the customer compared to its current status with the merger of banks, the banks will be bigger and better.

e) Increase profits-:

A large customer base will help banks to be more profitable.
Services will be readily available to customers through a single bank rather than going to different banks.

PROFILE OF BANK'S

Industrial Credit and Investment Corporation of India

(ICICI BANK)

ICICI was established in 1994 at the initiative of the World Bank, the Government of India and representatives of the Indian industry. The bank has grown from a development bank into a financial institution and has become one of the largest public institutions in India. It provides a variety of financial services with its subsidiaries and other subsidiary companies, offering a variety of products and services.

ICICI Bank has grown from a development bank to a financial institution and has become one of the largest public institutions in India. • ICICI Bank has funded all major economic sectors, comprising 6,848 companies and 16 851 projects. As of March 31,2000. • In 1999, ICICI became the first Indian company with the first bank or financial institution from non-Japan Asia to be listed on the New York Stock Exchange.

Type	Private
Industry	Banking , Financial Services
Founded	5 January , 1994
Head Quarters	Vadodara Gujrat (Registered Of.) Mumbai (Corporate Office)
Key People	Mr. Girish Chandra Chaturvedi (Chairman) Mr. Sandeep Bakshi (MD & CEO)
Products	Credit cards, consumer banking, corporate banking, finance and insurance, investment banking, wealth management, personal loans and payment solutions,
Area Served	Worldwide

MISSION

We will use our people, technology, speed and financial resources:

- Becoming the owner of choice for our customers by bringing high quality, world-class products and services and expanding the boundaries of our business globally.
- To play a significant role in the full realization of power in India.
- Maintain a healthy financial profile and diversify our earnings across businesses and territories.
- Maintaining high standards of governance and ethics.
- Contribute positively to the various countries and markets in which we operate.

VISSION

Becoming a leading provider of financial services in India and a major international bank.

FINANCIAL STRUCTURE

The authorized capital of the company will be Rs 2,500 crore divided into 1,000 shares of crore equity Rs 2 each, Rs 150,00,000 shares of Rs 100 each and 350 shares of Rs 100,00,000 crore each with rights and conditions of rights.
Previously the authorized capital of ICICI Bank was Rs 1,775 crore. The increase in the amount of capital approved enables the bank to increase cash or debt from the market.

MARKING STRATEGY

Making its presence more prominent
Focus on credit quality
Creating information about products through advertising
Maintaining its own kind of global banking

BUSINESS PROFILE

ICICI Bank comprise range of banking services covering on the wholesale side and transactional branch banking on the retail side. The bank three key business areas are :

1. Retail Banking Services

ICICI provides deposit, debt and other financial products and services to individuals, small households and businesses throughout India, through digital and extensive channels
A branch network covering urban and rural areas. They offer selected products such as deposits and remittances to non-resident Indians, and local market offerings by choice
places of the world.

2. Banking Services Wholesale Store:

The Bank provides financial solutions to large and medium-sized companies and their business partners and channels, as well as to financial and government / government companies.
Product offerings include deposits, long-term fees, operating fees, trade, financial management, transaction banking
and financial management. In addition to the network in India, we use international presence to meet the border requirements of our customers.

3 Financial Performance:

The operations of the Bank's treasury include the management of the Bank, government securities and interest rate risks, financial transactions, and foreign and customer solutions.

SWOT ANALYSIS

STRENGTH

The second largest private bank.
Successfully separated operation.
Listed on the NYSE (New York Stock Exchange).
Considered a pioneer in the use of online services.
Aggressive marketing strategies and strategies.

WEAKNESS

It is primarily aimed at the middle class and the upper class of society.
Higher service costs
Poor customer service.
Focus only on the top customers.
Expenditure costs

OPPORTUNITIES

New IT and ITES companies.
Customers dissatisfied with another bank.
Business advice for younger players
Extending the business to middle and lower groups.

THREATS

Dissatisfied customers.
We are always improving the bank made underground.
Arrival of MNC banks.
More and more banks.

MGERGER HISTORY

The bank has been using the merger as a strategy to increase its geographical spread, increase customer numbers and meet legal requirements since 2000.

History of mergers of ICICI Bank with other banks or financial institutions as shown below:

Bank	**Bank Merged With**	**Year of Merging**
ICICI	TAKEOVER OF ANAGRAM FINANCE	1998
ICICI	BANK OF MADURA	2000
ICICI	ICICI LTd.	2002
ICICI	ACQUIRES RUSSIA’S IVESTITSIONNOKREDITNY BANK	2005
ICICI	SANGLI BANK	2008
ICICI	BANK OF RAJSTHAN	2010

BANK OF RAJSTHAN

(BOR)

Bank Of Rajasthan Ltd. was a private sector bank and was established as a joint venture bank joint venture with Mansingka Brothers in Udaipur Rajasthan on May 8, 1943 in the first capital of Rs. 10.00 Lakhs.
The Bank was incorporated into the Second Schedule of the Reserve Bank of India in 1948 and in 1955, the Bank was licensed under Section 22 of the Banking Regulation Act, 1949.

The Bank is one of the first to introduce the concept of a mobile branch, with the opening of its first mobile branch in Jaipur on August 5, 1960. Anchlik Gramin Bank in Udaipur on January 26, 1983 . The Bank of Rajasthan has a network of 466 branches out of which 280 were in Rajasthan and had about 400 employees.

Type	Private Comapny
Industry	Baking loan , Capital Markets & Allied Industries
Founded	1943
Defunct	2010
Fate	Merged with ICICI Bank
Headquarters	Udaipur , India
Key Peoples	G. Padmanabhan (MD & CEO)
Products	Loans , Savings , Investment vehicles etc .

HEAD STRUCTURE

Bank of Rajasthan has a market capitalization of Rs 1,600 crore compared to ICICI Bank's Rupees 99,000 crore. It reported a residual loss of 44.7 crore Rupees for the quarter ending December 2009 with a profit of Rupees 344.83 crore. In terms of bank assets ICICI is almost 25 times larger than in Rajasthan Bank and According to its branch network, Rajasthan Bank has 466 branches and is less than one-fourth of the ICICI bank network.

BOR ISSUES

There are several problems facing the Bank Of Rajsthan mentioned below:

On November 9, 2010, the RBI appoints additional directors to the BOR Board.

On 10 Feb. 2010, RBI filed Rs. 25 Lakh fine to BOR.

On 10 March 2010, the RBI ordered a BOR audit.

WHY BOR MERGE?

During 2002-2004, through a close relative of the promoter Mr P K Tayal Bank of Rajasthan acquired the buildings in Mumbai. The promoters have been under a lot of pressure from the Rajasthan Bank since the bank's restructuring regulatory authorities have various problems from 2009 onwards. The BoR-led BoR Group was asked to reduce their shares to a 10% reduction from 28% by the RBI. According to SEBI, promotional shares in the old private sector are up to 55%. On February 26th 2010 the RBI imposed a fine of 25 lakhs on a series of offenses including illegal transactions, anti-money laundering practices, deletion of company records from information in corporate accounts, extended payment overtime limits and overtime overdrafts. of insufficient credit communities and poor corporate governance. ICICI

Bank was studied to show that they are willing to pay more than the current market value of Rajasthan Bank.

MERGER OF ICIC BANK AND BOR

A meeting between the Board of Directors of Banks took place on 23 May 2010 and approved the merger of Rajasthan Bank with ICICI Bank Ltd. The stock exchange rate was approved for 25 shares of ICICI bank Ltd with 118 shares The Bank of Rajasthan operating at an exchange rate of 1: 4.72.
Also, the shareholders of both banks have agreed to a meeting at their regular meetings. The use of the consolidation or consolidation plan was approved by the RBI on 12 August 2010 from the start of the business.

The RBI Announcement :

- All branches of Rajasthan Ltd will operate as branches of ICICI bank Ltd from August 13, 2010.

- The RBI has been criticizing BOR promoters for not reducing their capture at the company.

- The Reserve Bank of India has approved the merger of Rajasthan Bank with ICICIbank Ltd, India's largest bank. 118 BOR shares will be converted into 25 shares in ICICI bank.

- All customers will be extended with the same services according to the existing Rajasthan & Pro banking bank & All existing BOR products will continue with current and cost-effective products.

- Customers can continue transactions using their current checkbooks, ATM cards, keys etc. & Low balance requirements and service costs for all account types will remain unchanged.

- Submit system integration that customers can benefit from ICICI banked upgraded networks of more than 2500 branch networks and over 5600 ATMs spread over 1400
places in the country.

IMPORTANT DATES FOR MERGERS

- 26th Feb 2010 - 25 lakhs fines imposed on Bank of Rajasthan by RBI
- March 8, 2010 - 100 suspected shareholders of Rajasthan Bank banned by SEBI
- 18th May 2010 - Newspaper Newspaper Meetings
- 23rd May 2010 - A meeting of the Board of Members approves the Assembly
- 20 June 2010 - EGM canceled by Rajasthan Bank on Calcutta Community Court order
- 21 June 2010 - Shareholders' meeting
- 23rd June 2010 - details to Stock Exchange
- June 24, 2010 - Application for consolidation was filed with the RBI
- 12 August 2010 - Consolidation Approved by RBI

BACKGROUND BEHIND DEAL

The promoters of the Rajasthan Bank (BoR) have been under a lot of pressure from regulatory authorities to restructure the Bank from a variety of issues from 2009 onwards.
Here are some valid ones to renew the merger agreement between the two banks -

Rajasthan Bank with assets of Rs. 16904.89, surplus provisions and deductions for Rs. 102.13 Cr. the year ended 31 March2010.
ICICIC Bank has learned that it has indicated its willingness to pay more than the current BOR rating. According to banking rallies, the Tayalas, which acquired the BOR a decade ago, were under pressure to sell the old private bank facing orders from SEBI and the RBI.
In March SEBI closed down 100 organizations that allegedly owned BOR shares on behalf of the promoters of all stock markets. The RBI had imposed a fine of Rs.25 lakh on the bank for a series of alleged breaches of records in the banking IT system, deals of rare goods and expiration on corporate bank accounts.

STRATEGIES OF BOTH BANKS

ICICI BANK

Prior to the merger, ICICI had focused on their balance sheet to grow and focused on 4c's, namely CASA, Cash, Capital and Credit. The main objective of the ICICI bank before the merger was to protect market leadership by consolidating and improving their availability in northern India. ICICI sought to improve the top line by increasing customer purchases and reducing inefficient assets from the current levels of 5.06% and improving liability management. They also focused on sales finance, services, fuel, infrastructure, iron and steel in terms of development.

BANK OF RAJSTHAN

The Bank of Rajasthan had been fully focused on their internal problems a year before the merger and had a similar strategy. Rajasthan Bank's strategy was to improve Co-operative Governance and reduce high debt costs and labor costs. This would have improved the low point and improved the CAR's regulatory framework. Their plan was to improve the presence of the branch. The Bank of Rajasthan has focused on infrastructure and metals and mining in terms of development. For the benefit of the area its branches and due to its strong connection with the RRB, the BoR has been particularly present in SMEs and especially in the field of textile and chemical and gemstones and jewelry.

ADVANTAGE & DISADVANTAGE AFTER MERGING

ADVANTAGE

Several benefits to both banks after merger are as follows:

The main effect of the merging is the expansion of the country into the ICICI branch network in the north-western region of the country.

The position of ICICI bank has been strengthened in the north and west of India and they will also strengthen their rural marketing market which is delivered to the community by their 98 branches of rural Rajasthan Bank.

The Bank of Rajasthan will be able to improve its services for example: ICICI online banking and mobile banking are operated by Rajasthan Bank. Also, ICICI bank will be able to improve the efficiency of the branches of Rajasthan Bank and thus improve profits.

There is an increase in the deposit after the merger, the ICICI bank deposit has also increased and apart from this merger it would have been 1 it would take them in the next three to four years to raise the deposit to this level.

The merger saved the ICICI banking period and helped them make a profit in terms of marketing time. The merger benefited Rajasthan Bank more than ICICI Bank as it received about 90% between 7 May 2010 when the merger talks began on May 23, 2010 when the Board meeting approved the merger.

LIMITATIONS / DISADVANTAGE

After discussing the benefits of the large-scale consolidation work taking place at the banking institution, a few negative aspects have emerged below:

It is said that when a bank is too big, it becomes difficult to manage its operations and in case the bank starts to collapse when the whole economy is in danger.

Various internal conflicts and disputes may arise in connection with promotions and other potential issues. Different banks have different opinions and people with different backgrounds that create conflicts.

Different banks use different software platforms to integrate them into a merged bank into a complex crackdown. Financial integration and other financial matters will have to be considered.

According to experts, although the government has invested more money and sought to borrow money, there will be a decline in loan growth as evidenced by previous consolidations the shareholder would not be good at a time when cash flows are severely restricted.

EMPLOYEE ISSUE

After gathering major concerns it was about taking employees of Rajasthan Bank as part of ICICI, as about 4,000 employees of Rajasthan Bank were willing to join the ICICI bank but raised grievances in May 2010, the time when the agreement was reached was first announced. They were apprehensive about their future as the average age of employees of the Bank of Rajasthan was 53 years.

However, in ICICI bank it was very much lower to the Bank of Rajasthan. So, the employees of Bank of Rajasthan were about their jobs in the future after the merger. But as per it was agreed in the amalgamation scheme, ICICI bank promised to take in all the employees of Bank of Rajasthan, although they did have the choice of staying and working for ICICI or leaving if they don't want to. Overall, the integration process was successfully and smoothly complete and now all the employees of Bank of Rajasthan are officially the employees of ICICI.

RATIO ANALYSIS

Meaning

A Ratio analysis is a measurement process that looks at a company's firm performance, revenue, revenue, and profitability by analyzing its financial records and statements. Measurement analysis is a very important factor that will help in the analysis of the basics of equality.

OBJECTIVES

- It helps in the analysis of the financial statements.
- Simplification of accounting data.
- Help in comparison study.
- It helps to identify weak areas of business.
- Useful in prediction Matate Evaluate business trends
- Adjustment of appropriate standards
- Control Active control
- The study of financial sounds

1 . CREDIT TO DEPOSIT RATIO (COD)

This rate shows how much bank deposits are made by deposits. It is part of the loan assets made by banks from the deposits received. The higher the rate, the higher the loan assets created from the deposits. Cash payments will be in the form of current and savings accounts and term deposits.
The result of this figure shows the bank's ability to make the best use of available resources.

A)

H0 = There is no significant difference between the ICICI Bank deposit amount.

Ha = There is a significant difference between the ICICI Bank deposit amount.

Table 1: Credit to Deposit Ratio

	Variable 1	*Variable 2*
Mean	86.9625	97.03
Variance	11.38169	20.7432
Observations	4	4
Pearson Correlation	-0.76901	
Hypothesized Mean Difference	0	
df	3	
t Stat	-2.69651	
P(T<=t) two-tail	0.074005	
t Critical two-tail	3.182446	

	Pre		Post	
	Year	%	Year	%
1	2006	91.44	2011	90.45
2	2007	84.99	2012	97.71
3	2008	83.83	2013	99.25
4	2009	87.59	2014	100.71

Table 2 : T- test paired Two Sample of Means

From table 2 we can see that the amount means that the deposit amount is increased. Since the computed t-test value (0.0740) is lower than the t-mark (3.1824), there is not enough evidence to reject H0. Therefore, there is no significant difference between the ICICI Bank deposit amount.

2 . CAPITAL ADEQUECY RATIO (CAR)

The capitalization of a bank is the average amount of money that is eligible for risk (or weight) risk adjustment. The RBI has set a small financial satisfaction
rate at 9% for all banks. The minimum level indicates that the bank does not have sufficient funds to increase its operations. The measure ensures that the bank does not grow its business without having enough money.

B)

H0 = No significant difference between ICICI Bank's Capital Adequacy Ratio

H1 = There is a significant difference between the Capital Adequacy Ratio of ICICI Bank

Table 3 : Capital Adequecu Ratio

	Variable 1	*Variable 2*
Mean	13.635	18.625
Variance	2.5225	0.572367
Observations	4	4
Pearson Correlation	0.482337	
Hypothesized Mean Difference	0	
df	3	
t Stat	-7.17311	
P(T<=t) two-tail	0.005582	
t Critical two-tail	3.182446	

Year	Pre		Post	
	Year	%	Year	%
1	2006	15.53	2011	19.54
2	2007	13.97	2012	18.52
3	2008	11.69	2013	18.74
4	2009	13.35	2014	17.7

Table 4 : T - test paired for two Sample Means

From Table 4 we can see that the mean value of Capital Adequacy has increased. Since the value of the combined t-test (0.0056) is lower than the t-test (3.1824), there is not enough evidence to reject H0. Therefore, there is no significant difference between ICICI Bank's Capital Adequacy Ratio.

3. RETURN TO ASSETS (ROA) -

A return on the asset's rate is the total return on a net asset. The higher the average of the average leading assets, the better the return on total assets.

Similarly, the ROE (return in equity) reflects the refund received by the bank at its full value.

A)

H0 = There is no significant difference between the ICICI Bank asset return rate

Ha = There is no significant difference between the ICICI Bank asset return rate

Table 5 : Return on Asset Ratio

Year	Pre		Post	
	Year	%	Year	%
1	2006	444.94	2011	478.31
2	2007	417.64	2012	524.01
3	2008	270.37	2013	578.21
4	2009	249.55	2014	633.92

Table 6 : T- test paired two sample means

	Variable 1	Variable 2
Mean	345.625	553.6125
Variance	9981.117	4533.702
Observations	4	4
Pearson Correlation	-0.95027	
Hypothesized Mean Difference	0	
df	3	
t Stat	-2.51762	
P(T<=t) two-tail	0.086357	
t Critical two-tail	3.182446	

From Table 6 we can see that the value for Return on Assets has increased. Since the computed t-test value (0.08636) is lower than the t-mark (3.1824), there is not enough evidence to reject H0. Therefore, there is no significant difference between the Return on Assets Ratio of ICICI Bank.

- The total profit margin is the percentage of revenue left after all operating expenses, interest, taxes and preferred stock shares (but not ordinary stock benefits) are deducted from the company's revenue.

B)

H0 = There is no significant difference between Net Profit Margin Ratio of ICICI Bank

H1 = No significant difference between ICICI Bank's Net Profit Margin Ratio

Table 7 : Net Profit Margin Ratio

	Variable 1	*Variable 2*
Mean	11.295	20.5175
Variance	3.750033	1.641158
Observations	4	4
Pearson Correlation	0.897417	
Hypothesized Mean Difference	0	
df	3	
t Stat	-19.0392	
P(T<=t) two-tail	0.000316	
t Critical two-tail	3.182446	

	Pre		Post	
	Year	%	Year	%
1	2006	9.74	2011	19.83
2	2007	10.51	2012	19.27
3	2008	10.81	2013	20.77
4	2009	14.12	2014	22.2

Table 8 : Test Paired for two Samples of means

From Table 8 we can see that the amount that means that the deposit amount has increased. Since the computed t-test value (0.0740) is lower than the t-value (3.1824), there is
there is not enough evidence to reject H0. Therefore, there is no significant difference between the Net Profit Margin Ratio of ICICI Bank.

- Net Worth The amount of revenue returned as a percentage of shareholders. Return to equity profits for a company by disclosing how much the company is producing and the shareholders who have invested.

C)

H0 = There is no significant difference between the Net Worth Ratio of ICICI bank

Ha = There is no significant difference between ICICI Bank's Net Worth Ratio

Table 9 : Net worth Ratio

	Variable 1	Variable 2
Mean	11.005	11.4825
Variance	10.57923	3.277225
Observations	4	4
Pearson Correlation	0.988137	
Hypothesized Mean Difference	0	
df	3	
t Stat	-0.64098	
P(T<=t) two-tail	0.567141	
t Critical two-tail	3.182446	

Table 10 :T-test paired for two

	pre		post	
	Year	%	Year	%
1	2006	7.58	2011	9.35
2	2007	8.94	2012	10.7
3	2008	13.17	2013	12.48
4	2009	14.33	2014	13.4

Sample of means

From table 10 we can see that number that means credit to deposit rate increased. Since the computed t-test value (0.5671) is lower than the t-value (3.1824), there is not enough evidence to reject H0. Therefore, there is no significant difference between Net Worth Ratio of ICICI Bank.

4. VALUATION OF SWAP RATIO

An exchange rate is the rate at which an acquiring company will offer its shares in exchange for the shares of a targeted company at the time of the merger or acquisition. The exchange rate is determined by a variety of factors, such as loan rates, interest rates, per profit, and profits.

Estimation is a critical part of any merger activity and depends on the negotiations entered into between the buyer and the seller. It is very important for the shareholders of the firms involved in the merger process and there is a limited value than the total value. It's a way of Multistep process and failure in one phase will damage the agreement.

Integration measurement is a complete function and is performed to obtain the numerical value and the minimum number of the following equation:

$$\text{Exchange Ratio (Swap Ratio)} = \frac{\text{Company A Share Value}}{\text{Company B share Value}}$$

Parameter	ICICI Bank	Bank of Rajasthan	Exchange Ratio	Acquisition Price (₹)	Deal Value (₹/ million)
Balance Sheet Size(₹/ million)	3633997.20	173000.60	0.51	467.00	753.50
Number of Branches	1709	466	1.87	1681.20	2712.61
Owners Equity(₹/ million)	516183.70	936.51	0.12	112.08	180.84
Deposits(₹/ million)	2020166.00	150623.10	0.32	288.35	465.25
Advances(₹/ million)	1812056.00	83294.70	0.51	459.57	741.51
Net Profit after Tax(₹/ million)	40249.83	-1021.30	NA	NA	NA
		Minimum	0.12	112.08	18084
		Average	**0.69**	**622.67**	**100467**
		Maximum	1.87	1681.20	271261
		Actual	**0.21**	**190.90**	**30801**

Exchange Ratio (ER) is the rate at which a target bank acquires shares of a bidding bank in exchange for the shares of the target bank.
In this case, the announced exchange rate was 1: 4.72 based on the branch estimate. BoR branches have a value of 6.6 crore compared at the old market value of the private sector bank to the branch value of 5.4 crore. The transaction appears to cost ICICI and the premium payment was 88.5 / share. The question is whether this premium is justifiable or not.
Contribution analysis and accretion / dilution analyzes are used to determine the adequacy of a fixed or premium exchange rate.

Table 1 : Contribution Analysis of Size variables and Profitability

Table 1 shows the scope of possible exchanges depending on the variance in size used and the assistance of banks. The low and medium values shown in the analysis are 12 and 69 respectively. It can be seen that the average rate is more than 3 times the actual average. Market capitalization and balance sheet size are analyzed to double-check this effect and better understand the effect size. For this purpose, using the contribution analysis where, the proportional contribution of the joint

Symbol	Particulars	ICICI Bank	BoR
M	Number of equity shares	1115458683	161350093
N	Price before a day of merger announcement	901.10	82.85
l=m×n	Market capitalization(in millions)	1005139.82	13367.86
L	Market capitalization (Bidder+target)	1018507.68	
G	Balance sheet size (in millions)	3633997.15	173000.61
G	Total balance sheet size	3806997.76	
a= g/G	Contribution in total balance sheet	95.46%	4.54%
E= a×L	Total value	971656.33	46240.25
S=E/a	Share value (in Rs)	871.08	286.58
I	Swap ratio	.329	

ventures as a result of their merger is identified and compared with them. The acquisition price is calculated by multiplying the exchange rates on the market value of the beneficiary bank and the value of the Deal = Acquisition price × the number of shares of the targeted bank.

Table 2 : Comparable Capital Analysis with market Capitalization and Balance sheet size

From the analysis in Table 2, individual contributions to bring partners into a combined business are available. The ratio based on an analysis of the size of the balance sheet and the market capitalization of .329 is also higher than the actual estimate.

Parameter	% contribution of ICICI Bank	% contribution of Bank of Rajasthan
Balance Sheet Size(₹/ million)	83%	4.5%
Number of Branches	66%	21%
Owners Equity(₹/ million)	79%	.10%
Deposits(₹/ million)	82%	6.9%
Advances(₹/ million)	81%	4.3%
Net Profit after Tax(₹/ million)	91%	NA
	Minimum	.10%
	Average	**7.4%**
	Maximum	21%
	% shareholding of BoR in the combined entity	**03%**

Table 3 : Financial to be consider for the fiaxation oSWAP

Particulars	ICICI Bank	BoR
Net profit after tax	40249.83	-1021.30
Market value of share (₹)	901.00	82.85
Book value(₹)	462.15	58.04
EPS(₹)	36.14	-6.33
NPA (%)	1.87	1.6
CRAR (%)	19.40	7.74

Table 4 : Relative Contribution Analysis

Table 4: It clearly shows that the average BoR contribution to a compound business in terms of various sizes is 7.4% higher than the actual BOR shares in a compound business (3%). Therefore on the basis of the contribution analysis it can be argued that the BoR received it doesn't matter. However, it should be noted that the profit factor is not taken into account in that analysis as the BoR reported a loss of Rs 1021 million rupees in the financial year prior to the merger. If estimates were based on financial parameters such as book value, market value, total profit and EPS, it should have been positive for ICICI Bank (Table 3). And it was an agreement that filtered ICICI Bank. In all of these financial aspects, the BoR is far below the ICICI Bank's own The strategy was similar to their previous acquisition.

Clearly, ICICI Bank's desire to have a strong bank in northern India was one of the main reasons for BoR acquisition. CRA's strong CASA accounts for approximately 40% and played a major role in adjusting the exchange rate. So when we consider all of these factors together, it can be concluded that the estimate is wrong and that a positive BoR exchange rate (on the basis of market price) is reflected in the stock market.

5 . PROFIT MARGIN RATIO

Profit limit is one of the most widely used profit margins for measuring the level at which a company or business is making money. The percentage figure shows how many cents a profit the business has generated per dollar of sales.

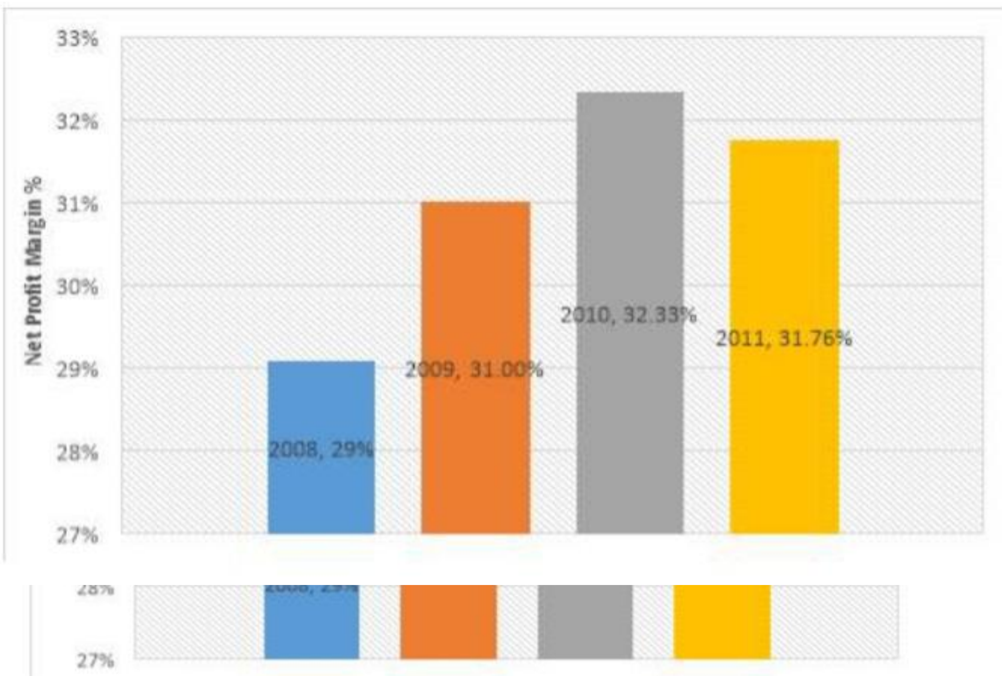
a) Operating Profit Ratio :

The average profit margin for income shows how much profit a company makes after paying variable production costs such as earnings, utilities, etc. It is also expressed as a percentage of sales and reflects the efficiency of the company that controls the costs and costs associated with business operations

Fig 1 : Operating profit ratio of ICICI bank before the merger and after the merger

As mentioned above, in 2008, it was 26% and in 2009 it was 26.22, in 2010 it increased to 29.05% which was a pre-consolidation period. However, over time in 2011 it declined to the point that it was time to reunite. If we compare the share of both banks before the merger, the most important part that everyone can see and indirectly tell us the power of the operating companies operating 29.05% of ICICI bank but, it was 36.34% of Rajasthan Bank.

b) Net Profit Margin :

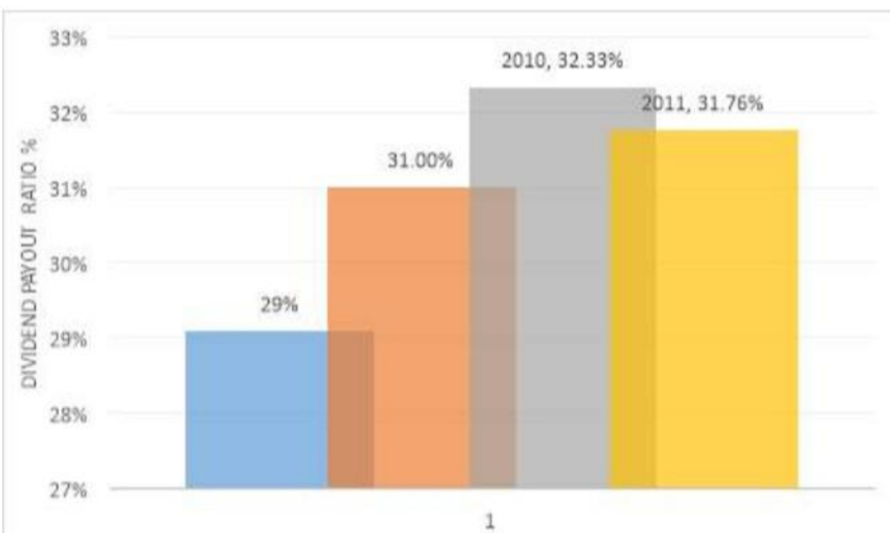


Profit limit estimates how much revenue is generated as a percentage of revenue. The full profit line helps investors check whether the company's executives are generating enough profit from its sales and whether operating costs and high costs are met.

Fig 2 : Net Profit Margin of Pre and Post Merger Period

The graph above shows, The total acquisition of the acquisition company's pre-consolidated profits was 12.17% while the total profit of the acquired bank was 10.04%. However, after consolidating the net profit of the acquisition bank of the ICICI bank it increased to 15.91% which indicates a significant increase from 12.17% to 15.91% with a clear message that the ICICI bank made a profit after the merger. This can be said that the bank has gained kingship and good profits help them to make a bigger profit.

c) Divident Payout Ratio :



The share payment ratio is the total amount of dividends paid to shareholders in relation to the company's revenue. The amount that is not paid to shareholders is retained by the company to pay off the debt or refund the basic functionality.

Fig 3. Dividend Payout Ratio

The table above shows that the shareholding rate in the acquirer's bank account was 32.33% and was 2.91% of the bank's target. However, after the consolidation it changed to 31.76% which clearly shows that the acquirer bank had a slight decrease in the post-consolidation period from 32.33% to 31.76%.

WACC calculation of Rajasthan Bank

Rf - 7.22%

Rm - 11%

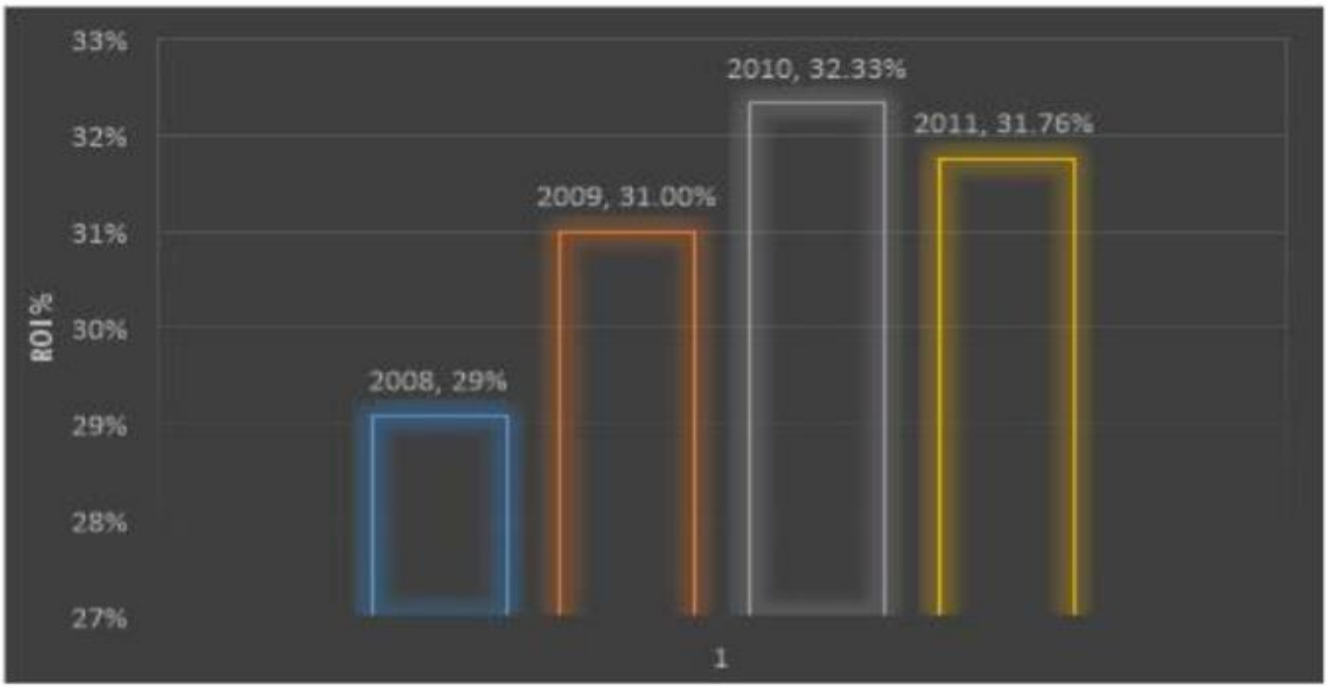
Required return rate - 0.89

d) Return to Investment :

Return on Investment (ROI) is a performance measure used to evaluate the effectiveness or profitability of an investment or to compare the effectiveness of a different investment value. ROI attempts to accurately measure the amount of return on a particular investment, in relation to investment costs.

Fig 4 : Return On Investment

ROI is expressed as a percentage and is used as a personal financial decision to compare a company's profitability or to compare the performance of a different investment. The ROI calculation formula is Net (Profit / Cost of investment) x 100. In this case, the pre-consolidated ROI of the acquirer's bank was 44.72% while the corporate return on investment was 177.48%. However, after the fall of the ROI it dropped to 42.97% and the total value of the total was 7.79% of the pre-merger gains while the targeted bank repayment rate was 18.86% which increased to 9.35% after the merger of the acquired bank. Therefore, it tells us that the loss occurred during the reunion.



STRATEGIC SIMILARITY INDEX

The merger produces strategic profit, financial growth and has far-reaching social policy implications. Although integration is a key means of complying with legal requirements and a source of unconventional growth, strategies adopted by participating organizations should be considered in depth. While studying the impact of the encounter, it is
it is important to examine the strategic and organizational aspects of joint ventures.

These days there are a lot of ongoing discussions about who will be rewarded for the merger agreement, what will be the misery of the workers and whether the agreement will add value to shareholders or

not. With regard to policy makers, the key question in the discussion is whether banks are similar in strategy or not? This question has received a lot of attention from staff and analysts because of the similarity of strategies or
significant variability has a significant impact on the performance of the merger bank. Consolidation will significantly increase the value of a company only when there is a proper integration of strategic, financial, economic and organizational factors. These factors are directly related to the company's performance after the merger. Recognition of interaction requires integrated comparisons of
aspects of banking strategies. The strategy of similarity of strategy provides the distance between banks in contrast to the basic variability of strategies.

When two banks merge, the relative size of the target bank
is a crucial determinant of post merger performance . A lower size of BoR (.048) compared with ICICI may improve the performance because of easier integration, elimination of overlapping branches, sharing of technology, etc. BoR is the second smallest target after Sangli Bank in the ICICI Bank .Sangli Bank deal of 2006 in voluntary mergers. As far as cost to income ratio (CIR) is concerned, both the banks are dissimilar which may harm the post merger performance in the short run. BoR's

Strategic variables	ICICI Bank (in %)	Bank of Rajasthan (in %)	Index value
Diversity of earnings	2.25	8.7	6.50
Return on loan	12.72	16.3	3.58
Liquidity ratio	49.86	48.14	1.72
Financial leverage	14.20	5.41	8.79
Cost to income ratio	87.87	106.87	19.00
Efficiency ratio	34.86	38.08	3.22
Loan to deposit ratio	89.70	55.30	34.40
CRAR	19.40	7.74	11.66
NPA	1.87	1.6	.27

CIR stands at 106% which show that their expenses exceed income.

ICICI Bank’s CIR stood at 87.87 % , which is also not exemplary compared to global standards.

In financial leverage, the banks showed dissimilarity which will dilute the share capital of ICICI Bank up to 3% . Return on Assets (ROA) of BoR stands at .58%, while ICICI’s ROA is 1.1% which is just above the industry standards in India, which will thin the combined ROA. Quality of books of accounts of BoR is quite fair. The net NPA of the target bank is 1.6% against ICICI’s 1.87% but, in Capital Adequacy Ratio, the situation is worse for BoR. ICICI Bank has a strong CRAR of 19.4% against 9% prescribed by RBI and Basel II norms, whereas BoR’s CRAR is 7.74% which may harm the post merger performance. BoR’s non-interest expenses (efficiency ratio) are more but, their earnings diversity (non- interest income) is better than ICICI Bank which may offset in effect. The earnings diversification strategy indicates the bank’s exposure to the components of revenue other than interest income.In the modern banking era, the income from other sources measures the bank’s efficiency to tap the financial service market, treasury operations etc. The post merger performance of the merged entity largely depends on how the bank’s management tackles these intrinsic issues .

SHARE PRICE MOVEMENT

It means that prices change as a result of supply and demand. When more people want to buy stock (demand) than to sell it (supply), the price goes up. ... That being said, the basic theory is that the stock price movement reflects what investors feel the company is worth.

HOW COMPANY SHARES MOVES DURING MERGER ?

Here are some of the key features/ steps during share movements:

When one company merges with another, the stock price of the merging company tends to sink temporarily, and the stock price of the targeted company tends to rise.

The share price of a joint venture decreases because it usually pays a fee paid to the target company, or incurs a debt to finance the acquisition.

The short-term share price of the target company tends to increase because shareholders only agree to an agreement if the purchase price

exceeds the current value of their company.
In the long run, consolidation often increases the price of acquired shares.

The integration of takeovers is an important event in the life of any company. Joint announcements have a significant impact on the stock prices of both payers and target banks.
There is tangible evidence of a shift in wealth in the global sector from bank shareholders claiming bids to bank shareholders and vice versa. The current agreement seems to be very attractive to the BoR as shareholders receive about 90% between 07.05.2010
discussions) and 23.05.2010 (Board Meeting Approval).
For analysis purposes, BoR share price data is divided into three phases, namely, Period I, Period II and Period III respectively. Time I deals with the point from February 26, 2010 (the date on which the RBI imposed a fine) to May 6, 2010 (the day before the meeting
negotiations began). On February 26, the BoR script closing rate was 61.8 and on May 6, it was 84.7. This is a time when the bank is facing critical actions from regulators.
During this period, the bank's cash value was 20.9% compared to Nifty Bank's return of 9.9%. The BoR recorded a record 66.85 and 62.5 on March 8 (SEBI ban) and March 9 (RBI's
special audit orders) respectively.

Share Price MOVEMENT Before and after of Merger

Fig . 1 : Share price movement of Bank of Rajasthan February 26 to May 6 (Period l)

Period II represents the time period from May 6 to May 17, 2010 (period of merger negotiations).

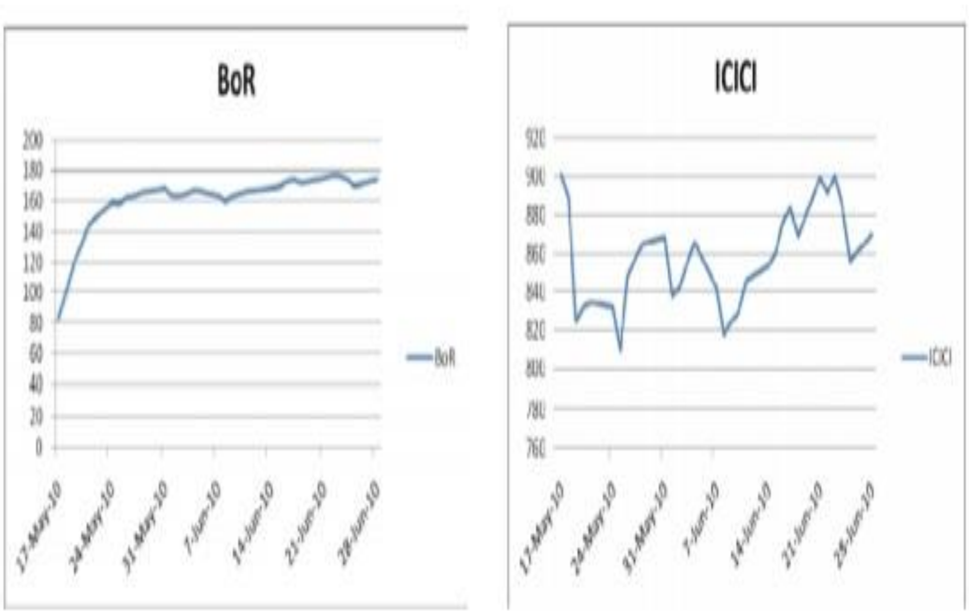


Fig 2 : Share price movement of BoR and ICICI Bank after the merger announcement (May 17 to June 28)

On May 6, the BoR fund was at 84.7 and ICICI Bank sold 902.85 shares. May 17,

ICICI Bank and BoR listed the prices of 901.1 and 82.25 respectively. It shows that merger negotiations have a negative impact on the price of joint ventures. Bank Nifty return on time was 2.7%.

The third period consists of the time after the announcement of the merger, i.e., May 18 to June 24, 2010.

On June 24, the BoR filed a lawsuit against the merger of the Bombay Stock Exchange.

On May 16, the BoR price was 82.85. After the merger was announced, it shot sharply to 99.45, 119.35, 131.30, 144.45, 158.9, and 162.3 on May 17, 18, 19, 20, 20, 21 and 24 respectively.

In contrast, the price of ICICI has been reduced from 901.10 to 809.35. During that time, the BoR gained about 77%, while ICICI lost 1.7% of its value. It is interesting to note that Bank Nifty has shown a decline of 4.6% during this period. The construction of a short-term BoR asset can be studied in conjunction with the exchange rate adjustment and adjustment. The figure agreed upon by both banks was 188 per share.

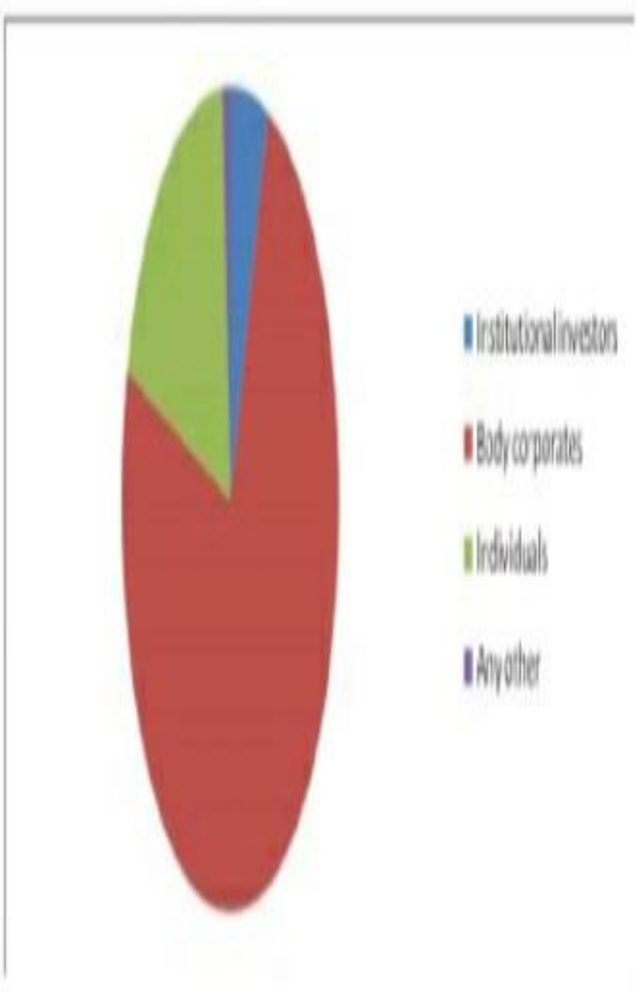
Based on the current analysis, it can be concluded that there was no significant risk to the items during the negotiations. However, after the announcement, the BoR share price changed almost the price offered by ICICI.

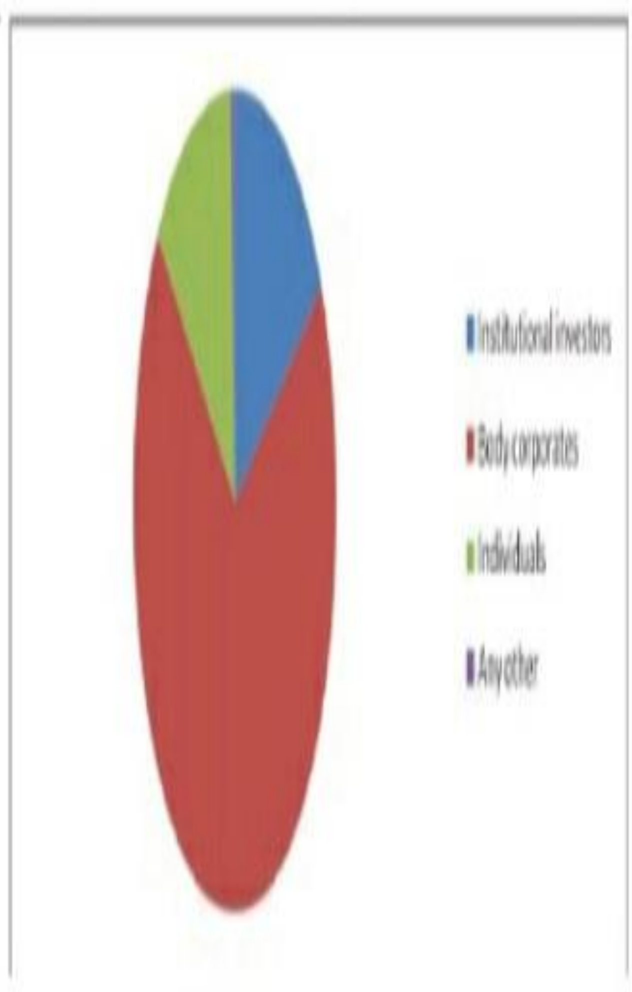
It is worthwhile to analyze the BoR stock pattern for the 4th quarter of FY 2009 and the first quarter of FY 2010 in the context of ‘unusual actions’ from the authorities. Between 31.03.2010 and 30.06.2010, the holding of institutional investors increased from 5.73% to 16.24% while the FII share increased from 2.34% to 8.95%. Both the grip of investors in business and retail organizations has greatly reduced. This can be interpreted as a case of the asymmetry of knowledge and internal trade.

SHARE HOLDING PATTERN

In simple terms, the Finance Allocation pattern shows how a company's shares are distributed between its various organizations.

Shareholding pattern of BOR as on 31 March 2010 and as on 30 june 2010





Prior to the meeting on February 26, 2010, the closing price of Rajasthan Bank was 61.8 and on the 6th it seemed to be 84.7. during 26 Feb.

Later, on May 6, the total amount of Rajasthan Bank 84.7 and ICICI bank was sold at 902.85. On May 17th, ICICI Bank and Rajasthan Bank listed their values as 901.1 and 82.25 respectively. This has shown that merger negotiations have a negative impact on the price of joint ventures. Bank Nifty return on time was 2.7%.

However, over time after the announcement of the merger price has grown significantly. On May 16th the Rajasthan Bank was 82.85, which later moved to 99.45 on 17, 119.35 on 18, 131.30 on 19, 144.45 on 20, 158.9 on 21 and 162.3 on the 24th. The Bank of Rajasthan has acquired about 77% during this period and ICICI has lost 1.7% of its value. But the interesting fact to note here is that Bank Nifty has shown a decline of 4.6% during this period. And the price of ICICI dropped from 901.10 to 809.35. However, the Rajasthan Bank has created wealth in a short period of time through the exchange rate adjustment.

COMPARISON OF BALANCE SHEET OF

Particulars	ICICI Bank	Bank of Rajasthan
Capital	1 11,148,892	1,61,35,01
Reserves and surplus	2505,034,767	7,75,15,80
Deposits	2,020,165,972	1,50,62,35,11
Borrowings	4942,635,686	65,48
.Other liabilities and provisions	155,011,834	13,00,54,65
TOTAL CAPITAL AND LIABILITIES	**36,33,997,151**	**1,73,00,06,05**
Cash balances with RBI	273,142,920	10,78,70,47
Money at call and short notice	113,594,020	3,08,89,72
Investments	1,208,928,005	67,22,50,98
Advances	1,812,055,971	83,29,47,45
Fixed Assets	32,126,899	5,16,15,86
Other assets	192,149,336	3,44,31,57
Total Assets	**3,633,997,151**	**1,73,00,06,05**
Net profit/loss	40,249,829	(1,02,13,05)
Interest Income	257,069,331	13,59,48,86
Other Income	74,776,500	1,29,99,37
Interest expended	175,925,704	10,24,47,64
Operating expenses	58,597,327	4,92,90,44
Provisions and contingencies	57,071,971	74,23,20

ICICI BANK AND BANK OF RAJSTHAN

LIMITATION OF STUDY

Although a very humble effort was made to analyze the merger before and after the selected banks. It is difficult to account for all the events and changes that have resulted from the merger.

Meetings are hard to come by, so your details are very limited and it would be impossible to cover all topics.

The audit is based on information obtained from a third party online account and is therefore not to be construed as material misstatement.

Data were collected from the secondary information, so the limitation occurs in the direct description.

As it is collected from secondary data so sometimes the result is related to a specific location / features.

As the process of bank consolidation is kept private, so the exact process and its reasons are difficult to find.

Various financial terms are related to complex combinations.

It is difficult to explain the specific impacts made on consumers from integration into the financial services sector.

FINDINGS

Integration - the increase in global competition, regulatory changes, rapidly changing technologies, the need for rapid growth and the strength of the emerging industry have accelerated integration into Merger many times over. The integration situation is seen not only in developed markets such as the US, Europe, Japan but also in the developing market such as India.

Large integration has strategic implications because it leaves a small number of trials and errors and is difficult to maintain. In addition, the risks involved are higher than the financial level. Unsuccessful mergers can disrupt the work process, diminish customer confidence, tarnish corporate reputation, cause job loss and lead to low levels of employee motivation. So the old understanding of the word is the best part of heroism, it is good and it works here.

A thorough assessment of the various risks involved should be preceded by a strike agreement. Circumstances in which contact can fail including the worst cases should be carefully considered. Although the chances of failure are very low but the consequences of failure are significant, one should consider rushing to finalize the agreement.

CONCLUSION

From the above research, it can be concluded that the main reason for the merger of ICICI bank with Rajasthan Bank is a major milestone in the history of the Indian Banking industry and is due to regulatory intervention.
The merger helps save the weaker banks by merging with the central bank. This
The study demonstrates the financial effectiveness of the integration of ICICI's posts with the Rajasthan Bank.

Merger with banks is one of the major effects of the financial transformation process in India. From the study, one can come to the conclusion that the main reason for the merger between ICICI Bank and Rajasthan Bank, which is a major factor in the history of Indian Banking, has occurred as a result of regulatory intervention. In this paper, the similarities and differences between ICICI Bank and the BoR Bank are discussed in more detail. It is clear that both banks are not the same in many of the key parameters.

The merger of the Bank has achieved its benefits by increasing financial adequacy that will enable the bank to invest in major infrastructure and other important projects, expanding its operations, better service to the account holder and better performance. However, not all banking mergers are successful, bank mergers can create dissatisfaction between employees and job losses and may be motivated by tax incentives or can lead to anti-competitive actions by eliminating competition. The consolidation of the Bank is important for the economy in order to save bank funds especially when the country is facing a crisis of inefficient assets, at the same time mergers should be carefully allowed to retain workers and mergers should not lead to anti-competitive practice.

RECOMMENDATIONS

There is no guarantee that a new shiny company will bring you indescribable wealth, and you cannot guarantee that you will not disclose your most sensitive information by endangering your network infrastructure. What you can do to reduce the risk of expensive security. Link your real financial efforts and make it happen.

1. Assess business risk

2. Review external parameters

3. Pay attention to attitude

4. Review the company's security plan

5. Review critical plans to address antimicrobial efforts

6. Learn how security intelligence is collected and how programs are viewed

7. Check emergency response procedures

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