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A Study on Financial Performance of ICICI Bank with Special Reference to Coimbatore City

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INTRODUCTION

A bank is a financial institution that creates credit by lending money to a borrower, thereby creating corresponding deposits on the banks balance sheet. Lending activities can be performed either directly or indirectly through capital markets. Due to their importance in the financial system and influence on national economies, banks are highly regulated in most countries. Most nations have institutionalized a system known as fractional reserve banking under which banks hold liquid asset equal to only a portion of their current liabilities. In addition to other regulations intended to ensure liquidity banks are generally subject to minimum capital requirements based on an international set of capital standards known as the baselaccordes. Banking in its modern sense evolved in the 14th century in the rich cities of renaissance Italy but in many ways was a continuation of ideas and concept of credit and lending that had their root in the ancient world. In the history of banking, a number of banking dynasties – notably, the Medicis, the Foggers, the welsers, the Bahrenbergs and the Rothschilds have played a central role over many centuries. The oldest existing retail bank is montedeipaschi di siena, while the oldest existing merchant bank is Berenberg bank.

REVIEW OF LITERATURE

1.D'souza (1998) in his study evaluated the performance of public sector, private sector and foreign banks during the period 1991 to 1991-2000 "the efficiency of the banking was measured in the terms of spread/working fund ratio and the turnover/employers ratio. With reference to the spread/working funds ratio. The efficiency of the commercial banks as a whole has declined in the post-form period. The public sector banks has been responsible for this decline in efficiency , as the efficiency of the private and foreign banks has improved over the course of 1990s. through the turnover/employers has raised in the public sector banks, the turnover per employee in the private and foreign banks doubled relative to the ratio for the public sector for this decade. However, the analysis revealed that the profitability of the public sector banks in the late nineties improved to that of private and foreign banks".

2.Das, Abhiman (1999), profitability in public sector banks Decomposition have tried to make all attempts to compare the inter-banks performance of public sector banks during the reforms period. This study was carried out a period of three years. i.e.1992, 1995 and 1998. Das in his paper found a certain convergence-taking place in the performance of the public sectors banks during the year of study. He further found that there is growing emphasis on other income and peculiar tendency to go for risk-free rather than risky loans.

3.Aggarwal Nisha, GuptaNeeti (1999) ICICI provides full assistance to the creation , expansion and modernisation of industrial enterprises within the private sector in India and encourage the participation of private capital both internal and external in such enterprises.

4.Joseph Jelsy and Vetrivel, (2000) they have studied the financial performance in connection with activity based costing and concluded that better cost predictions loss making products are identified. The ABC can be used for cost reduction, DSS (decision support system) budgeting and better performance measurement in order to improve the financial performance of the companies.

RESEARCH METHODOLOGY

The present study is entirely based on secondary data. The required data were collected from various published and unpublished documents maintained by airtel. The required general information were collection from various offices, institutions like reputed university libraries, department of statistics and the like. To analyze the data the standard tool ratio analysis is applied for the study. For evaluating the financial performance and better controlling the activities of the ICICI bank, the ideal norms are industry average ratios.

PERIOD OF STUDY

The present study mainly analyses the working capital management of bank. For this purpose the researcher has obtained the relevant information from the study unit. The study covered a period of 4 year ranging from the year 2013 - 2014 to 2016- 2017.

TOOL USED

- Ratio analysis
- Comparative balance sheet

  1 Trend Percentage Analysis: It is also known as Intra firm comparison in which the financial statements of the same company for few years are compared for some important series of information.

  2 Comparative Statement: These are the statement of financial positions at different periods of time. The financial position is shown in a comparative form over two period of time.

  3 Common Size Statements: The common size statements, balance sheet and income statements are shown in terms of percentages. The data is shown as percentage of total assets, liabilities and sales.

  4 Ratio Analysis: It is a technique of analysis and interpretation of financial statements. It is the process of establishing and interpreting various financial ratios for helping in taking decisions.

  5 Funds Flow Statements: It is a statement of studying the changes in the financial position of a business enterprise between the beginning and the end it is a statement indicating rises of funds.

  6 Cash Flow Statements: It shows the changes in cash flow between two period

CALCULATIONS

1. Current ratio
2. Reserves to capital ratio
3. Fixed assets to proprietor fund ratio
4. Current assets to proprietor fund
5. Fixed assets to current assets

CURRENT RATIO

$$\text{Current ratio} = \frac{\text{current assets}}{\text{current liabilities}}$$

CURRENT RATIO

YEAR	CURRENT ASSETS	CURRENT LIABILITES	RATIO (%)
2013	36229.31	17576.98	2.06
2014	41417.52	32133.60	1.29
2015	41529.6	34755.55	1.19
2016	42304.62	31719.86	1.33
2017	59868.74	34726.44	1.72

INTERPRETATION

The table indicates the market price of demand from 2013- 2017during this years the amount has been continuously decreasing from 2013-2017. Therefore the value of the assets and the liabilities are decreasing.

RESERVES TO CAPITAL RATIO

$$\text{Reserves to capital assets} = \frac{\text{Reserves}}{\text{Equity share capital}} \times 100$$

RESERVES TO CAPITAL RATIO

YEAR	RESERVES	EQUITY SHARE CAPITAL	RATIO (%)
2013	59250.09	1152.77	5139.80
2014	65547.84	1153.64	5681.82
2015	72051.71	1155.04	6234.91
2016	79262.26	1159.66	6834.95
2017	85748.24	1163.17	7371.94

INTERPRETATION

The table indicates the reserves to the capital ratio during the 2013-2017 as the amount has been increasing in subsequent years. The amount is increased according to the reserves and the equity shares capital in the years.

FIXED ASSETS TO PROPRIETOR FUND

$$\text{Fixed assets to proprietor fund} = \frac{\text{fixed assets}}{\text{proprietor fund}} \times 100$$

FIXED ASSETS TO PROPRIETOR FUND RATIO

YEAR	FIXED ASSETS	PROPRIETOR FUND	RATIO (%)
2013	4614.69	60402.86	7.64
2014	4647.06	66701.48	6.97
2015	4678.14	73206.75	6.39
2016	4725.52	80421.92	5.88
2017	4759.45	86911.41	5.48

INTERPRETATION

The table indicates the fixed assets with the proprietors fund during the year 2012-2016 as the amount has been decreasing.

The amount has been decreased according to the assets over the funds in the year taking into considered.

CURRENT ASSETS TO PROPRIETOR FUND

$$\text{Current assets to proprietor fund} = \frac{\text{current asset}}{\text{shareholder funds}} \times 100$$

CURRENT ASSETS TO PROPRIETOR FUND

YEAR	CURRENT ASSETS	SHAREHOLDER FUNDS	RATIO (%)
2013	36229.31	60402.86	59.98

2014	41417.52	66701.48	62.09
2015	41529.6	73206.75	56.73
2016	42304.62	80421.92	52.60
2017	59868.74	86911.41	68.89

INTERPRETATION

The table indicates the current assets with the shareholders fund during the year 2013-2017 as the amount has been decreasing in the subsequent years.

The amount has been decreased according to the additional capital has been increased or decreased in the year. Suddenly increases in the current year.

FIXED ASSETS TO CURRENT ASSETS

$$\text{Fixed assets to current assets} = \frac{\text{fixed assets}}{\text{current assets}} \times 100$$

FIXED ASSETS TO CURRENT ASSETS

YEAR	FIXED ASSETS	CURRENT ASSETS	RATIO (%)
2013	4614.69	36229.31	12.74
2014	4647.06	41417.52	11.22
2015	4678.14	41529.6	11.26
2016	4725.52	42304.62	11.17
2017	4759.45	59868.74	7.95

INTERPRETATION

The table indicates the fixed assets with current assets during the year 2013-2017 as the amount has been decreased in the subsequent years.

The amount has been decreased according to the current over the fixed assets.

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COMPARATIVE BALANCE SHEET

Comparative Balance Sheet of 2013-2014

Particulars	2013	2014	Increase & Decrease	Percentage
Capital & Liabilities Total Share Cap	1,152.77	1,153.64	0.87	0.0754
Equity Share Cap	1,152.77	1,153.64	0.87	0.0754
Share app money	239	448	209	87.4476
Preferential Share Cap	_	_	_	0
Reserves	59,250.09	65,547.84	6,297.75	10.0290
Net Worth	60,405.25	66,705.96	6300.71	10.4307
Deposits	2,55,499.96	2,92,613.63	37,113.67	14.5259
Borrowings	1,40,164.91	1, 45,341.49	5,176.58	3.6932
Total Debit	395,664.87	4,37,955.12	42,290.25	10.6884
Other Liabilities & Provisions	17,576.98	32,133.60	14,556.62	82.8143
Total Liabilities	4,73,647.10	5,36,794.68	63,147.58	13.3322
ASSETS				
Cash &Balance with RBI	20,461.29	19,052.73	-1408.56	-6.8840
Balance with Bank Money	15,768.02	22,364.79	6,596.77	41.8363
Advances	253,727.66	2,90,249.44	36,521.78	14.3940
Investments	1,59,560.04	1,71,393.60	11,833.56	7.4163
Gross Block	4,614.69	4,647.06	32.37	0.7014
Reevaluation Reserve	-	-	-	0

Accumulated depreciation	-	-	-	0
Net Blocks	4,614.69	4,647.06	32.37	0.7014
Capital work in progress	-	-	-	0
Other assests	19,515.39	29,087.07	9,571.68	49.0468
Total assests	4,73,647.09	5,36,794.69	63,147.6	13.3322
Contingent Liabilities	9,23,037.16	8,02,383.84	-1,20,653.32	-13.0713
Bills for collection	-	-	-	0
Book value	524.43	578.65	54.22	10.3433

INTERPRETATION

The analysis of the above comparatively balance sheet gives the following conclusion

- All the liabilities on the balance sheet are given increased amount which is liability for the banks to be paid up in the upcoming years and it is a debt for the bank.
- All the assets are simultaneously increased and decreased.

Comparative Balance Sheet of 2014-2015

Particulars	**2014**	**2015**	**Increase & Decrease**	**Percentage**
Capital & Liabilities Total Share Cap	115364	115504	1.4	0.1213
Equity Share Cap	115364	115504	1.4	0.1213
Share app money	448	657	2.09	466517
Preferential Share Cap	_	_	_	0
Reserves	65547.84	72,051.71	6,503.87	9.9223
Net Worth	66,705.96	73,213.32	6,507.36	9.7552
Deposits	2,92,613.66	3,31,913.66	39,300	134306

Borrowings	1,45,341.49	1,54,759.05	9,417.56	64796
Total Debit	4,37,955.12	4,86,672.71	48,717.59	11.1238
Other Liabilities & Provisions	32,133.60	34,755.55	2,621.95	8.1595
Total Liabilities	5,36,794.68	5,94,641.58	57,846.9	10.7763
ASSETS				
Cash &Balancewith RBI	19,052.73	21,821.83	2,769.1	14.5338
Balance with Bank Money	22,364.79	19,707.77	-2.657.02	-11.8803
Advances	2,90,249.44	3,38,702.65	48,453.21	16.6936
Investments	1,71,393.60	1,77,021.82	5,628.22	3.2837
Gross Block	4,647.06	4,678.14	-31.08	-7.9387
Accumulated depreciation	-	-	-	0
Revaluation Reserve	-	-	-	0
Net Blocks	4,647.06	4,678.14	31.08	0.6688
Capital work in progress	-	-	-	0
Other assests	29,087.07	32,709.39	3,622.32	12.4533
Total assests	5,36,794.69	5,94,641.60	57,846.91	10.7763
Contingent Liabilities	8,02,383.84	7,94,965.35	-7418.49	-0.9245
Bills for collection	-	-	-	0
Book value	578.65	634.60	55.95	9.6349

INTERPRETATION

The analysis of the above comparatively balance sheet gives the following conclusion:

- All the liabilities on the balance sheet are given increased amount which is liability for the banks to be paid up in the upcoming years and it is a debt for the bank.
- All the assets are simultaneously increased and decreased.

Comparative Balance Sheet of 2015-2016

Particulars	**2015**	**2016**	**Increase & Decrease**	**Percentage**
Capital & Liabilities Total Share Cap	1,155.04	1,159.66	4.62	0.3999
Equity Share Cap	1,155.04	1,159.66	4.63	0.3999
Share app money	6.57	7.44	0.87	13,2420
Preferential Share Cap	_	_	_	0
Reserves	72,051.71	79,292.26	7,240.55	10.0074
Net Worth	73,213.32	80,429.36	7216.04	9.8561
Deposits	3,31,913.66	3,361,562.73	29,649.07	8.9327
Borrowings	1,54,759.05	1,72,419.35	17,658.3	11.4101
Total Debit	4,86,672.71	5,33,980.08	47,309.91	97205
Other Liabilities & Provisions	34,755.55	31,719.86	-3,035.69	-8.7344
Total Liabilities	5,94,641.58	6,46,129.30	51,487.72	86586
ASSETS				
Cash &Balancewith RBI	21,821.83	25,652.91	3,831.08	17.5561
Balance with Bank Money	19.707.77	16,651.71	-3,056.06	-15.5068
Advances	3,38,702.65	3,87,522.07	48,819.42	14.4136

Investments	1,77,021.82	1,86,580.03	9,558.21	5.3994
Gross Block	4,678.14	4,725.52	47.38	1.0127
Reevaluation Reserve	-	-	-	0
Accumulated depreciation	-	-	-	0
Net Blocks	4,678.14	4,725.52	47.38	1.0187
Capital work in progress	-	-	-	0
Other assests	32,709.39	24,997.05	-7,712.34	-23.5783
Total assests	5,94,641.60	6,46,129.29	51,487.69	8.6586
Contingent Liabilities	7,94,965.35	8,68,190.58	73,225.23	9.2111
Bills for collection	-	-	-	0
Book value	634.60	13872	-495.88	-78.117

INTERPRETATION

The analysis of the above comparatively balance sheet gives the following conclusion :

- All the liabilities on the balance sheet are given increased amount which is liability for the banks to be paid up in the upcoming years and it is a debt for the bank.
- All the assets are simultaneously increased and decreased.

Comparative Balance Sheet of 2016-2017

Particulars	**2016**	**2017**	**Increase & Decrease**	**Percentage**
Capital & Liabilities Total Share Cap	1,159.66	1,163.17	3.51	0.3026
Equity Share Cap	1,159.66	1,163.17	3.51	0.3026
Share app money	744	6.70	+074	+9.9412
Preferential Share	_	_	_	0

Cap				
Reserves	79,262.26	85,748.24	6,485.98	8.1829
Net Worth	80,429.36	86,918.11	6,488.75	8.0676
Deposits	3,61,562.73	4,21,425.71	59,862.98	16.5567
Borrowings	1,72,417.35	1,74,807.38	2,390.03	1.3861
Total Debit	5,33,980.09	5,96,233.09	62,253.01	11.6583
Other Liabilities & Provisions	31,719.86	34,726.44	3.00658	94785
Total Liabilities	6,46,129.30	7,17,877.64	71,748.34	11.1043
ASSETS				
Cash & Balance with RBI	25,652.91	27,106.09	1,453.18	5.6647
Balance with Bank Money	16.651.71	32,762.65	16,110.94	96.7524
Advances	3,87,522.07	4,35,263.94	47,741.87	12.3197
Investments	1,86,580.03	1,60,411.80	-26,168.23	-14.0252
Gross Block	4,725.52	7,576.92	2,851.4	60.3404
Reevaluation Reserve	0.00	2817.47	2817.47	100
Accumulated depreciation	-	-	-	0
Net Blocks	4,725.52	4,759.45	33.93	0.7180
Other assests	24,997.05	57,573.70	32,576.65	1.3032
Total assests	6,46,129.29	7,17,877.63	71,748.34	11.1043
Contingent Liabilities	8,68,190.58	9,22,453.51	54,262.93	6.2501
Bills for collection	-	-	-	0
Book value	138.72	14947	10.75	7.7494

INTERPRETATION

The analysis of the above comparatively balance sheet gives the following conclusion :

- All the liabilities on the balance sheet are given increased amount which is liability for the banks to be paid up in the upcoming years and it is a debt for the bank.
- All the assets are simultaneously increased and decreased.

FINDINGS

- ✓ The marketing strategy of the bank is very attractive.
- ✓ The bank always attracts customers with innovation offers and ideas.
- ✓ There is separate counter for NRI.
- ✓ F-connect is a Facebook connect. The customer uses the transaction through his Facebook account.
- ✓ Net profits are increased during the period of the study which indicates the bank efficient management in operation.
- ✓ ICICI has launched pockets by ICICI bank mobile app.
- ✓ The level of net profit of the bank is facing a state of elevation each year.
- ✓ The first bank to introduce a remittance machine in India.

SUGGESTIONS

ICICI bank is a leading private sector bank and there is no need for any special improvisation. But the following points are suggested for better performance and efficiency of the bank.

- ✓ The attraction is required on the areas of growth profitability, service level and talents.
- ✓ The number ATM's of ICICI bank is comparatively less than the other banks i.e. the number of ICICI banks ATM's have to be increased.
- ✓ The banking system must be made user friendly for illiterates.
- ✓ The bank must employ modern technologies and keep with the changing banking system and strategies.
- ✓ The customer relationship management of the bank must be improved to provide easy access between the bankers and customers.

CONCLUSION

The project financial analysis in the banking concern is not merely a work of the project. But a brief knowledge and experience of that how to analysis the financial performance of the bank. The study undertaken has brought in-to the light of the following conclusion. According to this project is based on the analysis of the financial statement it is cleared that the bank has being making profit during the period of study. On the basis of the various techniques applied for financial analysis of ICICI bank. A conclusion that the financial position and over-all performance of the bank has increased over the period but not in the phase of expenses. But the bank has succeeded in maintaining a reasonable profitability position.

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