

PROJECT REPORT

(Submitted for the Degree of B.Com Honors in Accounting & Finance under Calcutta University)

Title of the Project

**PROFITABILITY ANALYSIS OF HDFC BANK, AXIS BANK, ICICI BANK,
STATE BANK OF INDIA, BANK OF BARODA & PUNJAB NATIONAL
BANK FOR THE PAST SIX YEARS**

Submitted by

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ACKNOWLEDGEMENT

I being a benefited student of **SOUTH CITY COLLEGE (HERAMBA CHANDRA)**, affiliated under the University of Calcutta, would like to take this opportunity to express my profound gratitude and regards to my supervisor, and to the entire department of Commerce for their exemplary guidance, monitoring and constant encouragement throughout the course of the completion of the project “ PROFITABILITY ANALYSIS OF HDFC BANK, ICICI BANK, AXIS BANK, STATE BANK OF INDIA, PUNJAB NATIONAL BANK & BANK OF BARODA FOR THE PAST SIX YEARS.”

The guidance given by them time to time shall carry me a long way in the journey of my career on which I am about to embark. I would also like to express my thankfulness to the college and university committee for providing me with the opportunity to work on this project, and for their cordial support, valuable information and guidance, which helped me in completing this task through its various stages.

Lastly I thank to my parents and friends for their constant encouragement without which the project would have not been possible.

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Annexure-1**Supervisor's Certificate**

This is to certify that Mr. Ashin Sarkar student of B.Com Honors in Accounting & Finance of South City College(Heramba Chandra) under the University of Calcutta has worked under my supervision and guidance for his Project Work and prepared a Project report with the title " PROFITABILITY ANALYSIS OF HDFC BANK, ICICI BANK, AXIS BANK, STATE BANK OF INDIA, PUNJAB NATIONAL BANK & BANK OF BARODA".

The project report , which he is submitting, is his genuine and original work to the best of my knowledge.

PLACE:**DATE:****SIGNATURE:****NAME: Prof. Sukanta Kundu****DESIGNATION: Faculty of Commerce****NAME OF THE COLLEGE: South City College****(Heramba Chandra)**

Annexure-2**Student's Declaration**

I hereby declare that the project work with the title "PROFITABILITY ANALYSIS OF HDFC BANK, ICICI BANK, AXIS BANK, STATE BANK OF INDIA, PUNJAB NATIONAL BANK & BANK OF BARODA" submitted by me for the partial fulfillment of the degree of B.Com Honours in Accounting & Finance under the University of Calcutta is my original work and has not been submitted earlier to any other University/ Institution for the fulfillment of the requirement for any course of study.

I also declare that no chapter of this manuscript in whole or in part has been incorporated in this report from any earlier work done by others or by me. However, extracts of any literature which has been used for this report has been duly acknowledged providing details of such literature in the references.

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CHAPTER-1

INTRODUCTION

1.1) Background of the study

Every firm is most concerned with its profitability and financial performance. One of the most frequently used tools of financial ratio analysis is **profitability ratios**, which are used to determine the company's profitability position and financial performance position and its return to its investors.

Profitability and performance measures are important to company managers and owners alike. If a small business has outside investors who have put their own money into the company, the company certainly has to show profitability to those equity investors as well as good financial performance.

Profitability Ratios show a company's overall efficiency and performance.

What I'm trying to show through this study is the profitability and performance of 6 banks (**HDFC, ICICI, AXIS, SBI, BANK OF BARODA, PUNJAB NATIONAL BANK**) 3 of them belongs to the pvt sectors and 3 of them are public sector units. I'm going to show this based on last 6 years data. Based on my study and I'm going to conclude that which bank(s) is in a better position in respect of profitability and financial performance point of view and over 6 years which bank's growth rate / progress has been better in respect of profitability and performance point of view.

1.2) Need of the study

In the finance field; it is a common knowledge that money or finance is scarce and that investors try to maximize their returns. But now investors cannot just put in money out of blue in a company. They needs to check that how **profitable** the company is and how good their management/ performance is over a past few periods of operation. So they can be sure they are creating their portfolio with securities of **profitable** and hence **supposedly high return on investment** companies.

Investors can take many measures to get to know the profitability and performance of a company. But the most common and famous measure used to judge profitability is to study the different profitability ratios based on the financial statements of the company (**balance sheet , profit and loss statement**). Some of the mostly used ratios are net profit ratio, gross profit ratio & ratios indicating return on investments. Some other ratios which also measure the

financial performance and profitability of banks are loan to deposit ratio , non performing asset to loan ratio and operating ratio.

1.3) Brief Literature Review

- a) **AUTHOR:** FJ Mulhern- journal of interactive marketing, 1999- Wiley online library.
 - b) **NAME OF THE PROJECT:** Customer profitability analysis: Measurement , concentration, and research directions.
 - c) **FINDINGS:** As marketing activities become more precisely targeted to consumers through direct and interactive forms of communication, customer profitability takes on a central role in the development of marketing strategies. This paper provides a conceptual and methodological foundation for measuring customer profitability by generalizing approaches to measuring customer lifetime value in direct marketing for broader target marketing applications.
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- a) **AUTHOR:** CV Apte, E Grossman, EDP Pednault, US Patent 1999- google patents.
 - b) **NAME OF THE PROJECT:** Data mining based underwriting, profitability analysis.
 - c) **FINDINGS:** A computer implemented method of underwriting profitability analysis delivers the analytic process to a wide cross section of insurance decision makers. The underwriting profitability analysis system leverages an existing investment in database and improves underwriting process.
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- a) **AUTHOR:** Leland I Beik, Stephen L buzby, Journal of Marketing 37(3), 48-53, 1973.
 - b) **NAME OF THE PROJECT:** Profitability analysis by market segments.
 - c) **FINDINGS:** The contribution approach to cost accounting serves to relate products, channels, and / or other marketing components to the profitability of market segments. Using the profit criterion, the marketing manager can plan and control his

decisions for the component being analyzed and make collateral adjustments in other elements of the marketing mix.

- a) **AUTHOR:** Laura K James, Scott M Swinton, Kurt D Thelen.
- b) **NAME OF THE PROJECT:** Profitability analysis of cellulosic energy crops compared with corn.
- c) **FINDINGS:** The expected profitability of six cellulosic feedstock crops is compared with two corn (Zea mays L.)- based systems under southern great lakes region conditions over a projected 10 yr period. At 2006- 2009 costs and yields from literature, none would be more profitable than the corn- based systems. Comparative breakeven price analysis identifies the cellulosic feedstock price that would make crops equally profitable with continuous corn.

1.4) Objectives of the study

- To calculate the N.P ratio, Return on asset, return on equity, Loan to deposit ratio, Non performing asset to loan ratio, operating ratio for the selected banks for 6 years.
- To study the profitability progress rate or the profitability growth rate of the companies over the span of 6 years.
- To make comparative study of profitability & financial performance between the selected banks.
- To offer some suggestions to certain banks who are under-performing according to my study.

1.5) Research methodology

Research methodology is the systematic, theoretical analysis of the methods applied to a field of study. It comprises the theoretical analysis of the body of methods and principles associated with a branch of knowledge.

- **AREA OF STUDY:** This study is concentrating on the profitability and financial performance analysis of the 3 private sector banks i.e HDFC, ICICI, AXIS & 3 public sector banks i.e SBI, BANK OF BARODA, PUNJAB NATIONAL BANK. Taking in data for the past 6 years of the banks.
- **TYPE OF STUDY:** This is a comparative study of profitability and financial performance among the 6 banks. It also shows how the individual banks by themselves have progressed in respect of profitability and financial performance over the last 6 years. So basically this is an inter firm and intra firm study on profitability and financial performance of the selected banks.
- **TOOLS FOR DATA COLLECTION:** There are 2 kinds of data **primary data** and **secondary data**.
 1. **PRIMARY DATA:** The data which is collected fresh first hand for first time, which is original in nature. It can be collected through personal interview, questionnaire etc.
 2. **SECONDARY DATA:** The data which is collected from records, annual reports, journals, books, websites is known as secondary data.

For this study only secondary data is used, collected from the annual reports of the selected banks for the last 6 years(2014-2019)& secondary data from various published research papers. Mainly the p/L statement and the balance sheets of the banks are used for data collection.

- **METHOD OF ANALYSIS:** All the 6 banks will be judged by 6 different ratios that indicates profitability & financial performances of the banks. The ratios are **net profit ratio, return on asset , return on equity, loan to deposit ratio, non performing asset to loan ratio, operating ratio**. After finding the ratios the study focuses on the inter firm analysis and intra firm analysis of the banks. Through the help of **graphs and trends** it will be shown that which bank among the 6 banks are at the best position of profitability and financial performance & which banks among the 6 banks are progressing good over the past 6 years.

1.6) Limitations of the study

- **Reliability** of the secondary data is **subjected to the authenticity of information**.
- This study is limited to **banks only**
- **Very few** and **randomly selected** banks are analysed from BSE listings.
- Due to the limited scope of the project in **depth/ rigorous statistical analysis has not been shown**. Only **simple statistical measures** are **used** in this study.

1.7) Chapter planning

The whole study is divided into 4 chapters:

CHAPTER 1: Introduction

CHAPTER 2: Conceptual framework/ National & International Scenario

CHAPTER 3: Data collection and Analysis

CHAPTER 4: Conclusions and recommendations

CHAPTER-2

CONCEPTUAL

FRAMEWORK/

NATIONAL &

INTERNATIONAL

SCENARIO

2.1) Ratios used for analysis

&

their implications in respect of the study,

- NET PROFIT RATIO:

FORMULA: Net profit/ Revenue

IMPLICATION: It indicates the ability of the Bank to turn each rupee of revenue into Net Profit. This ratio is very useful to the proprietor & investor as it indicates overall profitability of the concern.

- RETURN ON ASSET:

FORMULA: Net profit/ Total assets

IMPLICATIONS: It measures the profitability of all financial resources invested in the Bank's assets or on total funds without any regard to the sources of funds. In other words it measures the % ability of the total assets of the Bank to generate the net profit of the Bank.

- RETURN ON SHAREHOLDERS EQUITY:

FORMULA: Profit after tax/ Shareholder's Equity

IMPLICATION: This ratio indicates how well the firm has used the resources of the owners/ equity shareholders . It reflects the extent to which the objective of the owner has been accomplished. This ratio is of great interest to present as well as prospective shareholders and also to management, which has the responsibility to maximizing the owner's worth.

- LOAN TO DEPOSIT RATIO:

FORMULA: Total loan/ total deposit

IMPLICATION: This ratio is used to assess a bank's liquidity by comparing a bank's total loans to its total deposits for the same period. The LDR is expressed as a percentage. If the ratio is too high, it means that the bank may not have enough liquidity to cover any unforeseen fund requirements. Conversely, if the ratio is too low, the bank may not be earning as much as it could be, hence earning **less profit** also.

- OPERATING RATIO:

FORMULA: Operating expense/ Net Revenue.

IMPLICATION: The operating ratio shows the efficiency of a company's management by comparing the total **operating expense** of a company to net revenue. The operating ratio shows how efficient a company's management is at keeping costs low while generating revenue. The smaller the ratio is the more efficient the company is at generating revenue vs. total expenses, hence generating more profits.

- NON PERFORMING ASSETS TO LOAN RATIO:

FORMULA: Non performing asset/total loans & advances

IMPLICATION: This ratio indicates the bank's ability to recover its loans and advances given. Loans & advances given by a bank are its main assets. Now the bank is not there for charity. The recovery of the loans & advances is a very important factor of a bank's business; otherwise the assets / loans & advances becomes non- performing and thus non recoverable loans & advances are called Non performing assets. Now if this ratio is big , i.e ; bank is performing bad & most of their loans is being converted into NPA's. If the ratio is small ,i.e; the bank is performing well with its loans & advances and being able to recover most of it & thus small amount is being converted into NPAs and hence more profit is earned.

2.2) Statistical tool used for analysis

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Reason for using the mentioned statistical tools for study

- **BAR GRAPH:** Bar Graph is a statistical tool in my study for analysis of the growth of the banks over the span of 6 years. It is used here to understand the performance of the banks in respect of all the six ratios in a visual and easy to understand way.
- **TREND LINE :** Trend line is also used in this study to give a smooth direction to the graphs to indicate the bank's performances in a more easy to understand way, over the 6 years.

2.3) About State Bank of India

With a legacy of over 200 years, State Bank of India traces its ancestry to the Bank of Calcutta founded in 1806 and is the oldest commercial bank in the Indian subcontinent. SBI is an Indian multinational, public sector banking and financial services statutory body, fostering the nation's 2.6 trillion-dollar economy and serving the hopes of its vast population.

Headquartered in Mumbai, SBI provides a wide range of products and services to individuals, commercial enterprises, large corporate, public bodies and institutional customers through its various branches and outlets.

2.4) About Bank of Baroda

Vijaya Bank and Dena Bank amalgamated into Bank of Baroda with effect from April 1, 2019.

The amalgamation provides significant long-term benefits to the Banks and its customers. Bank of Baroda now has a much wider geographical reach with a combined distribution network of 9500+ branches and 13400+ ATMs in India. It has catapulted the Bank to the position of the third largest lender in the country and will enable them to leverage operational, revenue and cost synergies from a business perspective.

The Bank has now access to a larger pool of 120 million+ customers with Deposits of Rs. 9.15 lakh crore and Advances of Rs. 6.51 lakh crore.

2.5) About Punjab National Bank

Punjab National Bank is a banking and financial service bank owned by government of India with its headquarters in New Delhi, India. The bank was founded in 1894. It is the second largest public sector bank in India, both in terms of business and its network. The bank has over 115 million customers, 11000+ branches and 13000+ ATMs post merger with United Bank of India and Oriental Bank of Commerce, effective from 1 April, 2020.

PNB has a banking subsidiary in the UK as well as branches in Hong-Kong, Kowloon, Dubai, and Kabul. In Bhutan it owns 51% of Druk PNB bank, which has 5 branches. In Nepal PNB owns 20% of Everest Bank Limited, which has 50 branches. Lastly, PNB owns 41.64% of JSC PNB Bank in Kazakhstan, which has four branches.

2.6) About HDFC Bank

HDFC Bank Limited, incorporated in Mumbai , India is a publicly held banking company engaged in providing a range of banking and financial services including retail banking, wholesale banking and treasury operations. The Bank is governed by the Banking Regulation Act, 1949 and the Companies Act , 2013. The Bank has overseas branch operations in Bahrain, Hong Kong, Dubai and Offshore Banking Unit at international Financial Services Centre(IFSC), at GIFT City, Gandhinagar in Gujarat. The financial accounting systems of the Bank are centralized and, therefore, accounting returns are not required to be submitted by branches of the Bank.

2.7) About ICICI Bank

ICICI Bank is a large private sector bank in India offering a diversified portfolio of financial products and services to retail, SME and corporate customers. The Bank has an extensive network of branches and ATMs . It is at the forefront of offering state- of- art services through digital channels like mobile and internet banking and leveraging emerging technologies.

The vision of the Bank is to be the trusted financial services provider of choice for their customers, thereby creating sustainable value for their stakeholders.

2.8) About Axis Bank

As the third largest pvt sector bank in one of the world's fastest-growing economies, Axis Bank offers a wide spectrum of financial solutions to a diverse range of customer segments spanning retail, small and medium enterprises, government and corporate businesses.

For over 25 years, this bank has met expectations of their citizens across different generations and socio-economic landscape, addressed the needs of those residing in urban and semi-urban localities and those in rural settings, from the salaried class to the self-employed.

Axis bank was among the early movers in embracing digital technologies and worked towards delivering a superlative experience to their customers.

Parallel to their digital expansion, their corporate and retail banking continues to grow globally, enabling people to achieve their aspirations.

Axis bank's strategies focus on normalizing credit risk, delivering profitable growth, enhancing capabilities and investing in the future which touches and benefits all their stakeholders.

CHAPTER-3

DATA COLLECTION

&

ANALYSIS

- **DATA COLLECTION AND ANALYSIS**

Only secondary data is used in this study. For collection of secondary data primarily the annual reports of these six banks(HDFC, ICICI, AXIS, SBI, BOB, PNB) are used; apart from that various books , published articles, journals and internet websites are used.

- **TIME PERIOD OF STUDY**

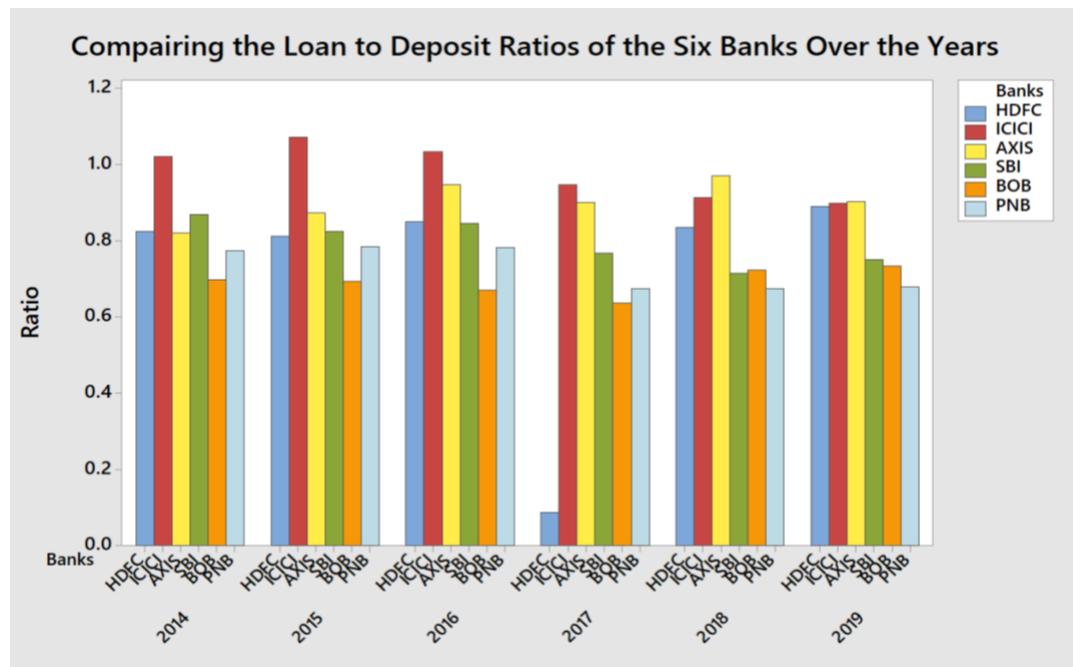
Years 2014-2019

- **AREA OF STUDY**

This study is conducted upon 6 banks out of which 3 are private sector banks(HDFC, ICICI, AXIS) and 3 are public sector banks(SBI, BOB, PNB).

1) LOAN TO DEPOSIT RATIO

Company	2014	2015	2016	2017	2018	2019
HDFC	0.825	0.811	0.85	0.086	0.835	0.889
ICICI	1.02	1.072	1.033	0.947	0.913	0.898
AXIS	0.819	0.872	0.946	0.9	0.969	0.902
SBI	0.868	0.824	0.846	0.768	0.715	0.751
BOB	0.698	0.693	0.669	0.637	0.723	0.734
PNB	0.774	0.785	0.782	0.674	0.675	0.678



In 2014 ICICI and SBI were in a good/ better position as their loan to deposit ratio was higher than the industry average(0.834) .

In 2015 ICICI and AXIS were in a good/ better position as their loan to deposit ratio was higher than the industry average(0.8428).

In 2106 again ICICI and AXIS were in a good / better position as their loan to deposit ratio was higher than their industry average(0.8543)

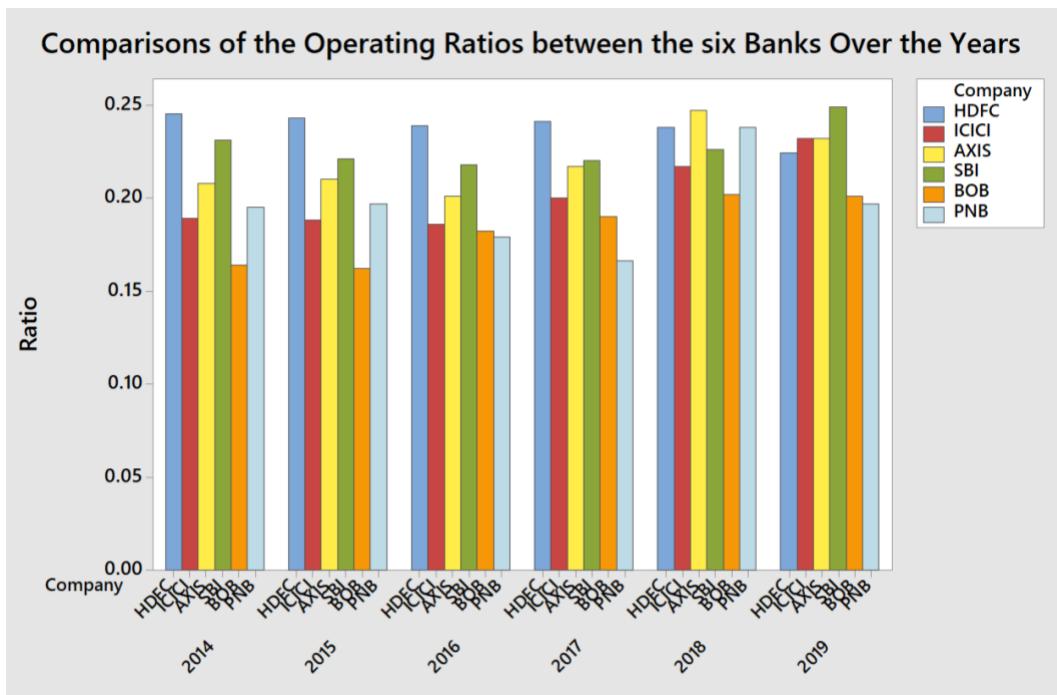
In 2017 ICICI, AXIS, SBI and PNB were in a good / better position as theirloan to deposit ratio was greater than their industry average(0.6686), but it is important here to mention that the loan to deposit ratio of PNB is just marginally greater than the industry average; not a significant amount.

In 2018 ICICI, HDFC and AXIS were in a good / better position as their loan to deposit ratio were greater than the industry average(0.805).

In 2019 ICICI, HDFC and AXIS were in a better/ good positions as their loan to deposit ratio were greater than the industry average (0.8087).

2) OPERATING RATIO

Banks	2014	2015	2016	2017	2018	2019
HDFC	0.245	0.243	0.239	0.241	0.238	0.224
ICICI	0.189	0.188	0.186	0.2	0.217	0.232
AXIS	0.208	0.2099	0.201	0.217	0.247	0.232
SBI	0.231	0.221	0.218	0.22	0.226	0.249
BOB	0.164	0.162	0.182	0.19	0.202	0.201
PNB	0.195	0.197	0.179	0.166	0.238	0.197



In 2014 ICICI, BOB and PNB performed good/better as their operating ratio was less than the industry average(0.20533)

In 2015 also ICICI, BOB and PNB performed good/ better as their operating ratio was less than the industry average(0.20348).

In 2016 as well ICICI, BOB and PNB performed good/ better as their operating ratio was less than the industry average (0.20083).

In 2017 also ICICI, BOB, PNB performed good/ better as their operating ratio was less than the industry average(0.20567). But it is important here to mention that the operating ratio of ICICI is only marginally lesser than the industry average.

In 2018 ICICI, SBI and BOB performed good/ better as their operating ratio was less than the industry average(0.228).But it is important here to mention that the operating ratio of SBI is only marginally lesser than the industry average.

In 2019 BOB and PNB performed good/ better as their operating ratio was less than the industry average(0.2225).

3) NET PROFIT RATIO

Banks	2014	2015	2016	2017	2018	2019
HDFC	0.173	0.178	0.173	0.178	0.183	0.181
ICICI	0.18	0.019	0.143	0.133	0.046	0.043
AXIS	0.163	0.168	0.163	0.065	0.005	0.069

SBI	0.07	0.075	0.052	0.0497	-0.025	0.003
BOB	0.105	0.072	-0.10998	0.028	-0.048	0.008
PNB	0.0699283	0.059	-0.067	0.015	-0.216	-0.1699

In 2014 HDFC, ICICI and AXIS were good/better as their net profit ratio was more than the industry average(0.12682)

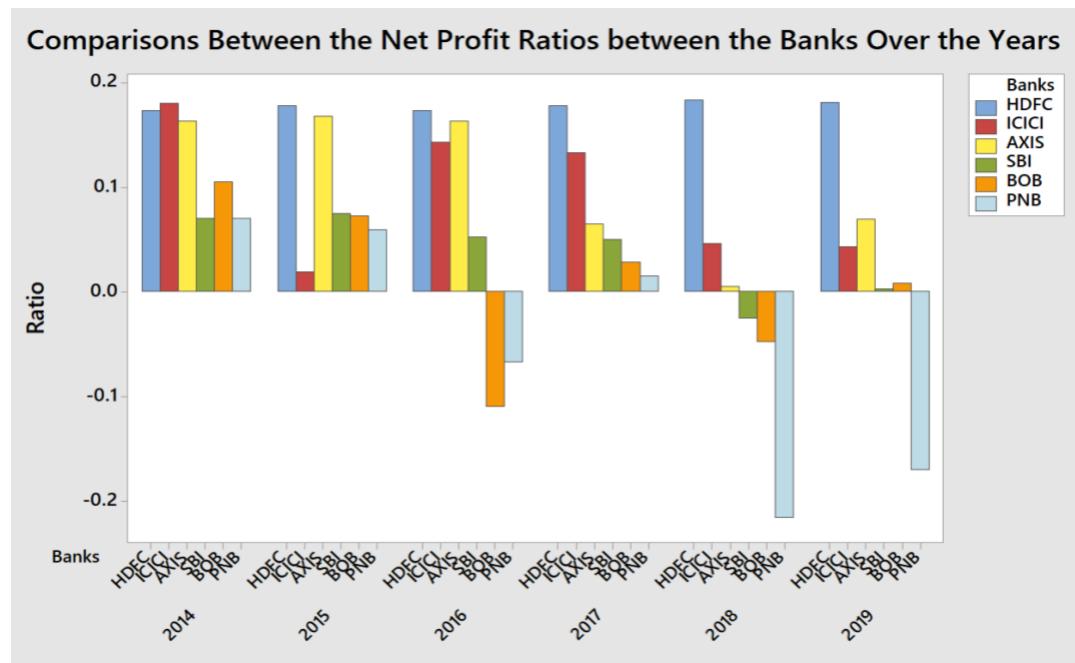
In 2015 HDFC and AXIS were good/better as their net profit ratio was more than the industry average(.0952)

In 2016 HDFC, ICICI and AXIS were good/better as their net profit ratio was more than the industry average(.05900)

In 2017 HDFC and ICICI were good/better as their net profit ratios were more than the industry average(0.07812)

In 2018 HDFC, AXIS and ICICI were good/better as their net profit ratios were more than the industry average (-0.0092)

In 2019 HDFC, ICICI and AXIS were good/better as their net profit ratio was more than the industry average (0.02235)



4) RETURN ON ASSET RATIO

Banks	2014	2015	2016	2017	2018	2019
HDFC	0.017	0.017	0.017	0.0168	0.016	0.017
ICICI	0.016	0.017	0.013	0.013	0.004	0.0035
AXIS	0.016	0.016	0.016	0.006	0.0003	0.006
SBI	0.006	0.006	0.004	0.004	-0.002	0.00023
BOB	0.007	0.005	-0.008	0.002	-0.003	0.001
PNB	0.0061	0.005	-0.0054	0.001	-0.016	-0.0129

In 2014 HDFC, ICICI and AXIS were in good position as their ROA ratio was greater than the industry average(0.012)

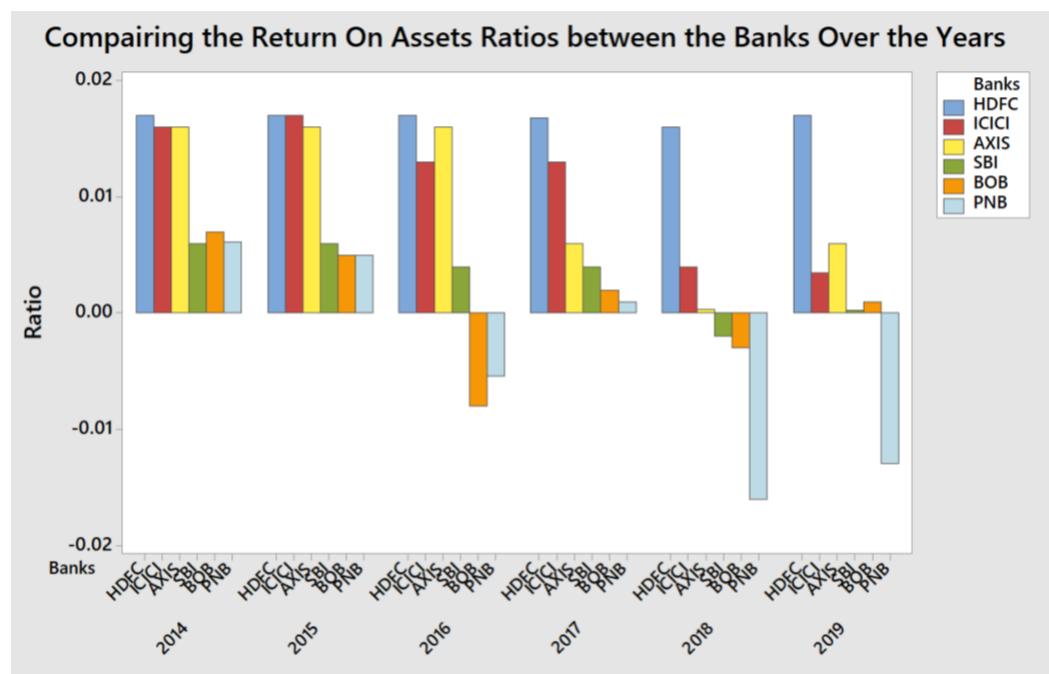
In 2015 HDFC, ICICI, AXIS were in good position as their ROA ratio was greater than the industrial average (0.011)

In 2016 HDFC, ICICI, AXIS were in a good position as their ROA ratio was greater than the industrial average (0.006).

In 2017 HDFC, ICICI were in good position as their ROA ratio was greater than the industrial average (0.007).

In 2018 HDFC, ICICI, AXIS were in good position as their ROA ratio was greater than the industrial average.

In 2019 HDFC, ICICI, AXIS were in good position as their ROA ratio was greater than the industrial average(0.003)



5) RETURN ON EQUITY

Banks	2014	2015	2016	2017	2018	2019
HDFC	18	2	24	28	34	39
ICICI	8	9.64	2.98	17	3	3
AXIS	13	16	17	8	0.5	9
SBI	10.49	18	13	13	-7	1
BOB	10.5441	7.662	11.6763	2.9932	-4.585	0.8174
PNB	9	8.6693	-9.7855	3.52	-22	-11

In 2014 HDFC , AXIS were in a better position as their ROE was more than the industry average (11.51).

In 2015 AXIS , SBI were in good position as their ROE was more than the industry average(10.33).

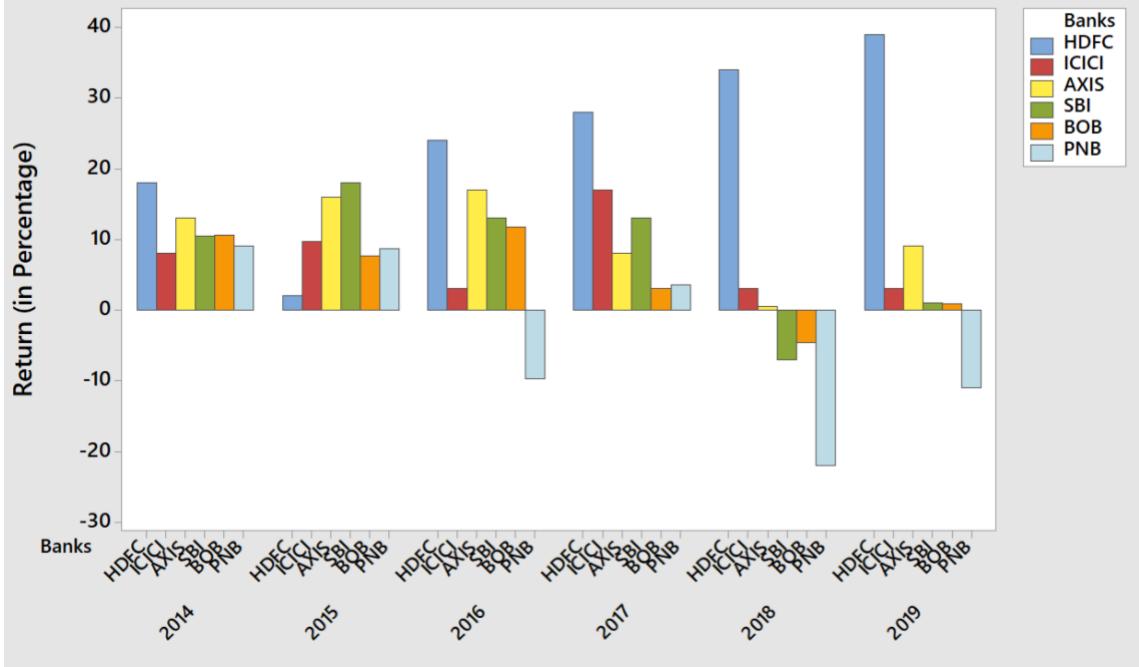
In 2016 HDFC, AXIS, SBI , BOB were in good position as their ROE were more than the industrial average (9.812)

In 2017 HDFC, ICICI, SBI were in good position as their ROE were more than the industrial average (12.09)

In 2018 HDFC, ICICI were in good position as their ROE were more than the industrial average(0.653)

In 2019 HDFC, AXIS were in good position as their ROE were more than the industrial average(6.97)

Comparing the Return on Equity of the Six Banks Over the Years



6) NPA TO ADVANCE RATIO

Banks	2014	2015	2016	2017	2018	2019
HDFC	0.27	0.25	0.28	0.33	0.4	0.39
ICICI	0.97	1.61	2.98	5.43	5.43	2.29
AXIS	0.44	0.46	0.74	2.27	3.64	2.2
SBI	2.57	2.17	3.81	3.71	5.73	3.01
BOB	1.52	1.89	5.06	4.72	5.49	3.33
PNB	2.85	4.06	8.61	7.81	11.24	6.56

In 2014 HDFC, ICICI, AXIS were in good position as their NPA to advance ratio is less than their industry average(1.44)

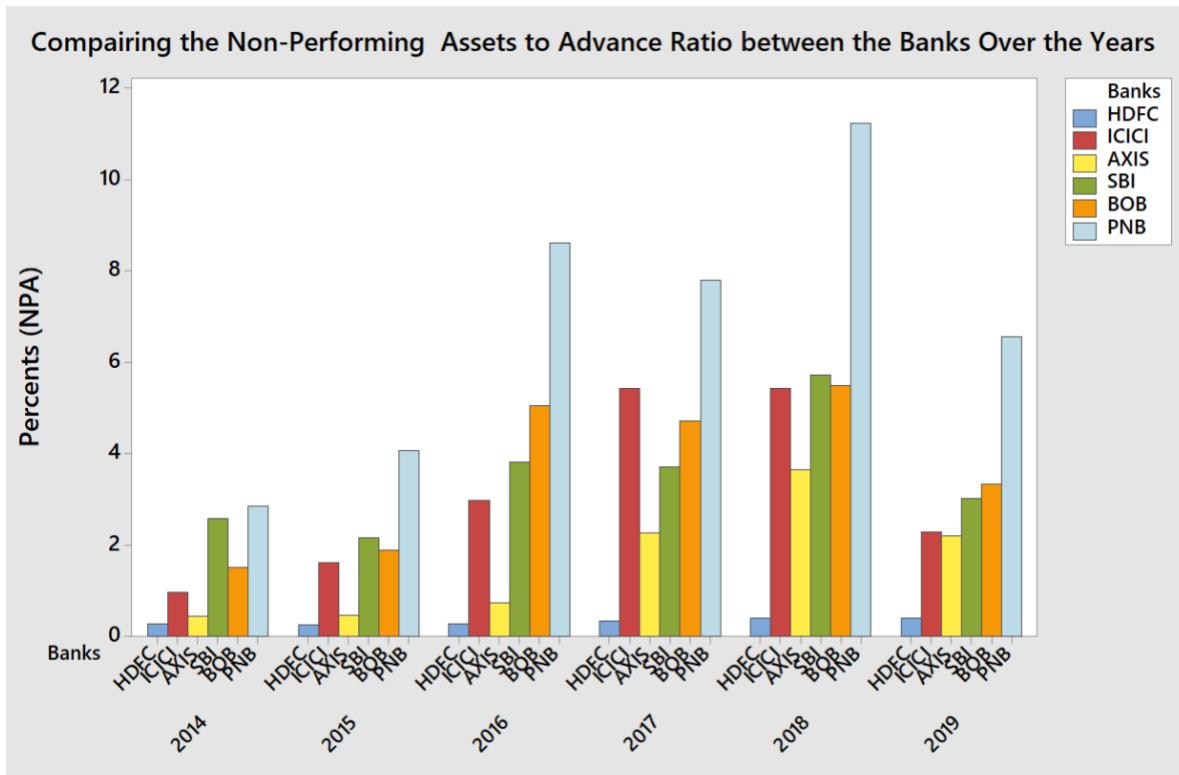
In 2015 HDFC, ICICI, AXIS were in a good position as their NPA to advance ratio is less than their industry average(1.74)

In 2016 In 2016 HDFC, ICICI, AXIS were in a good position as their NPA to advance ratio was less than the industry average (3.58)

In 2017 HDFC, AXIS, SBI were in a good position as their NPA to advance ratio was less than the industry average (4.045)

In 2018 HDFC, AXIS were in a good position as their NPA to advance ratio was less than the industry average (5.322)

In 2019 HDFC, ICICI, AXIS were in a good position as their NPA to advance ratio was less than the industry average (2.964).



As we can clearly see that after performing so many calculations about the profitability of these 6 companies with 6 different profitability ratios over a period of 6 years we cannot draw out any proper conclusion about the profitability position of these companies.

What we are able to say about the profitability position of these companies are

- 1) At a particular year, under a particular ratio head what is the performance of a particular company.
- 2) Whether the companies performance is above or below the average level of these 6 companies concerned. Thus, we can say in that year, whether the company is in a strong position or weak position.

But profitability position of a company cannot be understood from a year only performing a single profitability ratio. It has to be calculated over a period of time taking the combined effect

of different profitability ratios. Then only we can say whether the company's profitability position is satisfactory or not.

- PROCEDURE OF ANALYSIS :** In this study there are 6 ratios used to analyse the profitability of these banks. Now within these ratios there are 2 categories of ratios:
- The ratios which indicate a good profitability of the companies when it carries higher values; E.g Loan to deposit ratio, Net profit ratio, Return on Asset ratio, Return on Equity ratio.
 - The ratios which indicate a good profitability of the companies when it carries lower values; E.g Operating ratio, NPA to advances ratio.

Thus the analysis would be based on 2 different charts based on these 2 different category of ratios.

To find the most well performed banks along with the performances of the other banks also.

		2014				
Indices	HDFC	ICICI	AXIS	SBI	BOB	PNB
Loan to deposit ratio	0.825	1.02	0.819	0.868	0.698	0.774
Net Profit Ratio	0.173	0.18	0.163	0.07	0.105	0.069928
Return on Asset Ratio	0.017	0.016	0.016	0.006	0.007	0.0061
Return on Equity	0.18	0.08	0.13	0.1049	0.105441	0.09
Averages	0.29875	0.324	0.282	0.262225	0.22886	0.235007

		2015				
Indices	HDFC	ICICI	AXIS	SBI	BOB	PNB
Loan to deposit ratio	0.811	1.072	0.872	0.824	0.693	0.785
Net Profit Ratio	0.178	0.019	0.168	0.075	0.072	0.059
Return on Asset Ratio	0.017	0.017	0.016	0.006	0.005	0.005
Return on Equity	0.02	0.0964	0.16	0.18	0.07662	0.086693
Averages	0.2565	0.3011	0.304	0.27125	0.211655	0.233923

		2016				
Indices	HDFC	ICICI	AXIS	SBI	BOB	PNB

Loan to deposite ratio	0.85	1.033	0.946	0.846	0.669	0.782
Net Profit Ratio	0.173	0.143	0.163	0.052	-0.10998	-0.067
Return on Asset Ratio	0.017	0.013	0.016	0.004	-0.008	-0.0054
Return on Equity	0.24	0.08	0.17	0.13	0.116763	-0.09786
Averages	0.32	0.31725	0.32375	0.258	0.166946	0.152936

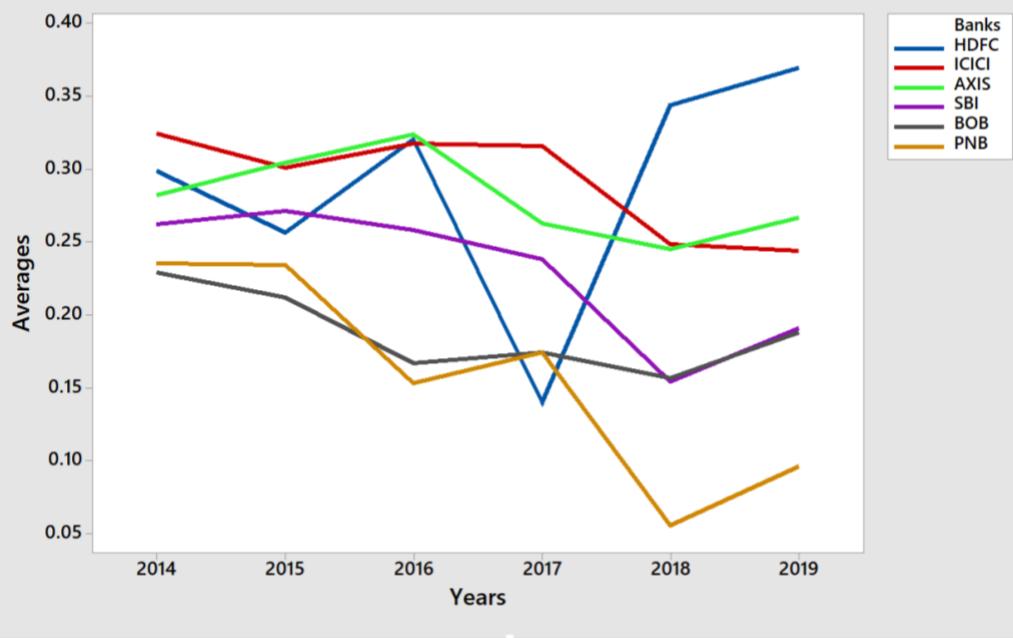
		2017				
Indices	HDFC	ICICI	AXIS	SBI	BOB	PNB
Loan to deposite ratio	0.086	0.947	0.9	0.768	0.637	0.647
Net Profit Ratio	0.178	0.133	0.065	0.0497	0.028	0.015
Return on Asset Ratio	0.0168	0.013	0.006	0.004	0.002	0.001
Return on Equity	0.28	0.17	0.08	0.13	0.029932	0.0352
Averages	0.1402	0.31575	0.26275	0.237925	0.174233	0.17455

		2018				
Indices	HDFC	ICICI	AXIS	SBI	BOB	PNB
Loan to deposite ratio	0.835	0.913	0.969	0.715	0.723	0.675
Net Profit Ratio	0.183	0.046	0.005	-0.025	-0.048	-0.216
Return on Asset Ratio	0.016	0.004	0.0003	-0.002	-0.003	-0.016
Return on Equity	0.34	0.03	0.005	-0.07	-0.04585	-0.22
Averages	0.3435	0.24825	0.244825	0.1545	0.156538	0.05575

		2019				
Indices	HDFC	ICICI	AXIS	SBI	BOB	PNB
Loan to deposite ratio	0.889	0.898	0.902	0.751	0.734	0.678
Net Profit Ratio	0.181	0.043	0.069	0.003	0.008	-0.1699
Return on Asset Ratio	0.017	0.0035	0.006	0.00023	0.001	-0.0129
Return on Equity	0.39	0.03	0.09	0.01	0.008174	-0.11
Averages	0.36925	0.243625	0.26675	0.191058	0.187794	0.0963

Year	HDFC	ICICI	AXIS	SBI	BOB	PNB
2014	0.29875	0.324	0.282	0.262225	0.22886	0.235007
2015	0.2565	0.3011	0.304	0.27125	0.211655	0.233923
2016	0.32	0.31725	0.32375	0.258	0.166946	0.152936
2017	0.1402	0.31575	0.26275	0.237925	0.174233	0.17455
2018	0.3435	0.24825	0.244825	0.1545	0.156538	0.05575
2019	0.36925	0.243625	0.26675	0.191058	0.187794	0.0963

Line Plot Comparing the Average Profitability Ratios of the banks Over the Years



From the above tables and from the line chart based on the **last table** ; it is very evident that **HDFC bank is in a better position than the other banks** as it's high value beneficial profitability ratios(loan to deposit ratio, net profit ratio, return on asset ratio, return on equity ratio) are having higher values than the other banks and also having a more or less stronger upward rising trend over the 6 years than the other banks.

Indices	2014					
	HDFC	ICICI	AXIS	SBI	BOB	PNB

Operating ratio	0.245	0.189	0.208	0.231	0.164	0.195
NPA to advance ratio	0.0027	0.0097	0.0044	0.0257	0.0152	0.0285
Averages	0.12385	0.09935	0.1062	0.12835	0.0896	0.11175

		2015				
Indices	HDFC	ICICI	AXIS	SBI	BOB	PNB
Operating ratio	0.243	0.188	0.2099	0.221	0.162	0.197
NPA to advance ratio	0.0025	0.0161	0.0046	0.0212	0.0189	0.0406
Averages	0.12275	0.10205	0.10725	0.1211	0.09045	0.1188

		2016				
Indices	HDFC	ICICI	AXIS	SBI	BOB	PNB
Operating ratio	0.239	0.186	0.201	0.218	0.182	0.179
NPA to advance ratio	0.0028	0.0298	0.0074	0.0381	0.0506	0.0861
Averages	0.1209	0.1079	0.1042	0.12805	0.1163	0.13255

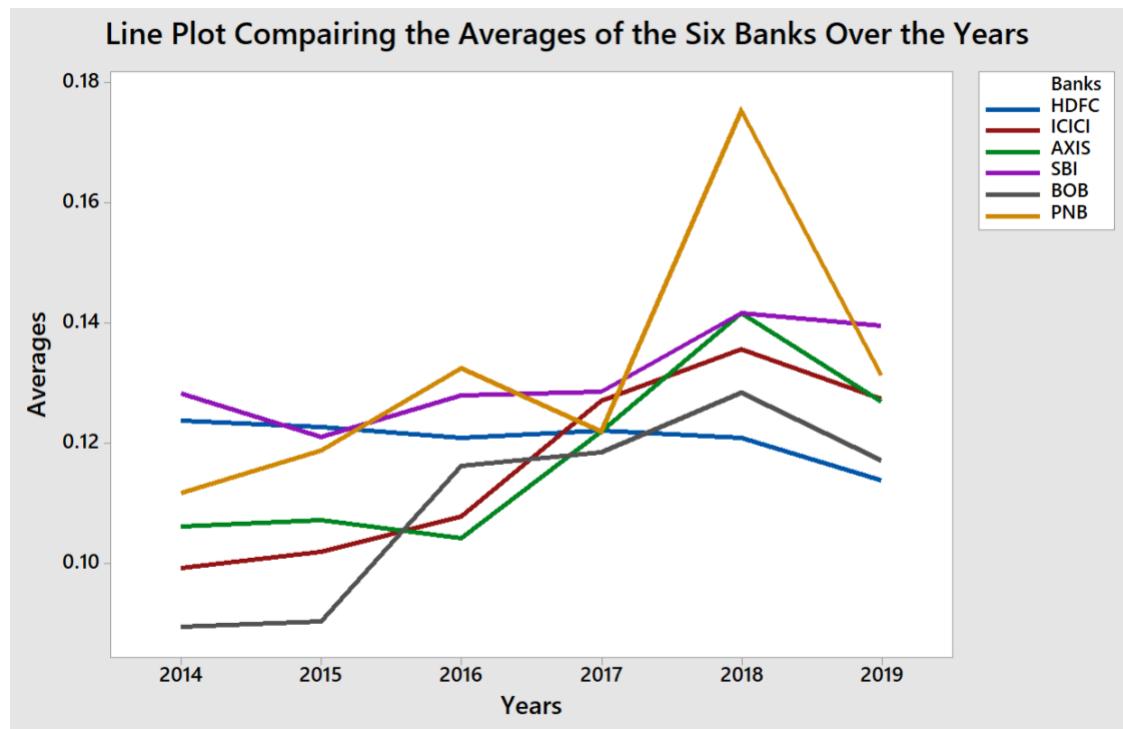
		2017				
Indices	HDFC	ICICI	AXIS	SBI	BOB	PNB
Operating ratio	0.241	0.2	0.217	0.22	0.19	0.166
NPA to advance ratio	0.0033	0.0543	0.027	0.0371	0.0472	0.0781
Averages	0.12215	0.12715	0.122	0.12855	0.1186	0.12205

		2018				
Indices	HDFC	ICICI	AXIS	SBI	BOB	PNB
Operating ratio	0.238	0.217	0.247	0.226	0.202	0.238
NPA to advance ratio	0.004	0.0543	0.0364	0.0573	0.0549	0.1124
Averages	0.121	0.13565	0.1417	0.14165	0.12845	0.1752

		2019				
Indices	HDFC	ICICI	AXIS	SBI	BOB	PNB
Operating ratio	0.224	0.232	0.232	0.249	0.201	0.197

NPA to advance ratio	0.0039	0.0229	0.022	0.0301	0.0333	0.0656
Averages	0.11395	0.12745	0.127	0.13955	0.11715	0.1313

Year	HDFC	ICICI	AXIS	SBI	BOB	PNB
2014	0.12385	0.09935	0.1062	0.12835	0.0896	0.11175
2015	0.12275	0.10205	0.10725	0.1211	0.09045	0.1188
2016	0.1209	0.1079	0.1042	0.12805	0.1163	0.13255
2017	0.12215	0.12715	0.122	0.12855	0.1186	0.12205
2018	0.121	0.13565	0.1417	0.14165	0.12845	0.1752
2019	0.11395	0.12745	0.127	0.13955	0.11715	0.1313



From the above tables and from the line chart based on the **last table**; it is very evident that **HDFC bank is in a better position than the other banks** as it's low value beneficial ratios(operating ratio, NPA to advance ratio) are having lower values than the other banks and also having a more or less stronger downward trend over the 6 years than the other banks.

CONCLUSION: So ultimately if we see the combined effect of the 2 categories of ratio; then it is evident from there that **HDFC is the best bank among the 6 chosen banks; from the point of view of profitability.**

CHAPTER-4

CONCLUSION

&

RECOMMENDATION

4.1) CONCLUSION

- In this study I have found out that among all the 6 banks **HDFC has progressed the best throughout these 6 years in terms of profitability** it is true that in the year 2017 it saw an abrupt fall in the overall profitability progress of itself, but from 2018 it has again gained back its previous good performing position.
- As far as comparative performance among the banks are concerned, according to my research I'm finding out that the **profitability performance of the private sector banks are better than the public sector banks. Among the banks as per profitability performance and growth , hdfc is the best performed bank and Punjab national bank is the worst performed bank** throughout the 6 years.
- The reason why hdfc bank is so well performed boils down to a few reasons:
 - a) It is pretty capable of turning a high % of its deposits into loans and advances consistently throughout the years and that is why it has a high loan to deposit ratio.
 - b) It is very much able to maintain a high net profit ratio which means it is generating much profit out of its earned revenue.
 - c) It is very much able to maintain a high return on asset ratio, which means it is able to turn a high % of its assets into profit or gain from it.
 - d) It has a high and increasing return on equity, which means it is also giving its shareholders a good amount of return on investment.
 - e) It is also maintaining a pretty low NPA to loans and advances ratio, which means compared to the amount of loan it is giving, it is not ending up loosing a big % of its advances as non performing assets. It is actually able to collect back the loans and advances given.
- And according to my study why Punjab national bank has come up to be the lowest performer as per profitability is concerned also boils down to a few reasons:
 - a) Loan to deposit ratio is pretty much low throughout the span of 6 years.
 - b) Net profit ratio is pretty low and it is constantly decreasing throughout the years.
 - c) Return on asset ratio is pretty low and showing a downward trend throughout the years.
 - d) Return on equity ratio is quiet low and it is also showing a decreasing trend throughout the years.
 - e) NPA to loans and advances ratio is also quite high in number and is gradually increasing also throughout the years.

4.2) RECOMMENDATIONS

Here I'm going to address each individual banks and I'm going to recommend my opinions on where they are lacking & **how they might improve their performance to improve profitability.**

1) HDFC:

- a) Operating ratio is consistently quite high of this bank, so it is recommendable to the bank to try to decrease its operating expenses a bit, to further increase its profitability .
- b) NPA to loans and advances ratio is less , but in the recent years it is showing an increasing trend so it is advisable to hdfc to take under control a bit of its non performing assets.

Every other things are completely fine with this bank.

2) AXIS:

- a) Operating ratio was moderate in the initial years but in the recent years it is showing a bit uptrend thus the bank need to control it's operating expenses a bit.
- b) Net profit ratio is showing a tremendous downward trend , the bank needs to increase it as soon as possible.
- c) ROA ratio was initially high and consistent throughout the years but in the recent years it is showing an abrupt downtrend and low values. Thus it is advisable to the bank to try to increase its profits generated from its assets.
- d) ROE ratio was high and showed an uptrend in the initial years but from 2017 there is an abrupt downfall and decreasing trend seen. So the bank needs to try to give better returns to their shareholders.
- e) NPA to loans & advances ratio is showing a steep increasing trend in the recent years thus the bank needs to look after its non performing assets and try to decrease it.

3) ICICI:

- a) The loan to deposit ratio of this bank was high in the initial years but in the recent years it is showing a decreasing trend, so this needs to be increased to improve profitability performance.
- b) Operating ratio of this bank is increasing over the time so it also needs to be checked and kept low.
- c) Net profit ratio is also gradually decreasing over the years so it also needs to be increased in the recent future.
- d) ROA ratio is also gradually decreasing over the years so it also needs to be increased in the recent future.
- e) ROE ratio is mostly low in this bank in most of the years , so need to increase the return to the shareholders to improve their performance.
- f) NPA to loans and advances ratio of this bank is also steeply increasing over the 6 years, so they need to lower it as well.

4) SBI:

- a) Loan to deposit ratio is more or less pretty much consistent over the years, but its overall value is less than the industry on an average,so SBI needs to increase it.
- b) Operating ratio is also high valued in this bank and also increasing over the recent past, thus it also needs to be lessened.
- c) Net profit ratio is also very less in value and is decreasing over the past recent years, so it also needs to be increased.
- d) ROA ratio is also carrying less values and is showing a decreasing trend , thus this also needs to be increased.
- e) ROE ratio is also low in amount and even decreasing in the recent years, thus the shareholders should be given better return in SBI.
- f) NPA to loan and advances ratio is also high valued and increasing over the past years so this ratio needs to be checked and brought low as soon as possible.

5) BANK OF BORODA:

- a) Loan to deposit ratio is quiet consistent of this bank but the value is quiet low, it needs to be increased in the recent future.

- b)** Operating ratio of this bank is quiet low and fine but over the years it is showing an increasing trend, it's increase should be checked as much as possible.
- c)** Net profit ratio of this bank is quiet low in value and is pretty much decreasing over the years also, so it needs to be checked immediately and increased as soon as possible.
- d)** ROA ratio is also very low and decreasing over the years so it also needs to be increased as soon as possible.
- e)** ROE ratio was initially fine of this bank but in the recent years it is very drastically decreasing and the values are also very low, so this ratio needs to be increased as soon as possible.
- f)** NPA to loans and advances is also carrying high values , and also it is showing an increasing trend over the years so it needs to be checked and brought down.

6) PUNJAB NATIONAL BANK:

- a)** Even though the loan to deposit ratio of this bank is pretty consistent over the years but still it's values/ amounts are low, so that needs to be increased as soon as possible.
- b)** Net profit ratio is also very low and decreasing year by year , so need to increase it as well.
- c)** ROA ratio is also very low and decreasing through the years so it also needs to be increased.
- d)** ROE ratio is also very low and decreasing throughout the years so it also needs to be increased.
- e)** NPA to loans and advances ratio is pretty high and increasing throughout the years , that also needs to be checked and brought low.

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