Chapter-I
Introduction and Theoretical Background

1.0 Introduction

Analysis of financial statement is a systematic process of critical evaluation of thefinancial information given in financial statement so that this information may be understood properly. For the purpose of analysis individual items are studied, theirrelationship with other relevant figures is establish and the data are sometime re-arranged to have better understanding of the information with the help of various tools for the purpose.
According to Berverd Needles " Financial statement analysis comprises all the technique employed by user of financial statement to show important relationship in the financial statement".

In short it is a technique of X- raying the financial position and the performance of the enterprise.

"The analysis and interpretation of financial statement are an attempt to determine the significance and meaning of financial statement data so that the forecast may be made of the *prospects for future earning, ability to pay interest and debts maturities and profitability of a sound dividend policy". – kennedy and mullar.*

Banks are at the heart of any growing economy. As banks grow, the economy grows, and as the economy grows, the banks grow. It's a mutually reinforcing relationship. So, the question is how have Indian banks performed in this context. In this piece we try to answer this question. The results are surprising to some extent, including the fact that lending and borrowing of commercial banks has stagnated for more than 10 years now. Along with this, Indian banks are getting more interested in giving out retail loans than industrial loans. Further, private banks have been gradually gaining market share.

1.1 Problem Statement and Research questions

Analyzing financial performance is the process of evaluating the common parts of financial statements to obtain a better understanding of firm's position and performance. Financial performance analysis helps to evaluate past and current performance and financial position, and to predict future performance.

1.2 Need for study

The study was carried out top five banking companies and to analyses the financial performance of past five years. This study aims to measures the company's liquidity, profitability, solvency and efficiency so that the business can be carried out smoothly ensuring, success, growth and improvement of the company. These Performances helps to look at book values as well as market values that benefit the share holder to take decisions (i.e., strategic decision to buy shares or sell share or hold the shares).

1.3 Objectives of the study

The objectives of the study are

- To study banking Industries and top five performing private banking companies in India
- To know Capital Adequacy ratio of the banks.
- To assess Tier-I of the banks.
- To evaluate Tier-II of the banks
- To compute Net NPA of the banks.

1.4 Research Methodology

Research methodology contents are as follows

1.4.1 Statistical tools

The data analysis is done through simple statistics tools i.e., Mean, and Bar graphs and Line graphs.

1.4.2 Nature of the study

The nature of the study is purely explorative and empirical using secondary data.

1.4.3 Data collection method

The study uses secondary data. The Secondary sources are collected from company websites, company manuals, company website, Newspapers, magazines, text books and research journals.

1.4.4 Scope of the study

The scope of study is limited to five top performing banking companies only.

The scope of the study is limited to 5 years, financial data to measure the performance of the company.

1.5 Plan of the study/ Chapterisation

The report was divided into four chapters.

The Chapter One - Introduction and theoretical background
This chapter introduces the key aspects of research, the statement of problem, Need for the study, Research Objectives, Research Methodology (hypotheses, Statistical tools, data sources, scope and definitions of variables.

The Chapter Two - Industry and Company Profile.
This chapter covers Industry and Company Profile.

The Chapter Three - Data analysis and Interpretation.
This chapter covers data analysis of financial data and interpretation of the results.

The Chapter Four - Findings, Recommendations and conclusions
This chapter covers findings, recommendations and conclusions.

Chapter-II
Industry and Company Profile

2.1 Industry profile

The Indian banking sector has emerged as one of the strongest drivers of India's economic growth. The Indian banking industry (US$ 1.22 trillion) has made outstanding advancement in last few years, even during the times when the rest of the world was struggling with financial meltdown. India's economic development and financial sector liberalization have led to a transformation of the Indian banking sector over the past two decades.

The Indian banking system consists of 12 public sector banks, 22 private sector banks, 44 foreign banks, 43 regional rural banks, 1,484 urban cooperative banks and 96,000 rural cooperative banks in addition to cooperative credit institutions. As of September 2022, the total number of ATMs in India reached 217,308 out of which 49.81% are in rural and semi urban areas.

As of November 4, 2022 bank credit stood at Rs. 129.26 lakh crore (US$ 1,585.09 billion). As of November 4, 2022 credit to non-food industries stood at Rs. 128.87 lakh crore (US$ 1.58 trillion).

In 2020-2022, bank assets across sectors increased. Total assets across the banking sector (including public and private sector banks) increased to US$ 2.67 trillion in 2022.

In 2022, total assets in the public and private banking sectors were US$ 1,594.51 billion and US$ 925.05 billion, respectively.

RBI has decided to set up Public Credit Registry (PCR), an extensive database of credit information, accessible to all stakeholders. The Insolvency and Bankruptcy Code (Amendment) Ordinance, 2017 Bill has been passed and is expected to strengthen the banking sector. Microfinance industry's gross loan portfolio (GLP) by 10% in FY22 to Rs. 2.85 trillion (US$ 36.42 billion).

As of June 01, 2022, the number of bank accounts—opened under the government's flagship financial inclusion drive 'Pradhan Mantri Jan Dhan Yojana (PMJDY)'—reached 45.60 crore and deposits in the Jan Dhan bank accounts totalled Rs. 1.68 trillion (US$ 21.56 billion).

Rising income is expected to enhance the need for banking services in rural areas, and therefore, drive the growth of the sector.

India is the world's largest market for Android-based mobile lending apps, accounting for ~82% of all online lenders worldwide. India currently has 887 active lending apps.

The digital payments revolution will trigger massive changes in the way credit is disbursed in India. Debit cards have radically replaced credit cards as the preferred payment mode in India after demonetisation. In November 2022, Unified Payments Interface (UPI) recorded 7.30 billion transactions worth Rs. 12.11 trillion (US$ 148.63 billion).

2.2 Company Profile

2.2.1. HDFC

HDFC Bank Limited (also known as HDB) is an Indian banking and financial services company headquartered in Mumbai. It is India's largest private sector bank by assets and world's 10th largest bank by market capitalisation as of April 2021.[12] It is the third largest company by market capitalisation of $127.16 billion on the Indian stock exchanges.[13] It is also the fifteenth largest employer in India with nearly 150,000 employees.

HDFC Bank was incorporated in 1994 as a subsidiary of the Housing Development Finance Corporation, with its registered office in Mumbai, Maharashtra, India. Its first corporate office and a full-service branch at Sandoz House, Worli were inaugurated by the then Union Finance Minister, Manmohan Singh.

As of 31 March 2023, the bank's distribution network was at 7,821 branches across 3,203 cities. It has installed 430,000 POS terminals and issued 23,570,000 debit cards and 12 million credit cards in FY 2017. It has a base of 1,52,511 permanent employees as of 30 June 2022.

HDFC Bank provides a number of products and services including wholesale banking, retail banking, treasury, auto loans, two-wheeler loans, personal loans, loans against property, consumer durable loan, lifestyle loan and credit cards. Along with this various digital products are Payzapp and SmartBUY.

HDFC Bank merged with Times Bank in February 2000. This was the first merger of two private banks in the New Generation private sector banks category. Times Bank was established by Bennett, Coleman and Co. Ltd., commonly known as The Times Group, India's largest media conglomerate.

In 2008, Centurion Bank of Punjab (CBoP) was acquired by HDFC Bank. HDFC Bank's board approved the acquisition of CBoP for ₹95.1 billion in one of the largest mergers in the financial sector in India.

In 2021, the bank acquired a 9.99% stake in FERBINE, an entity promoted by Tata Group, to operate a Pan-India umbrella entity for retail payment systems, similar to National Payments Corporation of India.

In September 2021, the bank partnered with Paytm to launch a range of credit cards powered by the global card network Visa.

On April 4, 2022, HDFC Bank announced merger with HDFC Limited.

2.2.2. ICICI Bank

ICICI Bank Limited is an Indian multinational bank and financial services company headquartered in Mumbai. It offers a wide range of banking products and financial services for corporate and retail customers through a variety of delivery channels and specialized subsidiaries in the areas of investment banking, life, non-life insurance, venture capital and asset management.

This development finance institution has a network of 5,900 branches and 16,650 ATMs across India and has a presence in 17 countries.The bank has subsidiaries in the United Kingdom and Canada; branches in United States, Singapore, Bahrain, Hong Kong, Qatar, Oman, Dubai International Finance Centre, China] and South Africa; as well as representative offices in United Arab Emirates, Bangladesh, Malaysia and Indonesia. The company's UK subsidiary has also established branches in Belgium and Germany.

The Industrial Credit and Investment Corporation of India (ICICI) was a government institution established on 5 January 1994 and Sir Arcot Ramasamy Mudaliar was elected as the first Chairman of ICICI Ltd. It was structured as a joint-venture of the World Bank, India's public-sector banks and public-sector insurance companies to provide project financing to Indian industry. ICICI Bank was established by ICICI, as a wholly owned subsidiary in 1994 in Vadodara. The bank was founded as the **Industrial Credit and Investment Corporation of India Bank**, before it changed its name to ICICI Bank. In October 2001, the Boards of Directors of ICICI and ICICI Bank approved the merger of ICICI and two of its wholly-owned retail finance subsidiaries, ICICI Personal Financial Services Limited and ICICI Capital Services Limited, with ICICI Bank. The merger of parent ICICI Ltd. into its subsidiary ICICI Bank led to privatization.

In the 1990s, ICICI transformed its business from a development financial institution offering only project finance to a diversified financial services group, offering a wide variety of products and services, both directly and through a number of subsidiaries and affiliates like ICICI Bank. ICICI Bank launched Internet Banking operations in 1998.

ICICI's shareholding in ICICI Bank was reduced to 46% through a public offering of shares in India in 1998, followed by an equity offering in the form of American depositary receipts on the NYSE in 2000. ICICI Bank acquired the *Bank of Madura Limited* in an all-stock deal in 2001 and sold additional stakes to institutional investors during 2001–02. In 1999, ICICI become the first Indian company and the first bank or a financial institution from non-Japan Asia to be listed on the NYSE. ICICI, ICICI Bank, and ICICI subsidiaries ICICI Personal Financial Services Limited and ICICI Capital Services Limited merged in a reverse merger in 2002.[23] During the financial crisis of 2007–2008, customers rushed to ICICI ATMs and branches in some locations due to rumors of bank failure. The Reserve Bank of India issued a clarification on the financial strength of ICICI Bank to dispel the rumors. ICICI Bank office in Financial District, Hyderabad.

In March 2020, the board of ICICI Bank Ltd. approved an investment of ₹10 billion (US$130 million) in Yes Bank, resulting in a 5% ownership interest in Yes.

2.2.3. RBL

RBL Bank, formerly known as Ratnakar Bank, is an Indian private sector bank headquartered in Mumbai and founded in 1943. It offers services across six verticals: corporate and institutional banking, commercial banking, branch and business banking, retail assets, development banking and financial inclusion, treasury and financial market operations.

On 6 August 1943, Ratnakar Bank was founded as a regional bank in Maharashtra with two branches in Kolhapur and Sangli founded by Babgonda Bhujgonda Patil from Sangli and Gangappa Siddappa Chougule from Kolhapur. It mainly served small and medium enterprises (SMEs) and business merchants in the Kolhapur-Sangli belt. It was incorporated in Kolhapur district on 14 June 1943 as Ratnakar Bank Limited. In 1959, the bank was categorized as a scheduled commercial bank as per the Reserve Bank of India Act, 1934. During this decade, it was referred to as an NH4 Bank. In 1970, it received a banking license from the Reserve Bank of India (RBI).

In July 2010, Vishwavir Ahuja became managing director and CEO of the bank. In August 2014, the name of the bank was changed to RBL Bank Limited.

As of March 2022, it has a network of 502 branches and 414 ATMs across 28 states and union territories. It has 9,257 employees. The Bank also has a network of 1418 business correspondent branches of which 870 business correspondent branches are managed by RBL Finserve Limited, a wholly owned business correspondent of the Bank.

In 2016, the bank ran a financial literacy programme called Saksham in collaboration with CDC to provide education to 25,000 individuals and 300 villages in four districts of Madhya Pradesh. Another Saksham programme was run in Ahmedabad in 2013.

In 2018, RBL Bank partnered with MoneyTap to launch India's first personal credit line based app. The same year in June, the company announced that it had raised its stake in microlender Swadhaar FinServe to 100 per cent.

The Bank has raised Rs. 8,600 crore of equity capital and Rs. 1500 crore of Basel III compliant Tier II debt from 2010 to date. The Bank counts Barings Private Equity Asia, British International Investment (formerly CDC Group), Multiples Alternate Asset Management, Asian Development Bank, HDFC.Ltd, ICICI prudential Life Insurance, Gaja Capital among others as its shareholders.

Throughout the 2010s, RBL Bank reportedly raised a total of INR 4,000 crore from investors. It raised INR 700 crore in 2011, INR 376 crore in 2013, INR 328 crore in 2014 and INR 488 crore in 2016. In July 2017, RBL Bank received board approval to raise an additional INR 1680 crore.

In December 2019, the company announced that it had raised INR 675 crore through preferential issue. Investors such as East Bridge Capital Master Fund and WF Asian Reconnaissance Fund participated.

In August 2020, the company announced that it has raised INR 1566 crore through preferential issue. It was led by Baring Private Equity Asia where as other investors included ICICI Prudential Life, CDC Group and local private equity company Gaja Capital.

The search committee constituted to identify the MD & CEO for the Bank ran an exhaustive process along with Egon Zehnder and recommended the name of Mr.R Subramaniakumar, a highly capable and a meritorious person for the job.

2.2.4. Kotak Mahindra Bank Limited

Kotak Mahindra Bank Limited is an Indian banking and financial services company headquartered in Mumbai. It offers banking products and financial services for corporate and retail customers in the areas of personal finance, investment banking, life insurance, and wealth management. It is India's third largest private sector bank by market capitalisation after HDFC Bank and ICICI Bank. As of December 2022, the bank has 1752 branches and 2814 ATMs.

In 1985, Uday Kotak founded Kotak Capital Management Finance as an investment and financial services company, with a loan of ₹30 lakh from family and friends. In 1986, Anand Mahindra and his father Harish Mahindra invested ₹1 lakh in the company and it was subsequently renamed as Kotak Mahindra Finance.] The company was initially engaged in bill discounting, along with lease and hire purchase activities.

In the early 1990s, the company started car financing and investment banking services, and expanded its operations overseas. In 1996, car financing company Kotak Mahindra Primus was incorporated as a 60:40 joint venture between Kotak Mahindra Finance and Ford Credit International. In the same year, Kotak Mahindra Finance hived off its investment banking division into a new company, Kotak Mahindra Capital, started in partnership with Goldman Sachs.

In 1998, Kotak Mahindra Finance started its mutual fund arm called Kotak Mahindra AMC. In 2001, OM Kotak Mahindra Life Insurance was established as a 74:26 joint venture between Kotak Mahindra Finance and Old Mutual.

In February 2003, Kotak Mahindra Finance received a banking licence from the Reserve Bank of India. With this, it became the first non-banking finance company in India to be converted into a bank. Kotak Mahindra Finance was then renamed as Kotak Mahindra Bank. At the time, Uday Kotak had 56% stake in the company while Anand Mahindra held 5%.

2.2.5. Axis Bank Limited

Axis Bank Limited, formerly known as **UTI Bank** (1993–2007), is an Indian banking and financial services company headquartered in Mumbai, Maharashtra. It sells financial services to large and mid-size companies, SMEs and retail businesses.

As of 30 June 2016, 30.81% shares are owned by the promoters and the promoter group (United India Insurance Company Limited, Oriental Insurance Company Limited, National Insurance Company Limited, New India Assurance Company Ltd, GIC, LIC and UTI).[8] The remaining 69.19% shares are owned by mutual funds, FIIs, banks, insurance companies, corporate bodies and individual investors.

The bank was founded on 3 December 1993 as **UTI Bank**, opening its registered office in Ahmedabad and a corporate office in Mumbai. The bank was promoted jointly by the Administrator of the Unit Trust of India (UTI), Life Insurance Corporation of India (LIC), General Insurance Corporation, National Insurance Company, The New India Assurance Company, The Oriental Insurance Corporation and United India Insurance Company. The first branch was inaugurated on 2 April 1994 in Ahmedabad by Manmohan Singh, then finance minister of India.

In 2001 UTI Bank agreed to merge with Global Trust Bank, but the Reserve Bank of India (RBI) withheld approval and the merger did not take place. In 2004, the RBI put Global Trust under moratorium and supervised its merger with Oriental Bank of Commerce. The following year, UTI bank was listed on the London Stock Exchange. In the year 2006, UTI Bank opened its first overseas branch in Singapore. The same year it opened an office in Shanghai, China. In 2007, it opened a branch in the Dubai International Financial Centre and branches in Hong Kong.

On 30 July 2007, UTI Bank changed its name to Axis Bank.

In 2009, Shikha Sharma was appointed as the MD and CEO of Axis Bank.

In 2013, Axis Bank's subsidiary, Axis Bank UK commenced banking operations.

On 1 January 2019, Amitabh Chaudhry took over as MD and CEO.

In year 2021,the Bank had reduced its stake in Yes Bank from 2.39 per cent to 1.96 per cent.

As of 31 March 2022, the bank had a network of 4,758 branches and extension counters, 10,990 ATMs and 5,972 cash recyclers.

Axis Bank has the largest ATM network among private banks in India. It even operates an ATM at one of the world's highest sites at Thegu, Sikkim at a height of 4,023 meters (13,200 ft) above sea level. The bank has nine international offices with branches at Singapore, Hong Kong, Dubai (at the DIFC), Shanghai, Colombo and representative offices at Dhaka, Dubai, Sharjah and Abu Dhabi, which focus on corporate lending, trade finance, syndication, investment banking and liability businesses. In addition to the above, the bank has a presence in UK with its wholly owned subsidiary Axis Bank UK Limited.

CHAPTER-III

DATA ANALYSIS & INTERPRETATION

3.1. HDFC BANK

3.1.1 CAPITAL ADEQUE RATIO

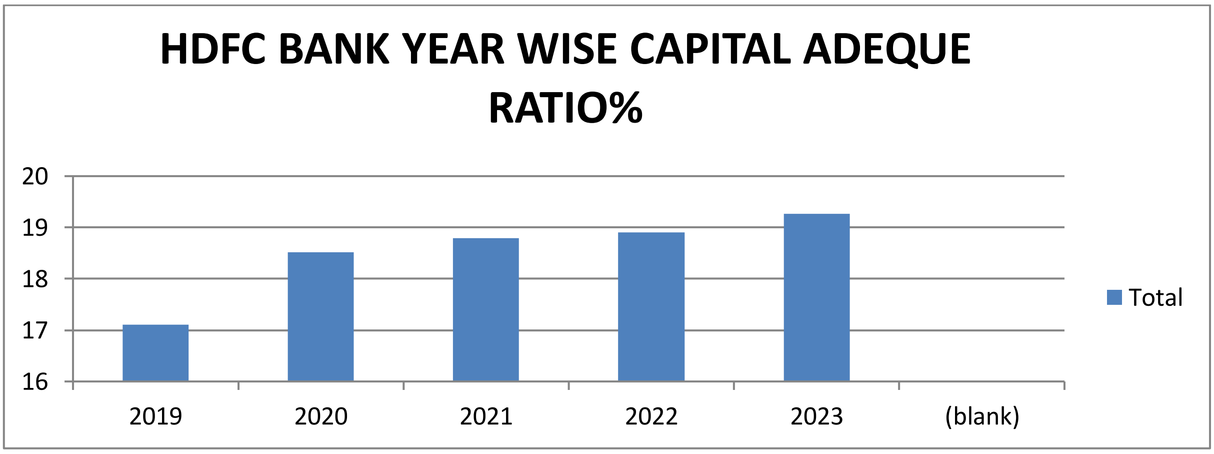
The capital adequacy ratio (CAR) is **an indicator of how well a bank can meet its obligations.**

$$CAR = \frac{(\boldsymbol{Tier\ 1\ Capital}\ +\ \boldsymbol{Tier\ 2\ Capital})}{\boldsymbol{Risk\ Weighted\ Assets}}$$

3.1.1. THE TABLE SHOWS HDFC BANK CAPITAL ADEQUE RATIO

YEAR	CAPITAL ADEQUE RATIO
2023	19.26
2022	18.90
2021	18.79
2020	18.52
2019	17.11
AVERAGE	18.516

3.1.1. THE CHART SHOWS HDFC BANK CAPITAL ADEQUE RATIO



Interpretation

Bank's HDFC Capital Adequacy Ratio (CAR) has shown a consistent and strong performance over the past five years. The CAR for 2023 is 19.26%, indicating a robust capital position.

3.1.2. TIER1 RATIO

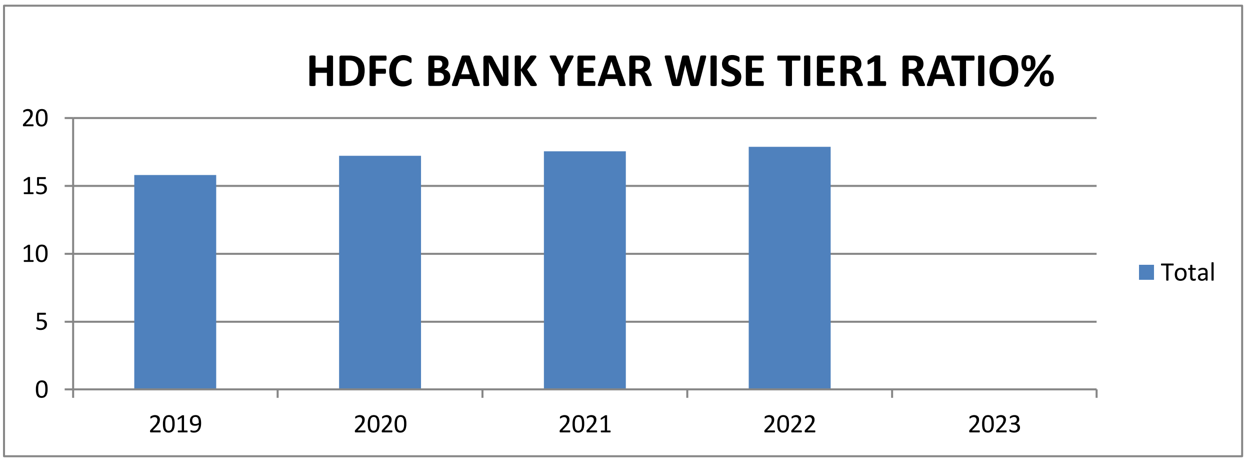
The Tier 1 capital ratio is the **ratio of a bank's core equity capital to its total risk-weighted assets** (RWA)

$$TIER - I = \frac{\boldsymbol{Tier\ 1\ Capital}}{\boldsymbol{Risk\ Weighted\ Assets}}$$

3.1.2. THE TABLE SHOWS HDFC BANK TIER1 RATIO

YEAR	TIER 1
2023	0
2022	17.87
2021	17.56
2020	17.23
2019	15.78
AVERAGE	13.688

3.1.2. THE TABLE SHOWS HDFC BANK TIER1 RATIO



Interpretation

HDFC Bank's Tier 1 ratio has shown a generally strong performance over the past years, with notable stability in 2022 and 2021. However, the absence of a Tier 1 ratio in 2023 raises concerns about the bank's current capital position and requires further evaluation.

3.1.3 TIER2 RATIO

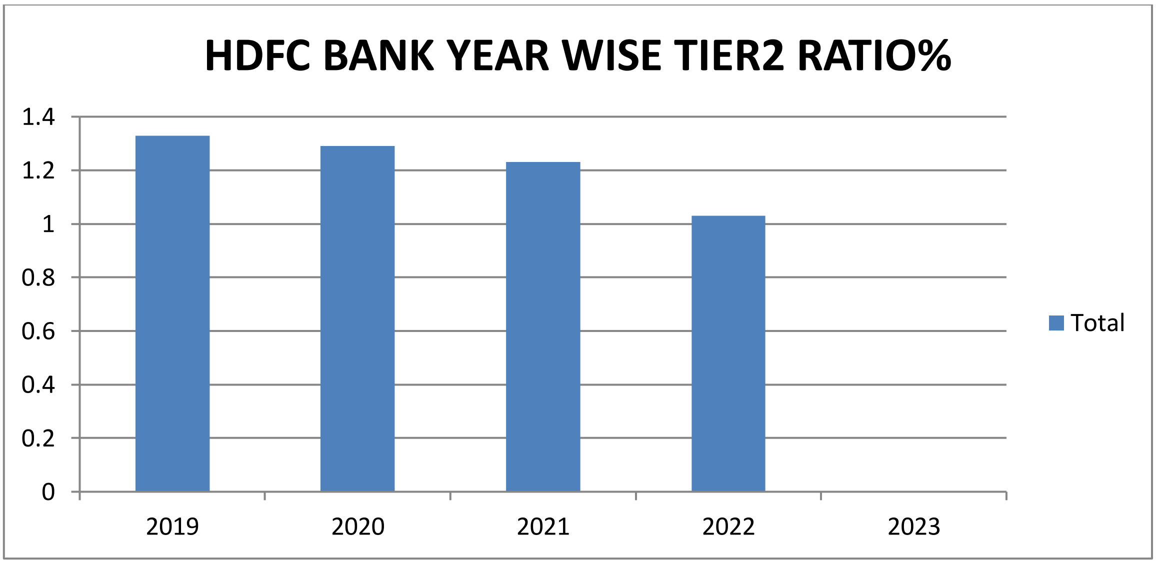
Tier 2 capital is the **secondary component of bank capital**. The capital requirements are governed by international banking regulations set under Basel norms

$$TIER - II = \frac{\boldsymbol{Tier\ 2\ Capital}}{\boldsymbol{Risk\ Weighted\ Assets}}$$

3.1.3 THE TABLE SHOWS HDFC TIER2 RATIO

YEAR	TIER2
2023	0
2022	1.03
2021	1.23
2020	1.29
2019	1.33
AVERAGE	0.976

3.1.3 THE CHART SHOWS HDFC TIER2 RATIO%



Interpretation

HDFC Bank's Tier 2 ratio has shown a generally positive performance over the years, with notable stability in 2021 and 2020. However, the absence of a Tier 2 ratio in 2023 raises concerns about the bank's current supplementary capital position and requires further evaluation.

3.1.4. NETNPA RATIO

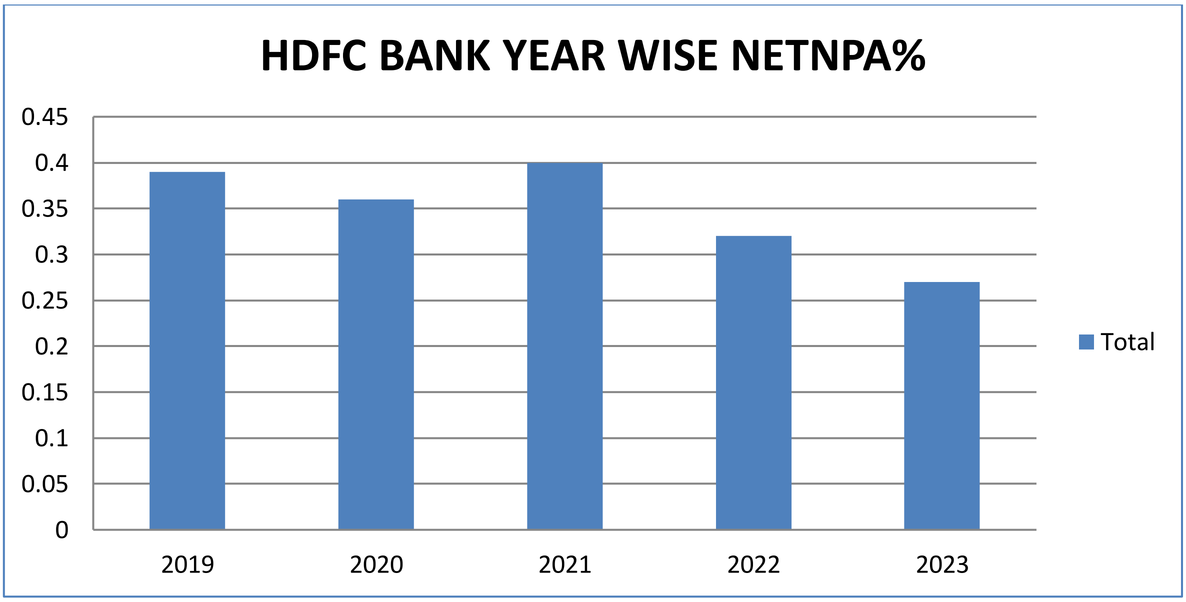
Net Non-Performing Assets (Net NPA) represent the actual financial loss for a bank after accounting for provisions made against non-performing loans.

$$Net\ NPA\ = \frac{(\boldsymbol{Net\ NPA})}{\text{Total Loans}}$$

3.1.4. THE TABLE SHOWS HDFC BANK NETNPA RATIO

YEAR	NET NPA%
2023	0.27
2022	0.32
2021	0.40
2020	0.36
2019	0.39
AVERAGE	0.33

3.1.4. THE TABLE SHOWS HDFC BANK NET NPA RATIO



Interpretation

HDFC Bank has consistently maintained a low level of Net Non-Performing Assets (NPA) over the years, indicating a strong credit quality and efficient management of bad loans. The Net NPA ratio has remained relatively stable, with a slight increase in 2021 but still at manageable levels.

3.2. ICICI

3.2.1 CAPITAL ADEQUE RATIO

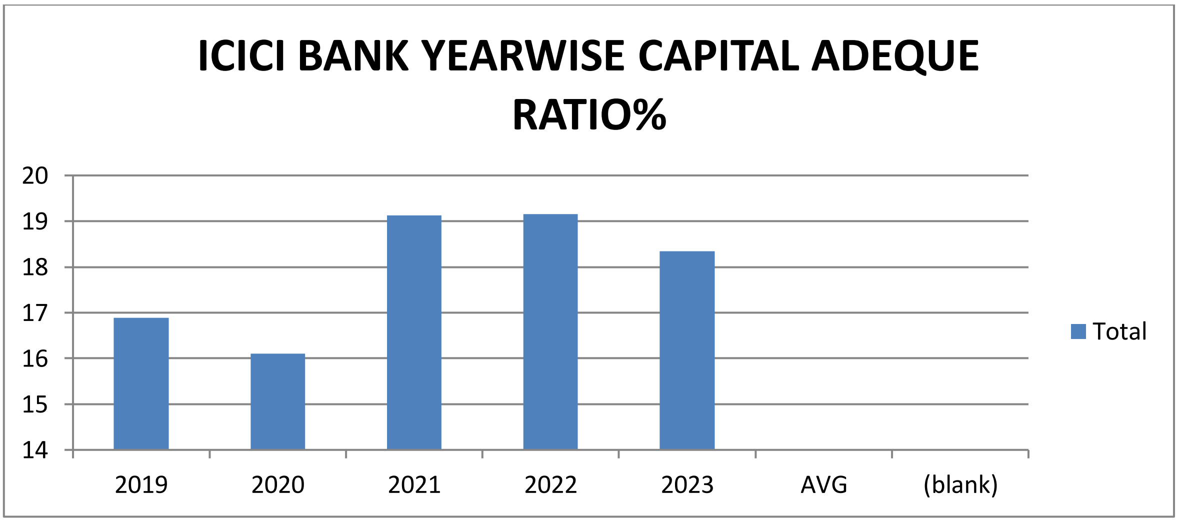
The capital adequacy ratio (CAR) is **an indicator of how well a bank can meet its obligations.**

$$CAR = \frac{(\boldsymbol{Tier\ 1\ Capital\ +\ Tier\ 2\ Capital})}{\boldsymbol{Risk\ Weighted\ Assets}}$$

3.2.1. THE TABLE SHOWS ICICI BANK CAPITAL ADEQUE RATIO

YEAR	CAPITAL ADEQUE RATIO
2023	18.34
2022	19.16
2021	19.12
2020	16.11
2019	16.89
AVG	17.924

3.2.1. THE CHART SHOWS ICICI BANK CAPITAL ADEQUE RATIO



Interpretation

ICICI BANK entity's Capital Adequacy Ratio has shown overall stability and strength over the years, with slight fluctuations. The ratios range from 16.11% to 19.16%, indicating a generally healthy capital position to absorb potential losses and support operations.

3.2.2 TIER1 RATIO

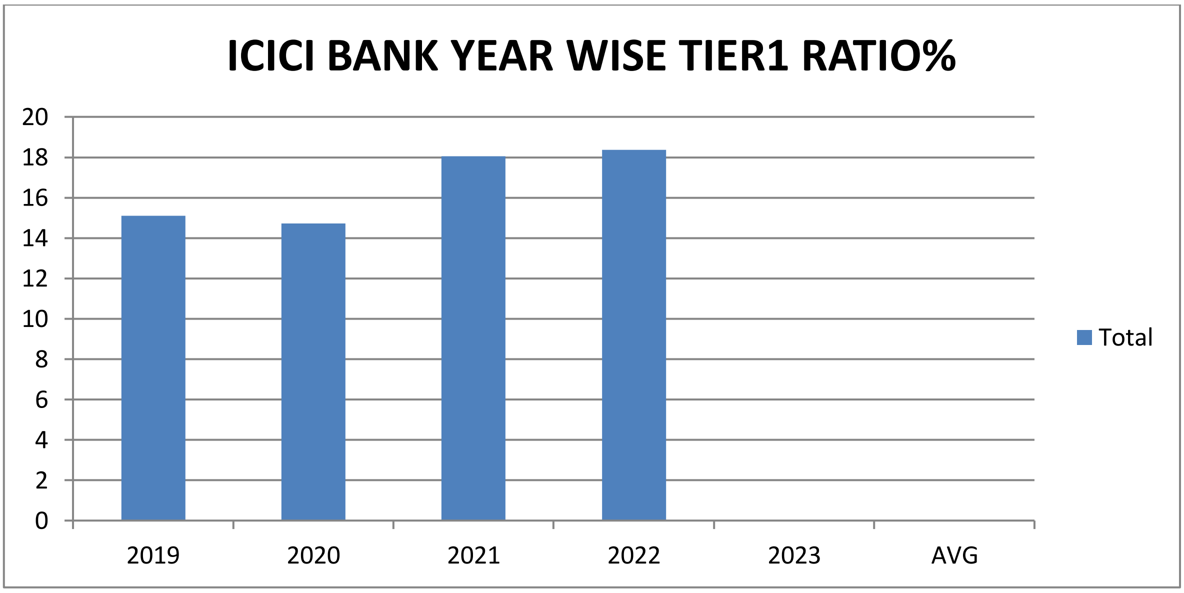
The Tier 1 capital ratio is the **ratio of a bank's core equity capital to its total risk-weighted assets** (RWA)

$$TIER - I = \frac{\boldsymbol{Tier\ 1\ Capital}}{\boldsymbol{Risk\ Weighted\ Assets}}$$

3.2.2 THE TABLE SHOWS ICICI BANK TIER1 RATIO

YEAR	TIER1
2023	0
2022	18.35
2021	18.06
2020	14.72
2019	15.09
AVG	13.244

3.2.2 THE CHART SHOWS ICICI BANK TIER1 RATIO



Interpretation

ICICI Bank has generally maintained a strong Tier 1 ratio over the years, indicating a solid core capital position. However, the absence of a Tier 1 ratio in 2023 raises concerns about the bank's current capital adequacy and requires further evaluation.

3.2.3 TIER2 RATIO

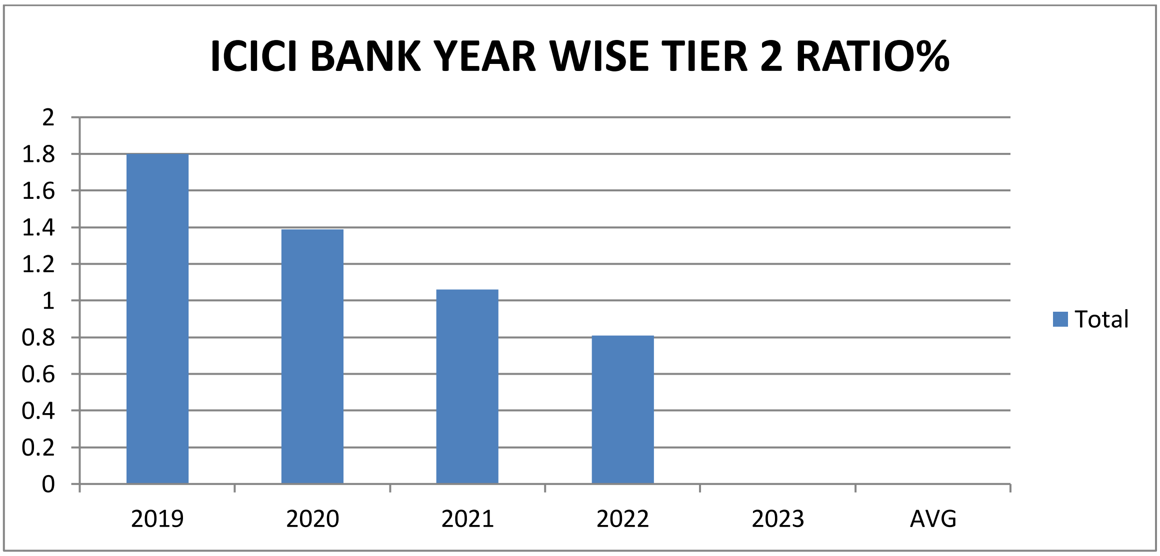
Tier 2 capital is the **secondary component of bank capital**. The capital requirements are governed by international banking regulations set under Basel norms

$$TIER - II = \frac{\textbf{\textit{Tier 2 Capital}}}{\textbf{\textit{Risk Weighted Assets}}}$$

3.2.3 THE TABLE SHOWS ICICI BANK TIER2 RATIO

YEAR	TIER2
2023	0
2022	0.81
2021	1.06
2020	1.39
2019	1.80
AVG	1.012

3.2.3 THE CHART SHOWS ICICI BANK TIER2 RATIO



Interpretation

ICICI Bank has generally maintained a positive Tier 2 ratio over the years, indicating a level of supplementary capital to support its core capital. However, the absence of a Tier 2 ratio in 2023 raises concerns about the bank's current supplementary capital position and requires further evaluation.

3.2.4 NET NPA RATIO

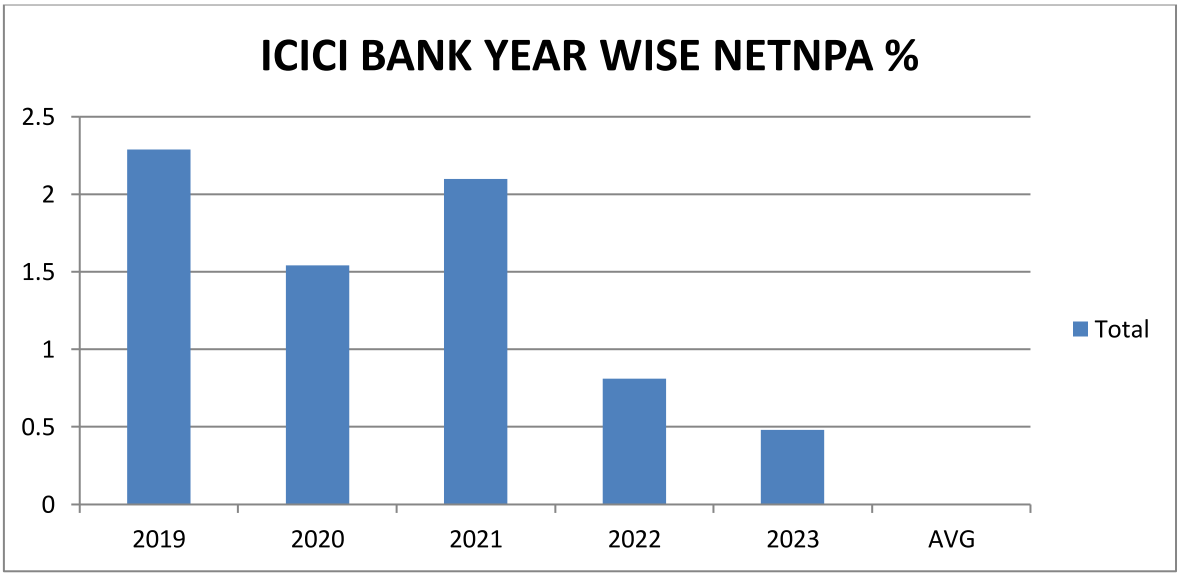
Net Non-Performing Assets (Net NPA) represent the actual financial loss for a bank after accounting for provisions made against non-performing loans.

$$Net\ NPA\ = \frac{(\boldsymbol{Net\ NPA})}{\text{Total Loans}}$$

3.2.4 THE TABLE SHOWS ICICI BANK NETNPA RATIO

YEAR	NET NPA %
2023	0.48
2022	0.81
2021	2.10
2020	1.54
2019	2.29
AVG	1.444

3.2.4 THE CHART SHOWS ICICI BANK NET NPA RATIO



Interpretation

ICICI Bank has generally maintained a low level of non-performing assets, as indicated by the Net NPA ratio. However, there was a significant increase in 2021, suggesting a deterioration in asset quality. Overall, the bank's ability to manage and reduce bad loans is crucial for maintaining a healthy loan portfolio and minimizing credit risks.

3.3 AXIS BANK

3.3.1 CAPITAL ADEQUATE RATIO

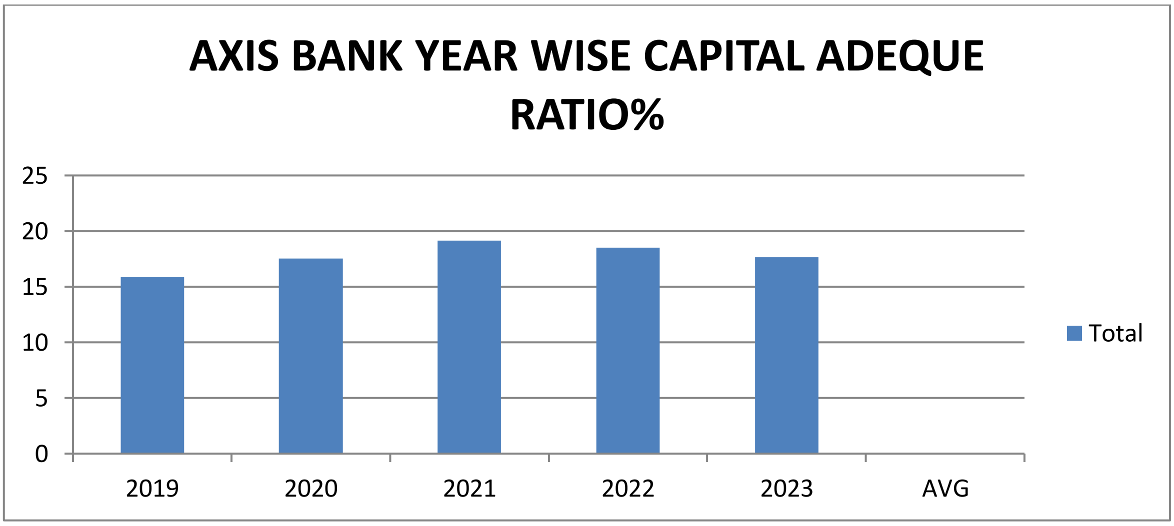
The capital adequacy ratio (CAR) is **an indicator of how well a bank can meet its obligations.**

$$CAR = \frac{(\boldsymbol{Tier\ 1\ Capital\ +\ Tier\ 2\ Capital})}{\boldsymbol{Risk\ Weighted\ Assets}}$$

3.3.1. THE TABLE SHOWS AXIS BANK CAPITAL ADEQUATE RATIO

YEAR	CAPITAL ADEQUE RATIO
2023	17.64
2022	18.54
2021	19.12
2020	17.52
2019	15.84
AVG	17.732

3.3.1. THE CHART SHOWS AXIS BANK CAPITAL ADEQUATE RATIO



Interpretation

Axis Bank has maintained a relatively strong capital position over the years, as indicated by the Capital Adequacy Ratio. The ratios range from 15.84% to 19.12%, suggesting the bank's ability to absorb potential losses and support its operations effectively.

3.3.2 TIER1 RATIO

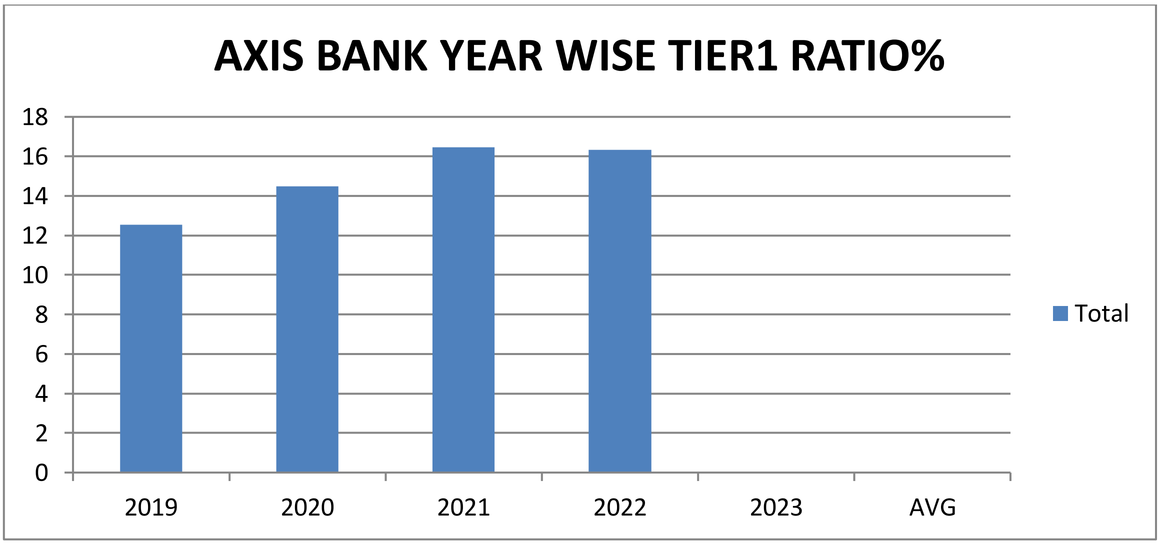
The Tier 1 capital ratio is the **ratio of a bank's core equity capital to its total risk-weighted assets** (RWA)

$$TIER - I = \frac{\textbf{Tier 1 Capital}}{\textbf{Risk Weighted Assets}}$$

3.3.2. THE TABLE SHOWS AXIS BANK TIER1 RATIO

YEAR	TIER1
2023	0
2022	16.34
2021	16.47
2020	14.49
2019	12.54
AVG	11.968

3.3.2. THE CHART SHOWS AXIS BANK TIER1 RATIO



Interpretation

Axis Bank has generally maintained a strong Tier 1 ratio over the years, indicating a solid core capital position. However, the absence of a Tier 1 ratio in 2023 raises concerns about the bank's current capital adequacy and requires further evaluation.

3.3.3 TIER2 RATIO

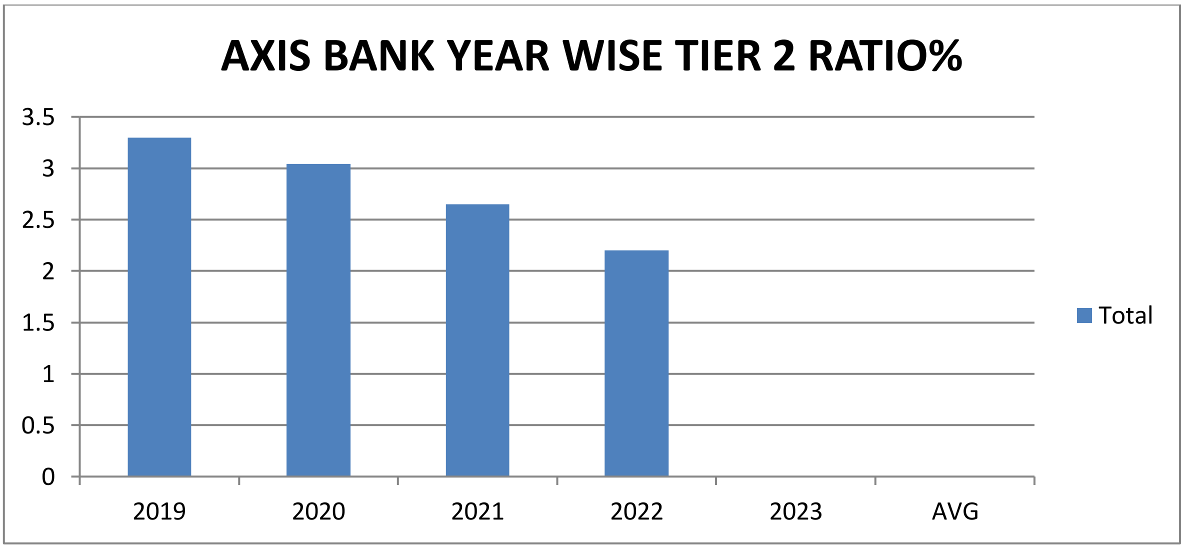
Tier 2 capital is the **secondary component of bank capital**. The capital requirements are governed by international banking regulations set under Basel norms

$$TIER - II = \frac{\textbf{Tier 2 Capital}}{\textbf{Risk Weighted Assets}}$$

3.3.3. THE TABLE SHOWS AXIS BANK TIER2 RATIO

YEAR	TIER2
2023	0
2022	2.20
2021	2.65
2020	3.04
2019	3.30
AVG	2.238

3.3.3. THE CHART SHOWS AXIS BANK TIER2 RATIO



Interpretation

Axis Bank has generally maintained a positive Tier 2 ratio over the years, indicating a level of supplementary capital to support its core capital. However, the absence of a Tier 2 ratio in 2023 raises concerns about the bank's current supplementary capital position and requires further evaluation.

3.3.4 NETNPA RATIO

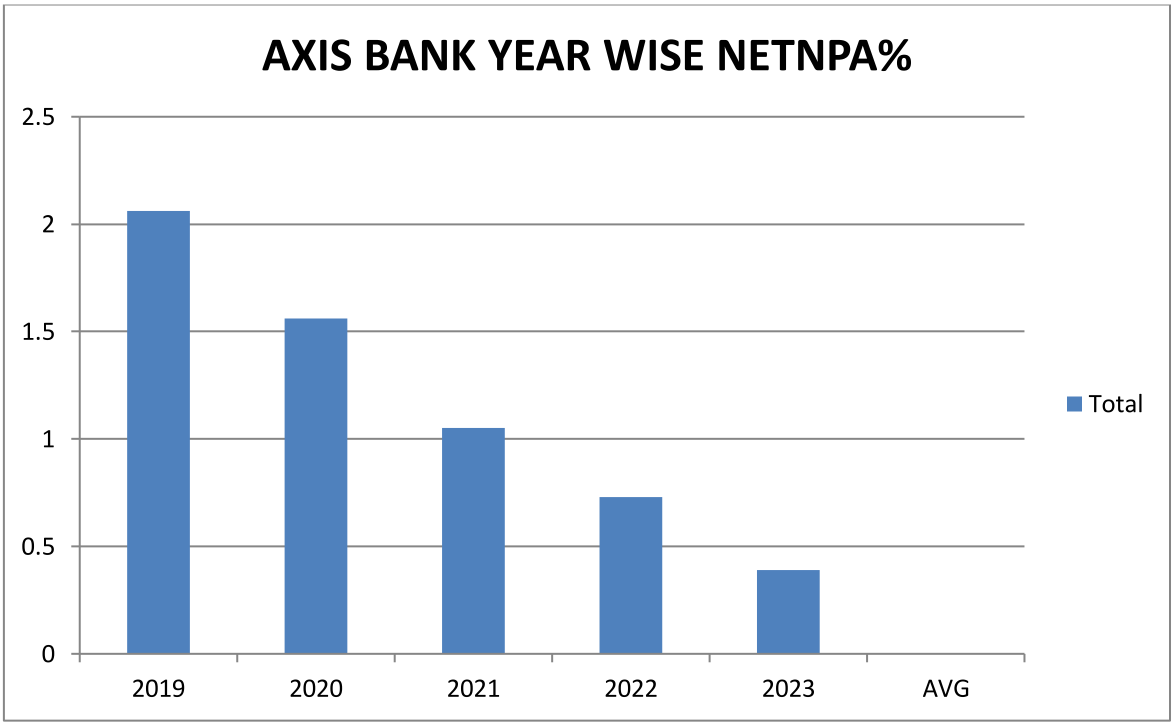
Net Non-Performing Assets (Net NPA) represent the actual financial loss for a bank after accounting for provisions made against non-performing loans.

$$Net\ NPA\ = \frac{(\boldsymbol{Net\ NPA})}{\text{Total Loans}}$$

3.3.4 . THE TABLE SHOWS AXIS BANK NETNPA RATIO

YEAR	NETNPA%
2023	0.39
2022	0.73
2021	1.05
2020	1.56
2019	2.06
AVG	1.158

3.3.4 . THE CHART SHOWS AXIS BANK NETNPA RATIO



Interpretation

Axis Bank has generally maintained a low level of non-performing assets, as indicated by the Net NPA ratio. However, there have been some fluctuations over the years, with a slight increase in 2021. Overall, the bank's ability to manage and reduce bad loans is crucial for maintaining a healthy loan portfolio and minimizing credit risks.

3.4 RBL BANK

3.4.1 CAPITAL ADEQUE RATIO

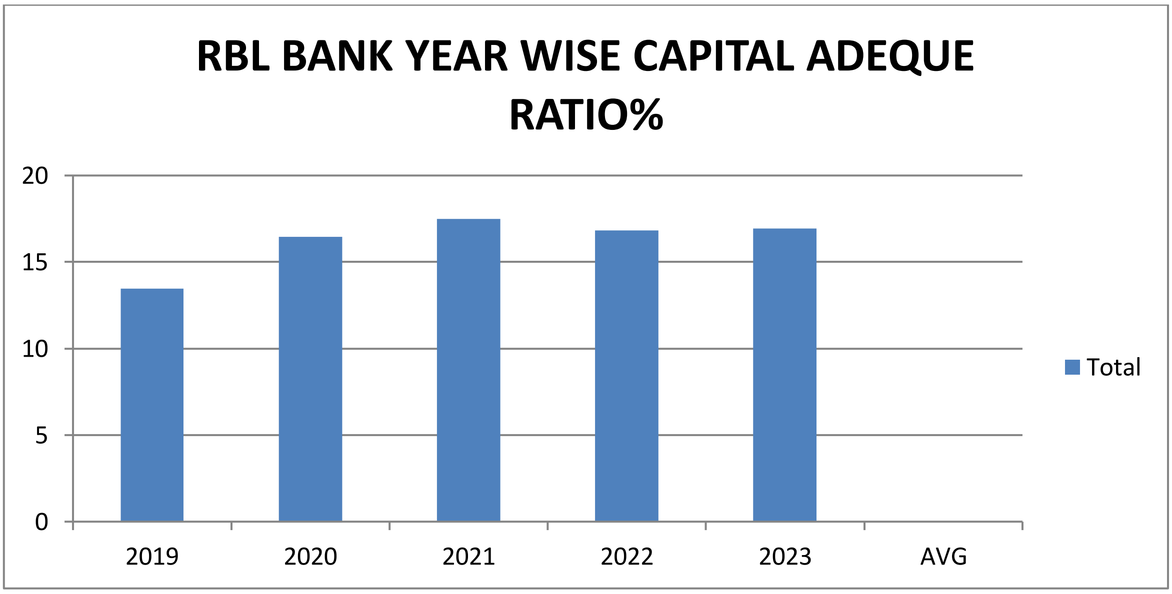
The capital adequacy ratio (CAR) is **an indicator of how well a bank can meet its obligations.**

$$CAR = \frac{(\boldsymbol{Tier\ 1\ Capital\ +\ Tier\ 2\ Capital})}{\boldsymbol{Risk\ Weighted\ Assets}}$$

3.4.1 THE TABLE SHOWS RBL BANK CAPITAL ADEQUE RATIO

YEAR	CAPITAL ADEQUE RATIO
2023	16.92
2022	16.82
2021	17.50
2020	16.45
2019	13.46
AVG	16.23

3.4.1 THE CHART SHOWS RBL BANK CAPITAL ADEQUE RATIO



Interpretation

RBL Bank has generally maintained a stable and strong Capital Adequacy Ratio (CAR) over the years, ranging from 13.46% to 17.50%. This indicates the bank's ability to absorb potential losses and support its operations effectively.

3.4.2 TIER1 RATIO

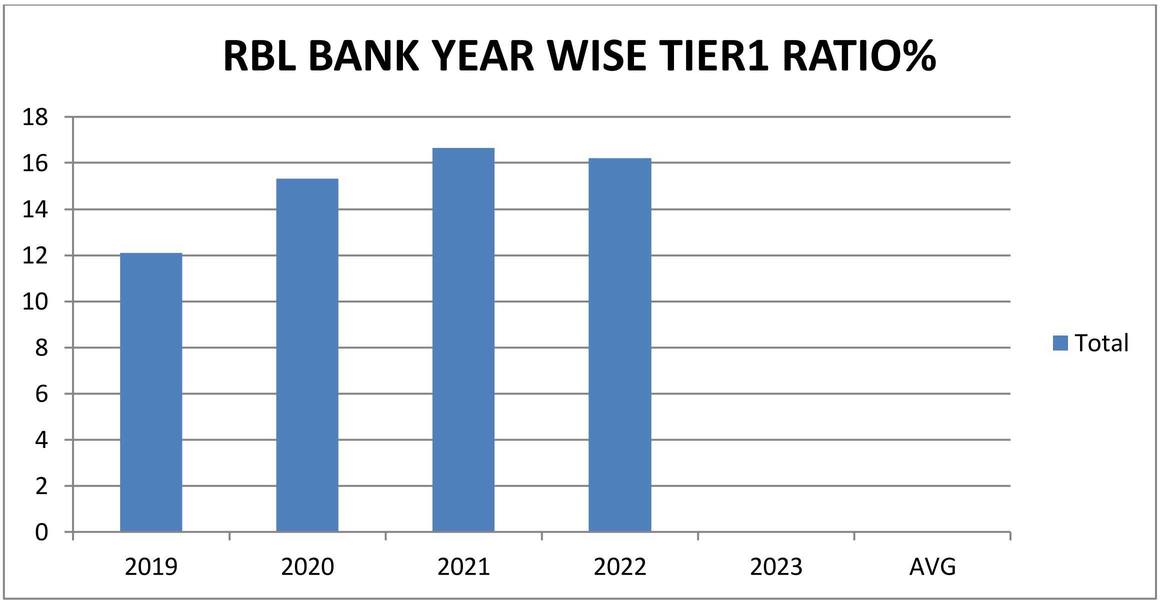
The Tier 1 capital ratio is the **ratio of a bank's core equity capital to its total risk-weighted assets** (RWA)

$$TIER - I = \frac{\textbf{Tier 1 Capital}}{\textbf{Risk Weighted Assets}}$$

3.4.2. THE TABLE SHOWS RBL BANK TIER1 RATIO

YEAR	TIER 1
2023	0
2022	16.21
2021	16.64
2020	15.33
2019	12.10
AVG	12.056

3.4.2. THE CHART SHOWS RBL BANK TIER1 RATIO



Interpretation

RBL Bank has generally maintained a strong Tier 1 ratio over the years, indicating a solid core capital position. However, the absence of a Tier 1 ratio in 2023 raises concerns about the bank's current capital adequacy and requires further evaluation.

3.4.3 TIER2 RATIO

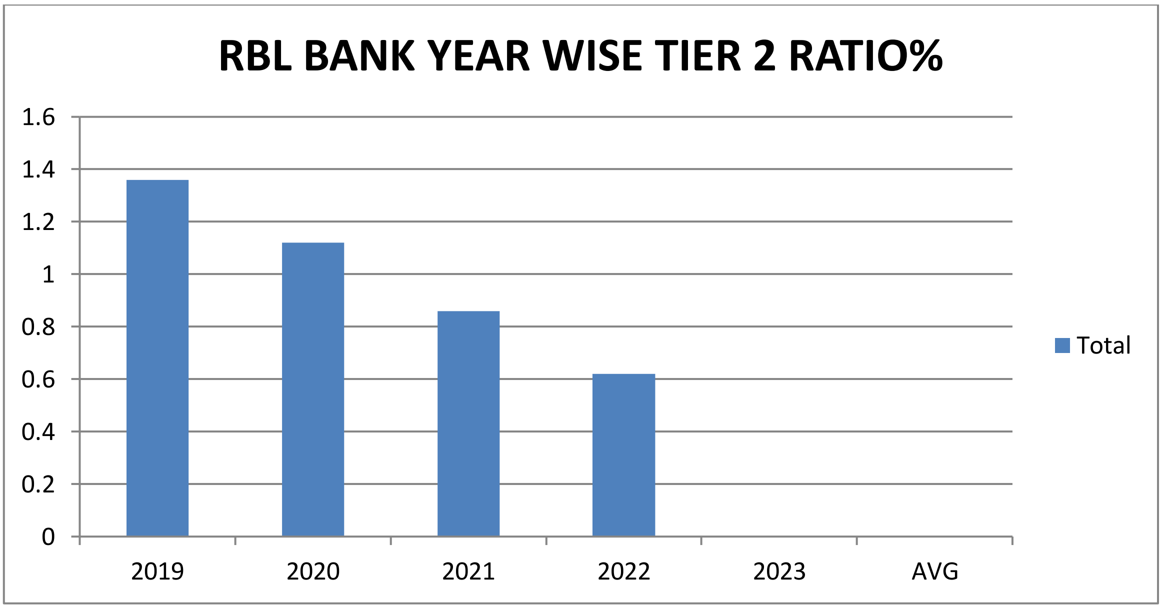
Tier 2 capital is the **secondary component of bank capital**. The capital requirements are governed by international banking regulations set under Basel norms

$$TIER - II = \frac{\textbf{Tier 2 Capital}}{\textbf{Risk Weighted Assets}}$$

3.4.3. THE TABLE SHOWS RBL BANK TIER2 RATIO

YEAR	TIER2
2023	0
2022	0.62
2021	0.86
2020	1.12
2019	1.36
AVG	0.792

3.4.3. THE CHART SHOWS RBL BANK TIER2 RATIO



Interpretation

RBL Bank has generally maintained a positive Tier 2 ratio, indicating a level of supplementary capital to support its core capital. However, the absence of a Tier 2 ratio in 2023 raises concerns about the bank's current supplementary capital position and requires further evaluation.

3.4.4 NETNPA RATIO

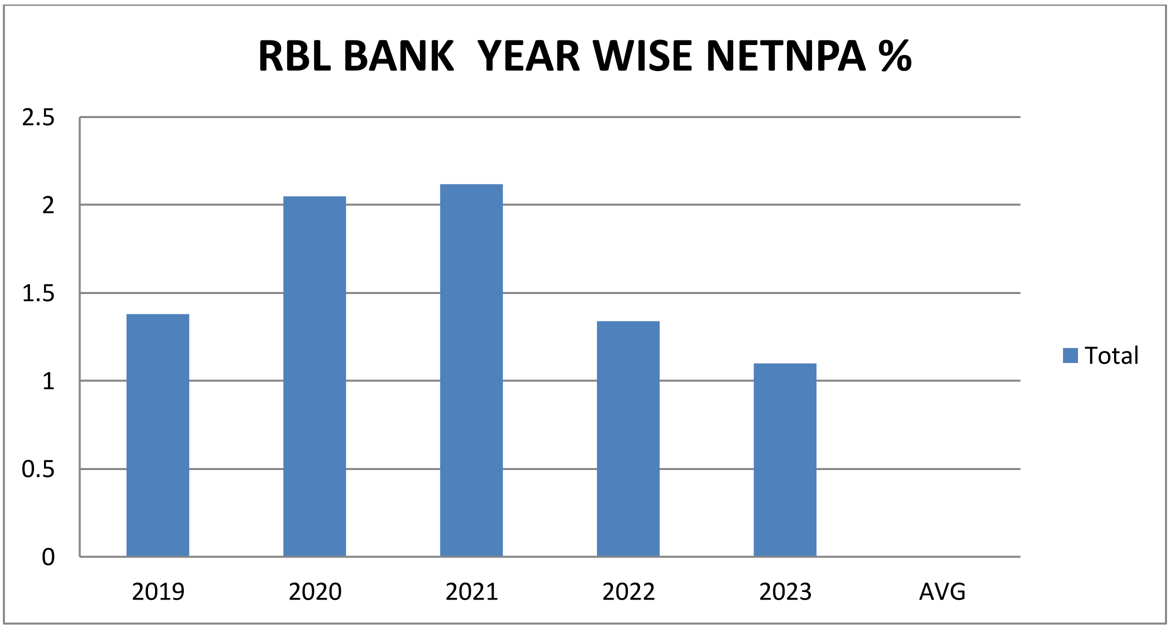
Net Non-Performing Assets (Net NPA) represent the actual financial loss for a bank after accounting for provisions made against non-performing loans.

$$Net\ NPA\ = \frac{(\boldsymbol{Net\ NPA})}{\text{Total Loans}}$$

3.4.4. THE TABLE SHOWS RBL BANK NETNPA RATIO

YEAR	NETNPA %
2023	1.10
2022	1.34
2021	2.12
2020	2.05
2019	1.38
AVG	1.592

3.4.4. THE CHART SHOWS RBL BANK NETNPA RATIO



Interpretation

RBL Bank has generally maintained a moderate level of Net Non-Performing Asset (NPA) ratio over the years. However, there has been an increase in the ratio in some years, indicating challenges in managing non-performing assets. Effective measures are necessary to mitigate credit risks and maintain a healthy loan portfolio.

3.5 KOTAK MAHINDRA BANK

3.5.1 CAPITAL ADEQUE RATIO

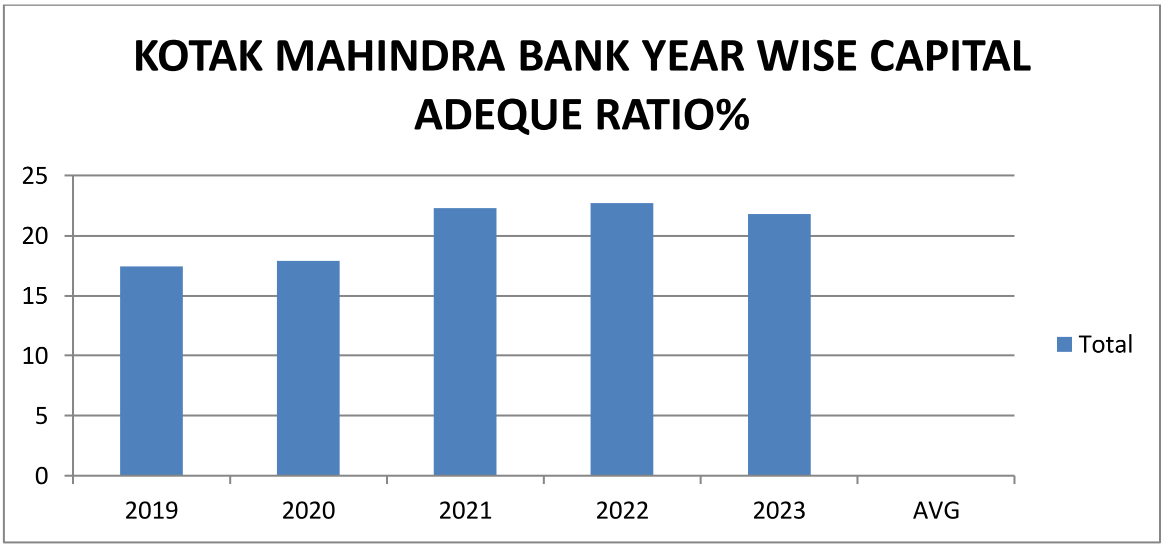
The capital adequacy ratio (CAR) is **an indicator of how well a bank can meet its obligations.**

$$CAR = \frac{(\boldsymbol{Tier\ 1\ Capital\ +\ Tier\ 2\ Capital})}{\boldsymbol{Risk\ Weighted\ Assets}}$$

3.5.1. THE TABLE SHOWS KOTAK MAHINDRA BANK CAPITAL ADEQUE RATIO

YEAR	CAPITAL ADEQUE RATIO
2023	21.80
2022	22.69
2021	22.26
2020	17.89
2019	17.45

3.5.1. THE CHART SHOWS KOTAK MAHINDRA BANK CAPITAL ADEQUE RATIO



Interprtation

Kotak Mahindra Bank's Capital Adequacy Ratio (CAR) has shown a generally increasing trend over the past five years, indicating improved financial strength. The CAR for 2023 is slightly lower than the previous year, but still higher than the ratios in 2020 and 2019. Without the average CAR value, the precise magnitude of improvement cannot be determined.

3.5.1 TIER1 RATIO

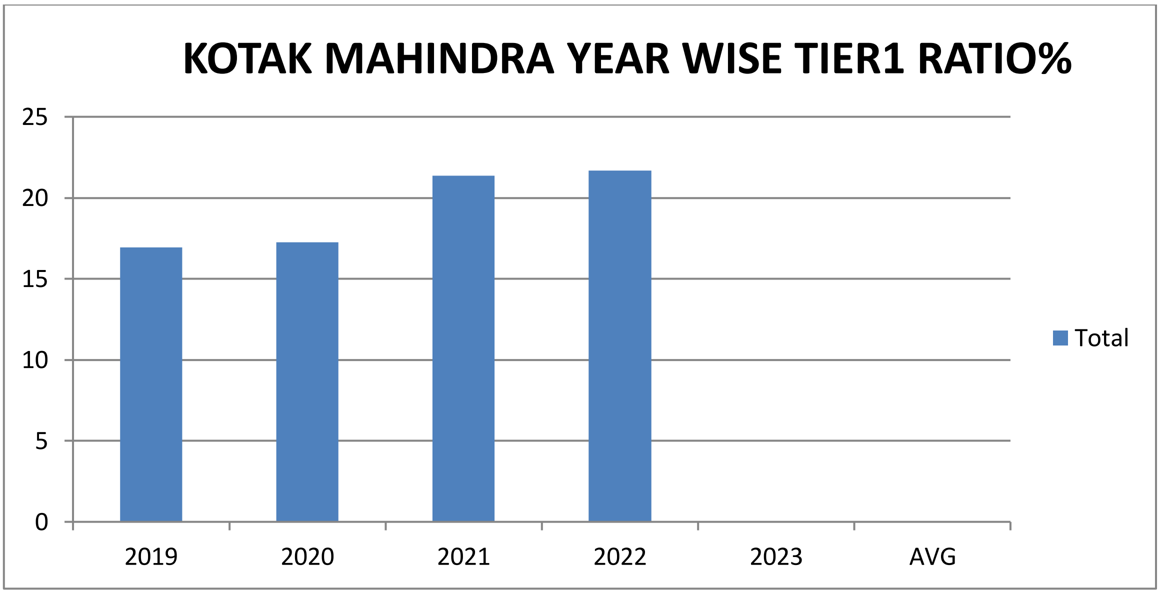
The Tier 1 capital ratio is the **ratio of a bank's core equity capital to its total risk-weighted assets** (RWA)

$$TIER - I = \frac{\boldsymbol{Tier\ 1\ Capital}}{\boldsymbol{Risk\ Weighted\ Assets}}$$

3.5.1.THE TABLE SHOWS KOTAK MAHINDRA BANK TIER1 RATIO

YEAR	TIER 1
2023	0
2022	21.67
2021	21.38
2020	17.27
2019	16.93
AVG	15.45

3.5.1.THE CHART SHOWS KOTAK MAHINDRA BANK TIER1 RATIO



Interpretation

Kotak Mahindra Bank's Tier 1 capital ratio has generally increased over the past five years, indicating improved core capital strength. However, the sudden drop to 0% in 2023 raises concerns and requires further investigation. Without the average ratio, the full extent of the improvement cannot be determined.

3.5.3 TIER2 RATIO

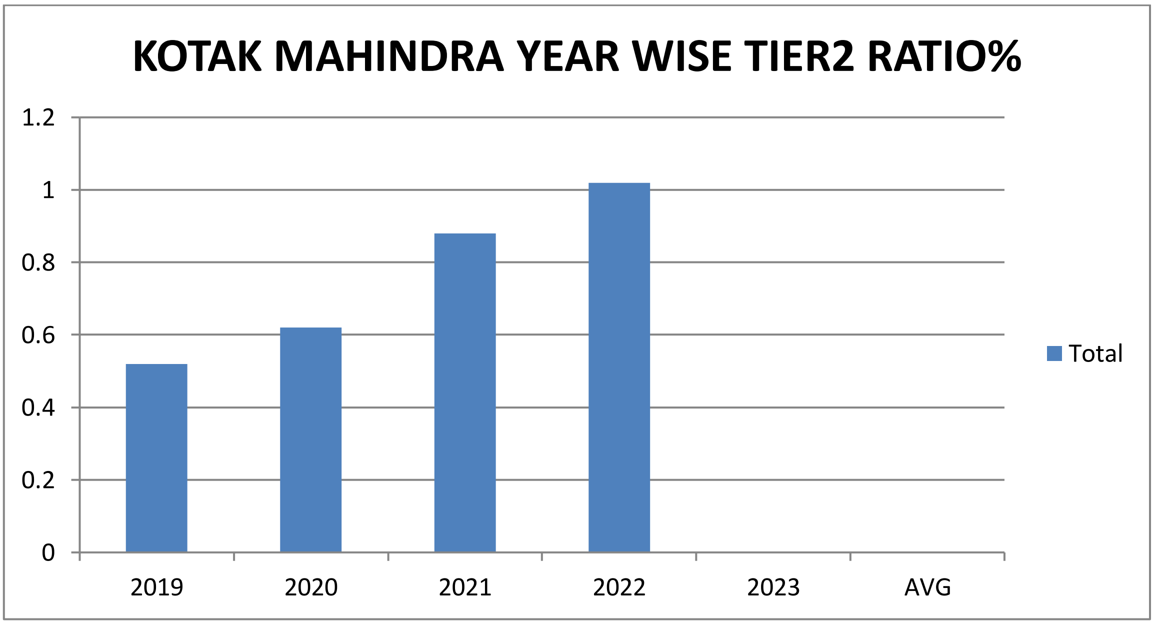
Tier 2 capital is the **secondary component of bank capital**. The capital requirements are governed by international banking regulations set under Basel norms

$$TIER-II = \frac{\textbf{Tier 2 Capital}}{\textbf{Risk Weighted Assets}}$$

3.5.3.THE TABLE SHOWS KOTAK MAHINDRA BANK TIER2 RATIO

YEAR	TIER2
2023	0
2022	1.02
2021	0.88
2020	0.62
2019	0.52
AVG	0.608

3.5.3.THE CHART SHOWS KOTAK MAHINDRA BANK TIER2 RATIO



Interpretation

Kotak Mahindra Bank's Tier 2 capital ratio has generally increased over the past five years, indicating improved supplementary capital strength. However, the sudden drop to 0% in 2023 raises concerns and requires further investigation. Without the average ratio, the full extent of the improvement cannot be determined.

3.5.4 NETNPA RATIO

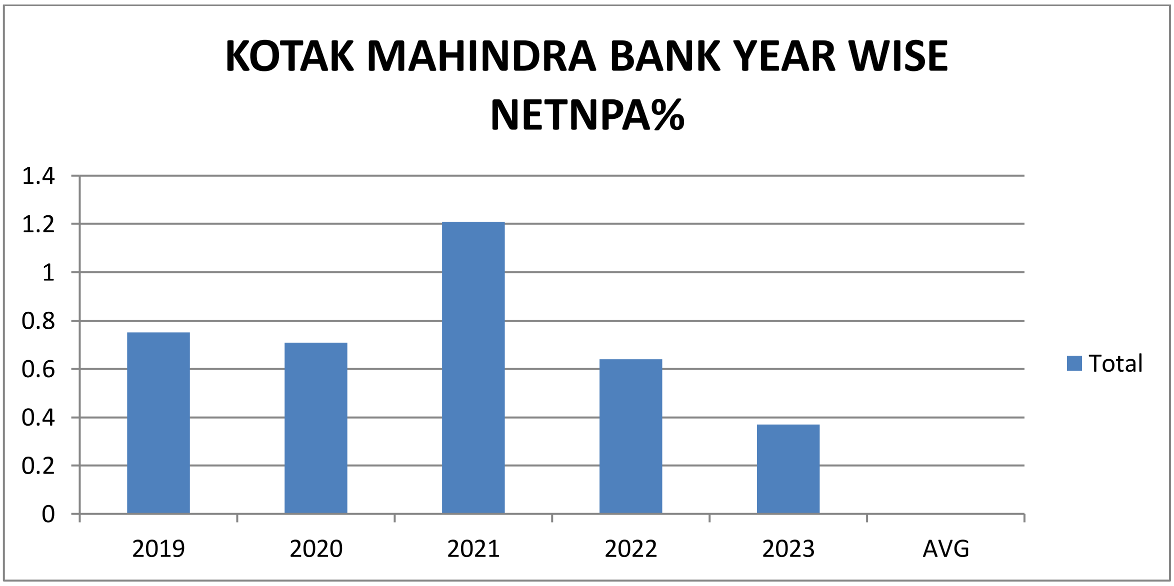
Net Non-Performing Assets (Net NPA) represent the actual financial loss for a bank after accounting for provisions made against non-performing loans.

$$Net\ NPA\ = \frac{(\boldsymbol{Net\ NPA})}{\text{Total Loans}}$$

3.5.4. THE TABLE SHOWS KOTAK MAHINDRA BANK NETNPA RATIO

YEAR	NETNPA%
2023	0.37
2022	0.64
2021	1.21
2020	0.71
2019	0.75
AVG	0.736

3.5.4. THE CHART SHOWS KOTAK MAHINDRA BANK NETNPA RATIO



Interpretation

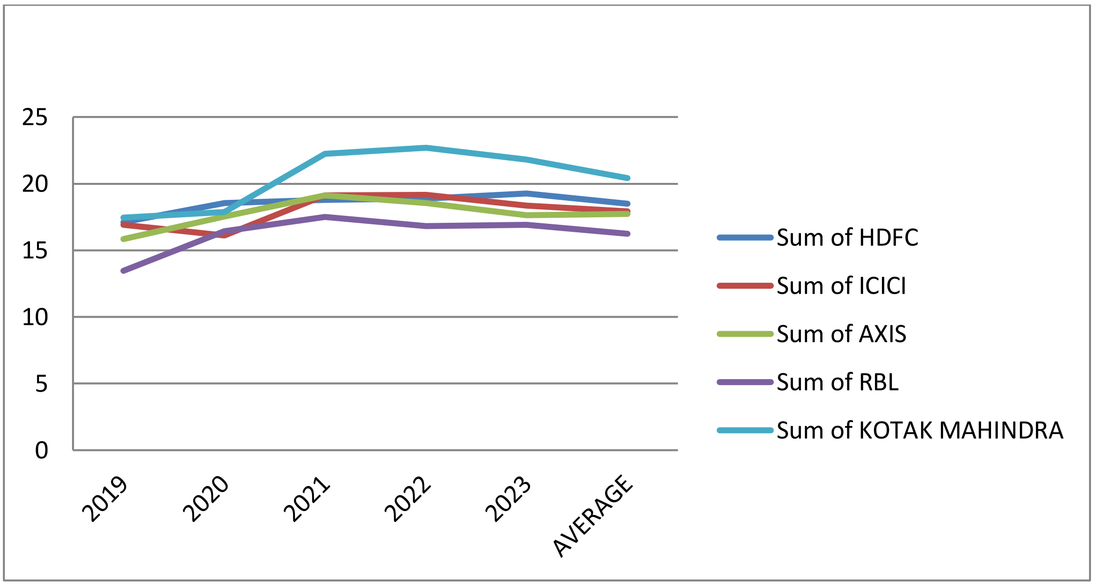
Kotak Mahindra Bank's Net Non-Performing Assets (NPA) percentage has shown some fluctuations over the past five years. In 2023, there was a decrease to 0.37% compared to the previous year. This suggests improving asset quality. However, without the average NPA percentage, the overall performance of the bank's loan portfolio cannot be fully determined.

3.6.1 CONSOLIDATED CAPITAL ADEQUE RATIO

3.6.1. THE TABLE SHOWS CONSOLIDATED CAPITAL ADEQUE RATIO

YEAR	HDFC	ICICI	AXIS	RBL	KOTAK MAHINDRA
2023	19.26	18.34	17.64	16.92	21.80
2022	18.90	19.16	18.54	16.82	22.69
2021	18.79	19.12	19.12	17.50	22.26
2020	18.52	16.11	17.52	16.45	17.89
2019	17.11	16.89	15.84	13.46	17.45
AVERAGE	18.516	17.924	17.732	16.23	20.418

3.6.1. THE CHART SHOWS CONSOLIDATED CAPITAL ADEQUE RATIO



Interpretation

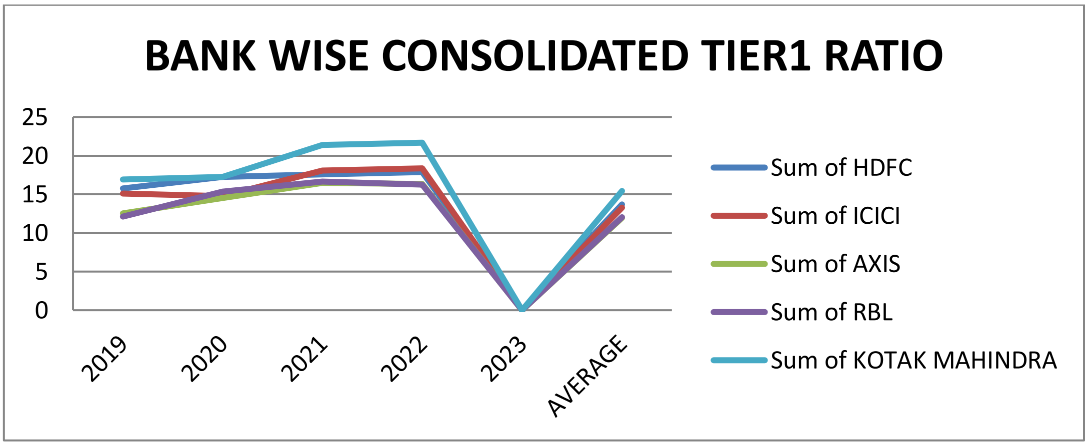
- Kotak Mahindra consistently had the highest average Capital Adequacy Ratio (CAR).
- HDFC showed improving capital adequacy over the years.
- ICICI maintained a stable CAR.
- Axis had a slightly higher average CAR compared to RBL.
- Overall, the banks exhibited a strong average CAR.

3.6.2. CONSOLIDATED TIER1 RATIO

3.6.2. TABLE SHOWS CONSOLIDATED TIER1 RATIO

YEAR	HDFC	ICICI	AXIS	RBL	KOTAK MAHINDRA
2023	0	0	0	0	0
2022	17.87	18.35	16.34	16.21	21.67
2021	17.56	18.06	16.47	16.64	21.38
2020	17.23	14.72	14.49	15.33	17.27
2019	15.78	15.09	12.54	12.10	16.93
AVERAGE	13.688	13.244	11.968	12.056	15.45

3.6.2 CHART SHOWS CONSOLIDATED TIER1 RATIO



Interpretation

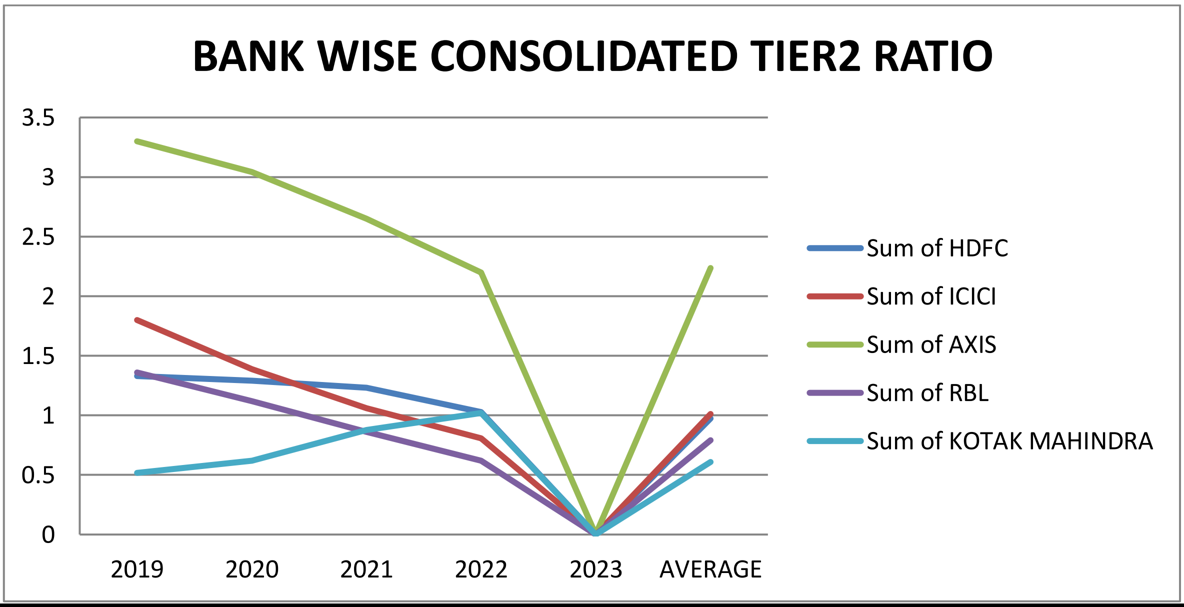
- Kotak Mahindra consistently had the highest average Tier 1 capital ratio.
- HDFC and ICICI maintained stable Tier 1 capital ratios, with HDFC slightly higher on average.
- Axis and RBL had lower average Tier 1 capital ratios compared to HDFC and ICICI.
- Overall, the banks exhibited a reasonably strong average Tier 1 capital ratio of 13.688%.

3.6.3. CONSOLIDATED TIER2 RATIO

3.6.3. THE TABLE SHOWS CONSOLIDATED TIER2 RATIO

YEAR	HDFC	ICICI	AXIS	RBL	KOTAK MAHINDRA
2023	0	0	0	0	0
2022	1.03	0.81	2.20	0.62	1.02
2021	1.23	1.06	2.65	0.86	0.88
2020	1.29	1.39	3.04	1.12	0.62
2019	1.33	1.80	3.30	1.36	0.52
AVERAGE	0.976	1.012	2.238	0.792	0.608

_3.6.3. THE CHART SHOWS CONSOLIDATED TIER2 RATIO



Interpretation

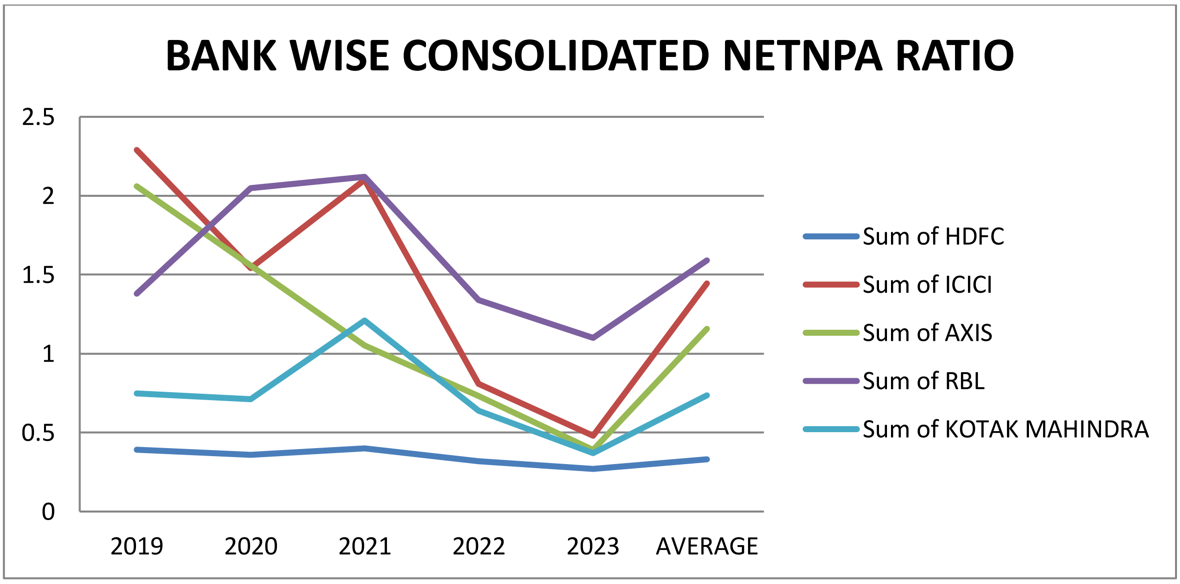
- Axis consistently had the highest average Tier 2 capital ratio.
- HDFC, ICICI, and RBL showed fluctuations in their Tier 2 capital ratios.
- Kotak Mahindra had the lowest average Tier 2 capital ratio.
- Overall, the banks had a relatively modest average Tier 2 capital ratio of 0.976%

3.6.4 CONSOLIDATED NET NPA RATIO

3.6.4. THE TABLE SHOWS CONSOLIDATED NETNPA RATIO

YEAR	HDFC	ICICI	AXIS	RBL	KOTAK MAHINDRA
2023	0.27	0.48	0.39	1.10	0.37
2022	0.32	0.81	0.73	1.34	0.64
2021	0.40	2.10	1.05	2.12	1.21
2020	0.36	1.54	1.56	2.05	0.71
2019	0.39	2.29	2.06	1.38	0.75
AVERAGE	0.33	1.444	1.158	1.592	0.736

3.6.5.THE CHART SHOWS CONSOLIDATED NET NPA RATIO



Interpretation

- RBL consistently had the highest average net NPA percentage.
- ICICI showed fluctuations in the net NPA percentage, with the highest average.
- Axis and HDFC had relatively lower average net NPA percentages.
- Kotak Mahindra had the lowest average net NPA percentage.

Chapter-IV

Findings, suggestion and conclusions

4.1 Findings- Industry and Company profile

- The India is the Government of India is focusing on cash less payment rather than paper based transactions.

4.2 Findings- Financial Performance of the company

4.2.1 HDFC Bank

- Capital Adequacy Ratio (CAR) Average: 18.516%
- Tier 1 Average: 13.688%
- Tier 2 Average: 0.976%
- Net NPA%: 0.33%

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4.2.2 ICICI Bank

- Capital Adequacy Ratio (CAR) Average: 17.924%
- Tier 1 Average: 13.244%
- Tier 2 Average: 1.012%
- Net NPA%: 1.444%

4.2.3 AXIS Bank

- Capital Adequacy Ratio (CAR) Average: 17.732%
- Tier 1 Average: 11.968%
- Tier 2 Average: 2.238%
- Net NPA%: 1.158%

4.2.4 RBL Bank

- Capital Adequacy Ratio (CAR) Average: 16.23%
- Tier 1 Average: 12.056%
- Tier 2 Average: 0.792%
- Net NPA%: 1.592%

4.2.5 Kotak Mahindra Bank

- Capital Adequacy Ratio (CAR) Average: 20.418%
- Tier 1 Average: 15.45%
- Tier 2 Average: 0.608%
- Net NPA%: 0.736%

4.2.6 Findings- overall Financial Performance of the company

- Kotak Mahindra consistently had the highest average Capital Adequacy Ratio (CAR).
- Kotak Mahindra consistently had the highest average Tier 1 capital ratio.
- Axis consistently had the highest average Tier 2 capital ratio.
- RBL had the highest average net NPA percentage. Kotak Mahindra consistently had the low average net NPA percentage.

4.3 Suggestion

- The India is currently UPI Payment system, should take care of cyber crimes and provide protection to deposit holder.
- Kotak Mahindra consistently among the banking companies which is increasing wealth of the share holders.
- RBL should focus on recovery rate since, net NPA percentage is higher.

4.4 Conclusions

Financial Performance in broader sense refers to the degree to which financial objectives being or has been accomplished and is an important aspect of finance risk management. It is the process of measuring the results of a firm's policies and operations in monetary terms. It is used to measure firm's overall financial health over a given period of time and can also be used to compare similar firms across the same industry or to compare industries or sectors in aggregation.

The study is under take with help of these findings provide information about the banks' capital adequacy ratios, which measure their ability to absorb losses and maintain financial stability. The Tier 1 and Tier 2 averages indicate the proportion of high-quality capital held by the banks. The net NPA percentage reflects the banks' non-performing assets as a percentage of their net advances, indicating the quality of their loan portfolio.

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