**CHAPTER – 1**

**INTRODUCTION**

The banks are financial intermediaries which help in the mobilization of savings of the society and provide credit to people and different sectors in the economy. Banking sector is the major source of finance for modern trade and commerce. With the coming of the era of liberalization, privatization and globalization the profitability, efficiency and productivity have become more important because of the increase in competition. As financial intermediaries the banks play an important role in the economic growth and development of the country. The world economy saw a lot of ups and downs between 2006 and 2012.

After the collapse of the Lehman Brothers there was a financial crisis throughout the world. The economic development is not possible without a sound financial system. For the efficient allocation of scarce resources a well developed and well-regulated financial sector is very important. An effective banking system is necessary for healthy growth of the Indian economy. The Indian Banking system should be able to cope up with the technological challenges caused by external or internal sources.

India’s banking system has extensive reach. An important factor for the economic growth of India has been the presence of banks in the remotest corners of the country. The performance of Indian banks has remained robust during the past few years despite the challenges due to both domestic and international developments. The improvement in the capital base, asset quality, and profitability shows the resilience of the banking sector.

Fundamental analysis is a method that attempts to predict the intrinsic value of an investment. It is based on the theory that the market price of an asset tends to move towards its ‘real value’ or ‘intrinsic value’.

Fundamental analysis attempts to find out the true value of securities so that the investors can decide to buy or not to buy the securities at the current market prices. Understanding of the direction and velocity of the company is essential to make successful investment in stocks. Velocity means the speed and distance a company achieves over time, this may be earnings, profit, sales or margin.

On the other hand, direction indicates the way the company is going, up or down. In this paper three banking companies listed on the Sensex have been taken for study to understand the banking sector of India in general.

**1.1 Objectives of the Study:**

* To collect and analyze financial statement of the State Bank Of India, ICICI Bank, Punjab National Bank for year 2017-18 to 2021-22.
* To know organizational structure, working culture and business segments of the bank.
* To know the business environment in which the bank is working.
* To know understand the meaning and objectives of financial statement analysis
* To know various tools for financial statement analysis and their uses.
* To know application of financial statement analysis tools for evaluating the performance of the banks for financial years 2017-18 to 2021-22.
* To know data Interpretation with the help of soft tools.
* To know recommendations of suggestions if any.
* To know understand the quality of service maintained in the banks.
* To know determine the performance of banks.

**1.2 Need of the Study:**

* To assess the performance of selected banking companies listed in NSE and BSE.
* To evaluate the financial strength of the selected banking companies listed in BSE and NSE.
* To evaluate intrinsic value of share and compare it with present market price to decide whether a share is overvalued or undervalued.
* To evaluate managements efficiency and internal decisions taken by them to run the business.
* To calculate credit risk.

**1.3 Scope of the Study:**

The scope of the project covers a brief financial statement analysis of State Bank Of India, ICICI Bank, Punjab National Bank from 2017-18 to 2021-22 by using the annual report of the company for five years. It also includes study of accounting standards and accounting polices related to financial statement.

The scope of includes: Signification & Objectives Tools such Comparative Statements, Common Size Statement, Trend Analysis, Ratio Analysis, Cash Flow Analysis Liquidity/profitability/Turnover/Leverage Ratios and their trends Limitations of financial statement analysis.

**1.4 Limitations of the Study:**

The study and the analysis are limited to the information available on the internet, as well as, various survey reports and journals. An in depth coverage of the topic was not possible as it is very vast and require expert knowledge. This study is just an overview of such sort of investment options and their effect on our country. Though financial statement analysis is quite helpful in determining financial strengths and weakness of a firm, it is based on the information available in financial statement.

As such, the financial statement analysis also suffers from various limitations of financial statement Hence, the analyst must be conscious of the impact of price level changes, window dressing of financial statements, changes in accounting policies of a firm accounting concepts and conventions, personal judgments, etc. Some other limitations of financial statement analysis are:

* Financial statement analysis does not consider price level changes.
* Financial statement analysis may be misleading without the knowledge of the changes in accounting procedure followed by a firm.
* Financial statement analysis is just a study of interim reports.
* Monetary information alone is considered in financial statement analysis while non-monetary aspects are ignored.
* The financial statement are prepared on the basic of non-going concept, as such, it does not reflect the current position.

**CHAPTER – 2**

**REVIEW OF LITERATURE**

After preparation of the financial statements, one may be interested in knowing the position of an enterprise from different points of view. This can be done by analyzing the financial statement with the help of different tools of analysis such as ratio analysis, funds flow analysis, cash flow analysis, comparative statement analysis, etc. Here I have done financial analysis by ratios. In this process, a meaningful relationship is established between two or more accounting figures for comparison.

Financial ratios are widely used for modeling purposes both by practitioners and researchers. The firm involves many interested parties, like the owners, management, personnel, customers, suppliers, competitors, regulatory agencies, and academics, each having their views in applying financial statement analysis in their evaluations. Practitioners use financial ratios, for instance, to forecast the future success of companies, while the researchers' main interest has been to develop models exploiting these ratios. Many distinct areas of research involving financial ratios can be discerned. Historically one can observe several major themes in the financial analysis literature. There is overlapping in the observable themes, and they do not necessarily coincide with what theoretically might be the best founded areas.

Financial statements are those statements which provide information about profitability and financial position of a business. It includes two statements, i.e., profit & loss a/c or income statement and balance sheet or position statement.

The income statement presents the summary of the income earned and the expenses incurred during a financial year. Position statement presents the financial position of the business at the end of the year.

Before understanding the meaning of analysis of financial statements, it is necessary to understand the meaning of analysis and financial statements.

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Analysis means establishing a meaningful relationship between various items of the two financial statements with each other in such a way that a conclusion is drawn. By financial statements, we mean two statements- (1) profit & loss a/c (2) balance sheet These are prepared at the end of a given period of time. They are indicators of profitability and financial soundness of the business concern.

Thus, analysis of financial statements means establishing meaningful relationship between various items of the two financial statements, i.e., income statement and position statement Parties interested in analysis of financial statements.

**INDIAN ECONOMY**

The economy of India is the tenth-largest in the world by nominal GDP and the Third largest by purchasing power parity (PPP). The country is one of the G-20 major economics and a member of BRICS. On a capital income basis, India ranked 140th by nominal GDP and 129th by GDP (PPP) in 2011, According to the IMF. India is the Nineteenth largest exporter and tenth largest importer in the world. Economic growth rate stood at around 6.5% for the 2011-12 fiscal year.

The independence-era Indian economy (from 1997 to 1991) was based on mixed economy combining features of capitalism and socialism, resulting in an inward-looking, interventionist policies and import-substituting economy that failed to take advantage of the post-war expansion of trade. This model contributed to widespread inefficiencies and corruption, and the failing of this system were due largely to its poor implementation.

In 1991, India adopted liberal and free-market oriented principles and liberalized is economy to international trade under the guidance of Manmohan singh, who then was the Finance Minister of India under the leadership of P. V. Narasimha Rao the then Prime Minister Who eliminated License Raj a pre- and post-British Era mechanism of strict government control on setting up new industry. Following these strong economic reforms, and a strong focus on developing national infrastructure such as the Golden Quadrilateral project by Atul Bihari Vajpayee, The then Prime Minister, the country‟s economic growth progressed at rapid pace with very high rates of growth and large increases in the incomes of the people.

**1.2 BANKING**

India cannot have a healthy economy without a sound and effective banking system. The banking system should be hassle free and able to meet the new challenges posed by technology and other factors, both internal and external.

In the past three decades, India’s banking system has earned several outstanding achievements to its credit. The most striking is its extensive reach. It is no longer confined to metropolises or cities in India. In fact, India banking system has reached even to the remote comes of the country. This is one of the main aspects of India‟s growth story.

The government’s regulation policy for banks has paid rich dividends with the nationalization major private and public banks in 1969. Banking today has become convenient and instant, with the account holder not having to wait for hours at the bank counter for getting a draft or for withdrawing money from his account.

**HISTORY OF BANKING IN INDIA**

The first bank in India, though conservative, was established in 1786. From 1786 till today, the journey of Indian Banking System can be segregated into three distinct phases:

 Early phase of Indian banks, from 1786 to 1969

 Nationalization of banks and the banking sector reforms, from 1969 to 1991

 New phase of Indian banking system with the reforms after 1991

**Phase 1 :** The first bank of India, the general Bank of India. Was set up in 1786. Bank of Hindustan and Bangle Bank followed. The East India company established Bank of Bangle (1809), Bank of Bombay (1840). And Bank of Madras (1843) as independent units and called them presidency banks. There banks were amalgamated in 1920 and Imperial Bank of India, a bank private shareholders, mostly Europeans, was established. Allahabad Bank was established, exclusively by Indians, in 1865. Punjab National Bank was set up in 1894 with headquarters in Lahore. Between 1906 and 1913. Bank of India, Central Bank of India, Bank of Baroda, canara Bank, Indian Bank, and Bank of Mysore were set up. The Reserve Bank of India came in 1935.

**Phase 2 :** The government took major initiatives in Banking sector reforms after Independence. In 1995, It nationalized the imperial Bank of India and Started offering extensive banking facilities, especially in rural and semi-urban areas. The government constituted the state Bank Of India to act as the principal agent of the RBI and handle banking transactions of the Union government and state government all over the country. Seven banks owned by the Princely states were nationalised in 1959 and they became subsidiaries of the state Bank of India. In 1969, 14 commercial banks in the country were nationalized.

**Phase 3 :** This phase has introduced many more products and facilites in the banking sector as part of the reforms process. In 1991, under the chairmanship of M Narasimham, a committee was set up. Which worked for liberalization of banking practices . Now, the country is flooded with foreign banks and their ATM stations. Efforts are being put to give a satisfactory service to customers. Phone banking and net banking are introduced. The entire system became more convenient and swift. Time is given importance in all money transactions.

**THE BANKING STRUCTURE IN INDIA**

The banking sector in India functions under the umbrella of the RBI-the regulatory, central bank. The Reserve Bank of India Act was passed in 1934 and the RBI was constituted in 1935 as the apex bank. The Banking Regulations Act was passed in 1949. This Act brought the RBI under government control. Under the Act, The RBI received wide-ranging powers in regards to establishment of new banks, mergers and amalgamation banks, opening and closing of branches of bank, maintaining certain standards of banking business, inspections of banks, etc. The act also vested licensing powers and the authority to conduct inspections with the RBI.

The commercial banking structure in India consists of scheduled commercial banks and unscheduled Banks. Scheduled banks constitute those banks that are included in the Second Schedule of Reserve Bank of India (RBI) Act,1934.

As on June 30, 1999, there were 300 scheduled banks in India having a total network of 64,918 branches. The scheduled commercial banks in India comprise State Bank of India and its associates(8), Nationalised banks(19), Foreign banks(45), private sector banks(32), co-operative banks, and regional rural banks. Before nationalised banks, the state Bank of India(SBI) was the only nationalized bank, which was nationalized on July 1, 1955.

**THE PRESENT BANKING SCENARIO**

Indian banking had come a long way since India adopted reforms path. Today Indian Banks are As technology savvy as their counter parts in developed countries. The competitive and reform force have led to the emergence of internet, E-banking, ATM, credit card and mobile banking too, to let banks attract customers. This apart retail lending has emerged as another major opportunity for banks. Due to globalization, liberalization and privatization mode. Indian banks going global and many global banks setting up shops in India. The Indian banking system is set to involve into a totally new level it will help the banking system grow in strength going into the future.

In recent time economy is been pushing to increase the role of multi-national banks in the banking sector. But it is opposed on the front that it will lead to state run insurers loosing business and workers their job. There are several reasons why going foreign investors greater voting right is fraught with dangers. When domestic or foreign investors acquire a large share holding in any bank and exercise proportionate voting rights. It creates potential problems not only of excursive concentration in the banking sector but also can expose the economy to more intensive financial crises at the slightest hint of panic.

Opposition is not considering the need of present situation. FDI in Banking sector can sovle various problems of the overall banking sector. Such as-

* Innovative Financial Products
* Technical Development in the foreign markets
* Problem of Inefficient Management
* Non-performing Assets
* Financial Instability
* Poor Capitalization
* Changing Financial Market Conditions

If we consider the root cause of these problems, the reason is low-capital base and all the problems is the outcome of the transactions carried over in a bank. Without a substantial capital base. In a nutshell, we can say that, as the FDI is a non-debt inflow, which will directly solve the problem of capital base. Along with that it entails the following benefits such as.

 **Technology Transfer**

As due to the globalization local banks are competing in the global market, where innovative financial products of multinational banks is the key limiting factor in the development of local bank. They are trying to keep pace with the technological development in the banks. Now a days have been prominent and prudent in the rapid expansion of consumer lending in domestic as well as in foreign markets. It needs appropriate tools to assets (how such credit is managed) credit management of the bank and authorities in change of financial stability.

 **Better Risk Management**

As the banks are expanding their area of operation, there is a need to change their strategies exert competitive pressures and demonstration effect on local institutions, often including them to reassess business practices, including local lending practices as the whole banking sector is crying for strategic policy for risk management.

 **Financial Stability and Better Capitalization**

India may benefit immediately. From foreign entry, if the foreign bank re-capitalize a struggling local institution. In the process also provides needs balance of payment finance. In general; more efficient allocation of credit in the financial sector, better capitalization and wider diversification of foreign banks along with the access of local operations to parent funding. May reduce the sensitivity of the host country banking system and lead towards financial stability.

So due to the aforesaid benefits economy has consistent flow of FDI over the past few years. In addition to that, the govt. Has also taken step to enhance the FDI9 e.g. Telecom civil aviation) FDI up to 100% through the Reserve Bank‟s automatic route was permitted for a no. Of new sectors in 2013-14 such as Greenfield airport project export trading. All these measures have been contributing towards increasing direct investment.

**FINANCIAL STATEMENT OF BANK**

Financial statements are those statements which provide information about profitability and financial position of a business. It includes two statements, i.e., profit & loss a/c or income statement and balance sheet or position statement. The income statement presents the summary of the income earned and the expenses incurred during a financial year. Position statement presents the financial position of the business at the end of the year.

The income statement presents the summary of the income earned and the expenses incurred during a financial year. Position statement presents the financial position of the business at the end of the year. This paper will help in ascertaining whether adequate profits are being earned on the capital invested in the business or not. It will also help in knowing the capacity to pay the interest and dividend. To help the management to make a comparative study of the profitability of various firms engaged in similar business.

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**SIGNIFICANT ACCOUNTING POLICIES**

1. **Basis of Presentation**:- The Company maintains its account on accrual basis following the historical cost convention, except for the revaluation of certain fixed assets, In accordance with the Generally Accepted accounting Principles (GAAP) and in Compliance with the accounting Standards specified in the Companies ( Accounting Standards) Rules, 2006 notified by the Central Government and other provisions of the Companies Act, 1956. However, certain escalation and other claims are accounted for in terms of contract with the customers. Insurance and other claims are accounted for as and when admitted by appropriate authorities.

2. **Fixed Assets**:- Fixed are started at cost net of tax / duty availed, If any, except for land and building added prior to 30th June, 1985 which are started at revalued cost at that date based on the report of technical expert. Lump sum fees paid for acquisition of technical know-how relating to plant and machinery is capitalized as intangible assets. Fixed assets are eliminated from financial statements, either on disposal or when retired from active use. The retired assets are disposed off immediately. The capitalized cost of such disposed retired assets are removed from assets records.

3. **Impairment of Assets**:- The carrying of assets, other than inventories is reviewed at each balance sheet date, to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the assets is estimated. An impairment loss is recognized, whenever the carrying amount of assets or its cash generating units exceeds its recoverable amount. The recoverable amount in the greater of the assets net selling price and value in use which is determined based on the estimated. An impairment loss is recognized, whenever the carrying amount of assets or its cash generating units exceeds its recoverable amount. The recoverable amount is the greater of the asset‟s net selling price and value in use determine based on the estimated. Future cash flow generated from the continuing use of an assets and from its disposal at the end of its useful life, discounted to their present values.

4. **Intangible Assets and Amortization**:- Intangible assets are recognized as per the criteria specified in the accounting standard-Intangible Assets and are amortized as under:

1. Leasehold land : over the period of lease;
2. specialized software : Over a period of five years.
3. Lump sum fees for technical know-how; over a period of five years from the year of commercial production.

5. **Inventories**:- Inventories are valued at lower of cost or net realizable value, after providing for obsolescence and damage as under. Raw material, packing materials cost, on FIFO / Weighted average basis stores and spares. Work-in-Progress-Manufacturing: At cost plus appropriate reduction overheads. Work-in-progress-Contracts at cost till certain percentage of completion and thereafter at realizable value. Finished good-Manufacturing at cost, plus appropriate production overheads, including excise duty paid/ payable on such goods.

6. **Foreign currency transactions, forward contracts and derivatives**:- The reporting currency of the company is Indian rupee. Foreign currency transactions are recorded on recognition in the reporting currency, using the exchange rate at the date of transaction. At each balance sheet, foreign currency monetary items are reported using the closing rate. Exchange differences that arise on settlement of monetary items are recognized as income or expense in the period in which they arise. The company uses foreign exchange forward contract to hedge it exposure to movements in foreign exchange rates.

The use of these contracts reduces the risk or cost and the company does not use these contracts for trading or speculation purposes. Cash flows arising on account of roll over / cancellation are recognized as income / expense of the period in the line with the movement in the underlying exposures. Derivative transaction are considered as off-balance sheet items and cash flows arising there from are recognized in the books of account as and when the settlements take place over the tenor there of in accordance with the terms of the respective contracts.

7. **Revenue recognition**:- Revenue from sale of products are recognized when all the significant risk and reward of ownership of the products are passed on the customers, which is generally on dispatch of goods and acceptance. Service income is recognized as per the terms of the contract with the customer, when the related services are performed. Sale include excise duty and price variation and is recognized in term of contracts with the customers. Sale exclude value added tax / sales tax, brokerage and commission. Revenue from contracts is recognized based on percentage completion after providing for expected losses.

8. **Employee Benefits**:- Short term employee benefits. All employee benefits payable wholly within twelve months of rendering service are classified as short term employee benefits. Benefits such as salaries, wages, short term compensated absences, etc. and the expected cost of bonus. Ex-gratia are recognized during the period in which the employee renders the service. Defined contribution plan company‟s contribution paid / payable during the year to provident fund, officer‟s superannuation fund, ESIC and labor welfare fund are recognized in the profit and loss account. Long term employee benefits obligation for long term benefits, such as leave encashment is recognized in the same manner as in the case of defined benefit plans.

9. **Depreciation**:- Depreciation on the fixed assets is provided at the rates and in the manner specified in schedule XIV of Companies Act, 1956, on written down value method other than on building and plant and equipment, which are depreciated on straight line method. In case of impaired assets, the depreciation is charged on the adjusted cost computed after impairment. Buildings constructed on leasehold land are depreciated at normal rate as prescribed in Schedule XIV to the Companies Act, 1956, where the lease period of land is beyond the life of the building. In other cases, amortized over the lease period. In the case of revalued assets, the difference between the depreciation based on revaluation and the depreciation charged on historical cost is recouped out revaluation reserve.

10. **Research and Development**:- Revenue expenditure on research and development is charged under respective heads of account. Capital expenditure on research and development is included as part of fixed assets and depreciated on the same basis as other fixed assets.

11. **Borrowing Costs** :- Borrowing costs that are attributable to the acquisition, construction or production of a qualifying assets are capitalized as part of the cost of such assets till such time as the assets is read for its intended use or sale. All order borrowing costs are recognized as expense in the period in which they are incurrent.

12. **Taxes on Income**:- Tax on income for the current period is determined on the basis of estimated taxable income and tax credits computed in accordance with the provisions of the income. Tax Act, 1961 and based on the expected outcome of assessment / appeals. Deferred tax is recognized on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the balance sheet date.

13. **Provisions, Contingent liabilities and contingent assets**:- Provisions are recognized for liabilities that can be measured only by using substantial degree of estimation, if the company has present obligation as a result of past event a probable outflow of resources is expected to settle the obligation; and the amount of the obligation can be reliable estimated. Reimbursement by another party, expected in respect of expenditure required to settle a provision, is recognized when it is virtual certain that reimbursement will be received if obligation is settled.

14. **Investment**:- Long term investment are carried at cost after providing for any diminution in value; if such diminution is other than temporary nature. Current investments are carried at lower of cost or market value. The determination of carrying is of such investments is done on the basis of specific identification.

**PROCEDURE OF FINANCIAL STATEMENT ANALYSIS**

The following procedure is adopted for the analysis and interpretation of financial statements:-

* The analyst should acquaint himself with principles and postulated of accounting. He should know the plane and polices of the managements that he may be able to find out whether these plans are properly executed or not.
* The analyst should acquaint himself with principles and postulated of accounting. He should know the plans and policies of the management that he may be able to find out what ever these plans are properly executed or not.
* The extent of analysis should be determined so that the sphere of work may be decided. If an aim is find out. Earning capacity of the enterprise then analysis of income statement will be undertaken.
* The financial data be given in statement should be recognized and rearranged. It will involve the grouping similar data under same heads. Breaking down of individual components of statement according to nature. The data is reduced to a standard form.
* The information is interpreted in a simple and understandable way. The significance and utility of financial data is explained for help indecision making. Same accounting principles are used in preparing should be mentioned as a footnote. Comparative figures indicate the trend and direction of financial position and operating results. This analysis is also known as „Horizontal analysis‟

Analyzing financial statements involves evaluating three characteristics of a company. Its liquidity, its profitability, and its insolvency. A short-term creditor, such as a bank, is primarily interested in the ability of the borrower to pay obligations when they come due. The liquidity of the borrower is extremely important in evaluating the safety of a loan. Similarly, stockholders are interested in the profitability and insolvency of the company. They want to assess the likelihood of dividends and the growth potential of the stock.

**Comparison can be made on a number of different bases.**

**Following are the three illustrations:**

**1. Intra-company basis.**

The basis compares an item or financial relationship within a company in the current year with the same item or relationship in one or more prior years. Intra- company comparisons are useful in detecting changes in financial relationship and significant trends.

**2. Industry averages.**

This basis compares an item or financial relationship of a company with industry averages (or norms) published by financial rating organizations. Comparisons with industry averages provide information as to company relative performance within performance within the industry.

**3. Intercompany basis.**

This basis compares an item or financial relationship of one company with the same item or relationship in one or more competing companies. The comparisons are made on the basis of the published financial statement of the individual companies.

**TOOLS OF FINANCIAL ANALYSIS**

1. **Comparative Statements**: These are the statements showing the profitability and financial position of a firm for different periods of time in a comparative from to give an idea about the position of two or more periods. It usually applies to the two important financial data will be comparative only when

2. **Common Size Statements** : These are the statement which indicate the relationship of different items of financial statement with some common item by expressing each item as a percentage of the common item. The percentage thus calculated can be easily compared with the results corresponding percentages of the previous year or of same other firms, as the number are brought to common base. Such statement also allow an analyst to compare the operating and financing characteristics of two companies of different size in the same industry.

3. **Trend Analysis**: It is technique of studying the operational results and financial position over a series of years. Using the previous years data of business enterprise, trend analysis can be done to observe the percentage changes over time in the selected data. The trend percentage is the percentage relationship, which each item of different years bear to the same item in the base year. Trend analysis is important because, with its long run view, it may point to basic changes in the natural of the business.

4. **Ratio Analysis**: It describes the significant relationship which exists between various items of a balance sheet and a profit and loss account of firm. As a technique of financial analysis accounting ratios measure the comparative significance of the individual items of the income and position statements. It is Possible to asses the profitability, solvency and efficiency of an enterprise through the technique of ratio analysis.

5. **Cash Flow Analysis**: It refers to the analysis of actual movement of cash into and out of an organization. The flow of cash into the business is called as cash inflow or positive cash flow and the flow of cash out of the firm is called as cash outflow or a negative cash flow. The difference between the inflow and outflow of cash is the net cash flow. Cash flow statement is prepared to project the manner in which the cash has been received and has been utilized during an accounting year as it shows the sources of cash receipts and also the purposes for which payments are made.

**CHAPTER – 3**

**3.1 INDUSTRY PROFILE**

**INTRODUCTION**

As per the Reserve Bank of India (RBI), India’s banking sector is sufficiently capitalised and well-regulated. The financial and economic conditions in the country are far superior to any other country in the world. Credit, market and liquidity risk studies suggest that Indian banks are generally resilient and have withstood the global downturn well.

Indian banking industry has recently witnessed the roll out of innovative banking models like payments and small finance banks. RBI’s new measures may go a long way in helping the restructuring of the domestic banking industry.

The digital payments system in India has evolved the most among 25 countries with India’s Immediate Payment Service (IMPS) being the only system at level five in the Faster Payments Innovation Index (FPII).

The Indian banking system consists of 12 public sector banks, 22 private sector banks, 46 foreign banks, 56 regional rural banks, 1485 urban cooperative banks and 96,000 rural cooperative banks in addition to cooperative credit institutions As of September 2021, the total number of ATMs in India reached 213,145 out of which 47.5% are in rural and semi urban areas.

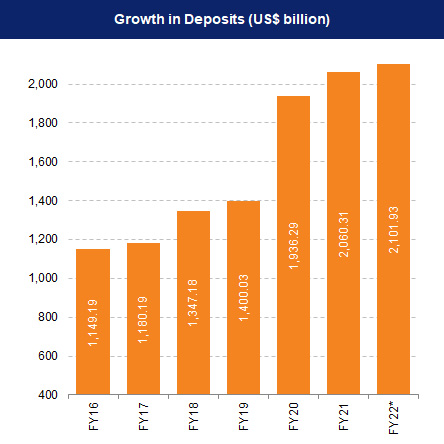
In FY18-FY21, bank assets across sectors increased. Total assets across the banking sector (including public and private sector banks) increased to US$ 2.48 trillion in FY21.

In FY21, total assets in the public and private banking sectors were US$ 1,602.65 billion and US$ 878.56 billion, respectively.

During FY16-FY21, bank credit increased at a CAGR of 0.29%. As of FY21, total credit extended surged to US$ 1,487.60 billion. During FY16-FY21, deposits grew at a CAGR of 12.38% and reached US$ 2.06 trillion by FY21. Bank deposits stood at Rs. 165.74 trillion (US$ 2.11 trillion) as of May 20, 2022.

According to India Ratings & Research (Ind-Ra), credit growth is expected to hit 10% in 2022-23 which will be a double digit growth in eight years. As on May 20, 2022, bank credit stood at Rs. 120.27 lakh crore (US$ 1.5376 trillion).

As on May 20 2022, credit to non-food industries stood at Rs. 119.74 lakh crore (US$ 1.5308 trillion).



**INVESTMENTS**

Key investments and developments in India’s banking industry include:

* **On June, 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 totaled Rs. 1.68 trillion (US$ 21.56 billion).**
* **In April 2022, India’s largest private bank HDFC Bank announced a transformational merger with HDFC Limited.**
* **On November 09, 2021, RBI announced the launch of its first global hackathon 'HARBINGER 2021 – Innovation for Transformation' with the theme ‘Smarter Digital Payments’.**
* **In November 2021, Kotak Mahindra Bank announced that it has completed the acquisition of a 9.98% stake in KFin Technologies for Rs. 310 crore (US$ 41.62 million).**
* **In July 2021, Google Pay for Business has enabled small merchants to access credit through tie-up with the digital lending platform for MSMEs—FlexiLoans.**
* **In December 2020, in response to the RBI’s cautionary message, the Digital Lenders’ Association issued a revised code of conduct for digital lending.**
* **On November 6, 2020, WhatsApp started UPI payments service in India on receiving the National Payments Corporation of India (NPCI) approval to ‘Go Live’ on UPI in a graded manner.**
* **In October 2020, HDFC Bank and Apollo Hospitals partnered to launch the ‘HealthyLife Programme’, a holistic healthcare solution that makes healthy living accessible and affordable on Apollo’s digital platform.**
* **In 2019, banking and financial services witnessed 32 M&A (merger and acquisition) activities worth US$ 1.72 billion.**
* **In March 2020, State Bank of India (SBI), India’s largest lender, raised US$ 100 million in green bonds through private placement.**
* **In February 2020, the Cabinet Committee on Economic Affairs gave its approval for continuation of the process of recapitalization of Regional Rural Banks (RRBs) by providing minimum regulatory capital to RRBs for another year beyond 2019-20 - till 2020-21 to those RRBs which are unable to maintain minimum Capital to Risk weighted Assets Ratio (CRAR) of 9% as per the regulatory norms prescribed by RBI.**

**GOVERNMENT INITIATIVES**

* **National Asset reconstruction company (NARCL) will take over, 15 non-performing loans (NPLs) worth Rs. 50,000 crores (US$ 6.70 billion) from the banks.**
* **National payments corporation India (NPCI) has plans to launch UPI lite this will provide offline UPI services for digital payments. Payments of upto Rs. 200 (US$ 2.67) can be made using this.**
* **In the Union budget of 2022-23 India has announced plans for a central bank digital currency (CBDC) which will be possibly know as Digital Rupee.**
* **National Asset reconstruction company (NARCL) will take over, 15 Non performing loans (NPLs) worth Rs. 50,000 crores (US$ 6.70 billion) from the banks.**
* **In November 2021, RBI launched the ‘RBI Retail Direct Scheme’ for retail investors to increase retail participation in government securities.**
* **The RBI introduced new auto debit rules with a mandatory additional factor of authentication (AFA), effective from October 01, 2021, to improve the safety and security of card transactions, as part of its risk mitigation measures.**
* **In September 2021, Central Banks of India and Singapore announced to link their digital payment systems by July 2022 to initiate instant and low-cost fund transfers.**
* **In August 2021, Prime Minister Mr. Narendra Modi launched e-RUPI, a person and purpose-specific digital payment solution. e-RUPI is a QR code or SMS string-based e-voucher that is sent to the beneficiary’s cell phone. Users of this one-time payment mechanism will be able to redeem the voucher at the service provider without the usage of a card, digital payments app, or internet banking access.**
* **As per Union Budget 2021-22, the government will disinvest IDBI Bank and privatise two public sector banks.**
* **Government smoothly carried out consolidation, reducing the number of Public Sector Banks by eight.**

**ACHIEVEMENTS**

Following are the achievements of the Government:

* **In May 2022, Unified Payments Interface (UPI) recorded 5.95 billion transactions worth Rs. 10.41 trillion (US$ 133.46 billion).**
* **According to the RBI, India’s foreign exchange reserves reached US$ 630.19 billion as of February 18, 2022**
* **To improve infrastructure in villages, 204,000 point of sale (PoS) terminals have been sanctioned from the Financial Inclusion Fund by National Bank for Agriculture & Rural Development (NABARD).**
* **The number of transactions through immediate payment service (IMPS) reached 430.67 million and amounted to Rs. 3.70 trillion (US$ 49.75 billion) in October 2021.**

**ROAD AHEAD**

Enhanced spending on infrastructure, speedy implementation of projects and continuation of reforms are expected to provide further impetus to growth in the banking sector. All these factors suggest that India’s banking sector is poised for a robust growth as rapidly growing businesses will turn to banks for their credit needs.

Also, the advancement in technology has brought mobile and internet banking services to the fore. The banking sector is laying greater emphasis on providing improved services to their clients and upgrading their technology infrastructure to enhance customer’s overall experience as well as give banks a competitive edge.

India’s digital lending stood at US$ 75 billion in FY18 and is estimated to reach US$ 1 trillion by FY23 driven by the five-fold increase in the digital disbursements. By 2025, India's fintech market is expected to reach Rs. 6.2 trillion (US$ 83.48 billion).

**3.2 COMPANY PROFILE**

**State Bank of India**

The evolution of State Bank of India can be traced back to the first decade of the 19th century. It began with the establishment of the Bank of Calcutta in Calcutta, on 2 June 1806. The bank was redesigned as the Bank of Bengal, three years later, on 2 January 1809. It was the first ever joint-stock bank of the British India, established under the sponsorship of the Government of Bengal. Subsequently, the Bank of Bombay (established on 15 April 1840) and the Bank of Madras (established on 1 July 1843) followed the Bank of Bengal. These three banks dominated the modern banking scenario in India, until when they were amalgamated to form the Imperial Bank of India, on 27 January1921.

An important turning point in the history of State Bank of India is the launch of the first Five Year Plan of independent India, in 1951. The Plan aimed at serving the Indian economy in general and the rural sector of the country, in particular. Until the Plan, the commercial banks of the country, including the Imperial Bank of India, confined their services to the urban sector. Moreover, they were not equipped to respond to the growing needs of the economic revival taking shape in the rural areas of the country.

The All India Rural Credit Survey Committee proposed the take over of the Imperial Bank of India, and integrating with it, the former state-owned or state associate banks. Subsequently, an Act was passed in the Parliament of India in May 1955. As a result, the State Bank of India (SBI) was established on 1 July 1955. This resulted in making the State Bank of India more powerful, because as much as a quarter of the resources of the Indian banking system were controlled directly by the State. Later on, the State Bank of India (Subsidiary Banks) Act was passed in 1959. The Act enabled the State Bank of India to make the eight former State-associated banks as its subsidiaries.

The State Bank of India emerged as a pacesetter, with its operations carried out by the 480 offices comprising branches, sub offices and three Local Head Offices, inherited from the Imperial Bank. Instead of serving as mere repositories of the community's savings and lending to creditworthy parties, the State Bank of India catered to the needs of the customers, by banking purposefully. The bank served the heterogeneous financial needs of the planned economic development.

**ICICI Bank**

ICICI Bank was originally promoted in 1994 by ICICI Limited, an Indian financial institution, and was its wholly-owned subsidiary. ICICI's shareholding in ICICI Bank was reduced to 46 percentage through a public offering of shares in India in fiscal 1998, an equity offering in the form of ADRs listed on the NYSE in fiscal 2000, ICICI Bank's acquisition of Bank of Madura Limited in an all-stock amalgamation in fiscal 2001, and secondary market sales by ICICI to institutional investors in fiscal 2001 and fiscal 2002.

ICICI was formed at the initiative of the World Bank, the Government of India and representatives of Indian industry. The principal objective was to create a development financial institution for providing medium-term and long-term project financing to Indian businesses. 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. In 1999, ICICI become the first Indian company and the first bank or financial institution from non-Japan Asia to be listed on the NYSE. After consideration of various corporate structuring alternatives in the context of the emerging competitive scenario in the Indian banking industry, and the move towards universal banking, the managements of ICICI and ICICI Bank held the view that the merger of ICICI with ICICI Bank would be the optimal strategic alternative for both entities, and would create the optimal legal structure for the ICICI group's universal banking strategy.

The merger would enhance value for ICICI Bank shareholders through a large capital base and scale of operations, seamless access to ICICI's strong corporate relationships built up over five decades, entry into new business segments, higher market share in various business segments, particularly fee-based services, and access to the vast talent pool of ICICI and its subsidiaries.

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 was approved by shareholders of ICICI and ICICI Bank in January 2002, by the High Court of Gujarat at Ahmadabad in March 2002, and by the High Court of Judicature at Mumbai and the Reserve Bank of India in April 2002. Consequent to the merger, the ICICI group's financing and banking operations, both wholesale and retail, have been integrated into a single entity.

**Punjab National Bank**

Punjab national bank is an Indian multinational banking and financial service company. It is a sector based in New Delhi state owned corporation India. The bank was founded in 1894. As of 31 March 2017, the bank has over 80 million customers, 6,937 branches (7,000 as on 2nd oct, 2018) and 10681 ATM across 764 cities.

PNB has a banking subsidiary in the UK(PNB International Bank, with seven branches in the UK), as well as branches in Hong Kong, Kowloon, Dubai, and Kabul. It has representative offices in Almaty (Kazakhstan), Dubai(United Arab Emirates), In Bhutan it owns 51% of Drunk PNB Bank, which has five branches. In Nepal PNB owns 20% of Everest Bank Limited, which has 50 branches. Lastly, PNB owns 84% of JSC (SB) PNB Bank in Kazakhstan, which has four branches. Punjab National Bank is a PSU working under Central Government of India regulated by RBI Act, 1934 and Banking Regulation Act, 1949. Punjab National Bank was registered on 19 May 1894 under the Indian Companies Act, with its office .

In 1900 PNB established its first branch outside Lahore in India. Branches in Karachi and Peshawar followed. The next major event occurred in 1940 when PNB absorbed Bhagwan (or Bhugwan) Dass Bank, which had its head office in Dehra Dun.

At commencement of Pakistani independence, PNB lost its premises in Lahore, but continued to operate in Pakistan. Partition forced PNB to close 92 office one-third of its total number of branches, and which held 40% of the total deposits. PNB still maintained a few caretaker branches. On 31 March 1947, even before Partition, PNB had decided to leave Lahore and transfer its registered office to India; it received permission from the Lahore High Court on 20 June 1947, at which time it established a new head office at Under Hill Road, Civil Lines in New Delhi. Lala Yodh Raj was the Chairman of the Bank.

In 1951, PNB acquired the 39 branches of Bharat Bank (est. 1942). Bharat Bank became Bharat Nidhi Ltd. In 1960, PNB again shifted its head office, this time from Calcutta to Delhi. In 1961, PNB acquired Universal Bank of India, which Ramakrishna Jain had established in 1938 in Dalmianagar, Bihar . PNB also amalgamated Indo Commercial Bank (est. 1932 by S. N. N. Sankaralinga lyer in rescue.

The Government of India (GOI) nationalized PNB and 13 other major commercial banks, on 19 July 1969. In 1976 or 1978, PNB opened a branch in London. some ten years later, in 1986, the Reserve Bank of India required PNB to transfer its London branch to State bank of India after the branch was involved in a fraud scandal. That same year, 1986, PNB acquired Hindustan Commercial Bank (est. 1943) in a rescue. The acquisition added Hindustan's 142 branches to PNB's network.

**CHAPTER – 4**

**RESEARCH METHODOLOGY**

**DATA COLLECTION**

**Secondary Data**:-

Secondary data is the data borrowed from secondary sources by the researcher.

Secondary data can be internal or external i.e, internal records of the bank or information available from library and other statistical organization. As a matter of fact, It’s the back bone of any Financial analysis project field work basically consists of collection of primary data, In this project, researcher had to undergo Financial analysis of banks.

Following technique would be used for collecting Secondary Data-

 Newspaper, Journals and Text books

 Magazines

 Search Engines

Based on the relevant primary and secondary data, a comparative analysis will be done so as to find out the impact of FDI on banking sector with reference to private sector and public sector banks.

**CHAPTER – 5**

**DATA ANALYSIS AND INTERPRETATION**

**STATE BANK OF INDIA**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **PROFIT & LOSS ACCOUNT OF STATE BANK OF INDIA (in Rs. Cr.)** | **MAR 22** | **MAR 21** | **MAR 20** | **MAR 19** | **MAR 18** |
| **INCOME** |  |  |  |  |  |
| Interest / Discount on Advances / Bills | 171,823.73 | 171,429.14 | 179,748.84 | 161,640.23 | 141,363.17 |
| Income from Investments | 84,877.20 | 79,808.09 | 68,204.72 | 74,406.16 | 70,337.62 |
| Interest on Balance with RBI and Other Inter-Bank funds | 4,377.91 | 4,317.53 | 2,920.41 | 1,179.07 | 2,250.00 |
| Others | 14,378.44 | 9,595.87 | 6,449.63 | 5,643.19 | 6,548.53 |
| **TOTAL INTEREST EARNED** | **275,457.29** | **265,150.63** | **257,323.59** | **242,868.65** | **220,499.32** |
| Other Income | 40,563.91 | 43,496.37 | 45,221.48 | 36,774.89 | 44,600.69 |
| **TOTAL INCOME** | **316,021.20** | **308,647.01** | **302,545.07** | **279,643.54** | **265,100.00** |
| **EXPENDITURE** |  |  |  |  |  |
| Interest Expended | 154,749.70 | 154,440.63 | 159,238.77 | 154,519.78 | 145,645.60 |
| Payments to and Provisions for Employees | 57,561.99 | 50,936.00 | 45,714.97 | 41,054.71 | 33,178.68 |
| Depreciation | 3,248.59 | 3,317.55 | 3,303.81 | 3,212.31 | 2,919.47 |
| Operating Expenses (excludes Employee Cost & Depreciation) | 32,586.94 | 28,398.67 | 26,154.91 | 25,420.72 | 23,845.30 |
| **TOTAL OPERATING EXPENSES** | **93,397.52** | **82,652.22** | **75,173.69** | **69,687.74** | **59,943.45** |
| Provision Towards Income Tax | 11,427.30 | 10,760.88 | 2,803.14 | 491.13 | 673.54 |
| Provision Towards Deferred Tax | 318.57 | -3,630.23 | 7,510.99 | 954.12 | -9,654.33 |
| Other Provisions and Contingencies | 24,452.13 | 44,013.03 | 43,330.37 | 53,828.55 | 75,039.20 |
| **TOTAL PROVISIONS AND CONTINGENCIES** | **36,198.00** | **51,143.68** | **53,644.50** | **54,573.80** | **66,058.41** |
| **TOTAL EXPENDITURE** | **284,345.22** | **288,236.54** | **288,056.96** | **278,781.31** | **271,647.46** |
| **NET PROFIT / LOSS FOR THE YEAR** | **31,675.98** | **20,410.47** | **14,488.11** | **862.23** | **-6,547.45** |
| **NET PROFIT / LOSS AFTER EI & PRIOR YEAR ITEMS** | **31,675.98** | **20,410.47** | **14,488.11** | **862.23** | **-6,547.45** |
| Profit / Loss Brought Forward | -3,600.84 | -10,498.30 | -15,226.06 | -15,078.57 | 0.32 |
| **TOTAL PROFIT / LOSS AVAILABLE FOR APPROPRIATIONS** | **28,075.14** | **9,912.17** | **-737.94** | **-14,216.34** | **-12,954.83** |
| **APPROPRIATIONS** |  |  |  |  |  |
| Transfer To / From Statutory Reserve | 9,502.79 | 6,123.14 | 4,346.43 | 258.67 | 0.00 |
| Transfer To / From Capital Reserve | 538.15 | 1,465.12 | 3,985.84 | 379.21 | 3,288.88 |
| Transfer To / From Revenue And Other Reserves | 5,816.31 | 2,354.90 | 1,428.08 | 371.84 | -1,165.14 |
| Dividend and Dividend Tax for The Previous Year | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Equity Share Dividend | 6,336.47 | 3,569.84 | 0.00 | 0.00 | 0.00 |
| Tax On Dividend | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Balance Carried Over To Balance Sheet | 5,881.40 | -3,600.84 | -10,498.30 | -15,226.06 | -15,078.57 |
| **TOTAL APPROPRIATIONS** | **28,075.14** | **9,912.17** | **-737.94** | **-14,216.34** | **-12,954.83** |
| **OTHER INFORMATION** |  |  |  |  |  |
| **EARNINGS PER SHARE** |  |  |  |  |  |
| Basic EPS (Rs.) | 35.49 | 22.87 | 16.23 | 0.97 | -7.67 |
| Diluted EPS (Rs.) | 35.49 | 22.87 | 16.23 | 0.97 | -7.67 |
| **DIVIDEND PERCENTAGE** |  |  |  |  |  |
| Equity Dividend Rate (%) | 710.00 | 400.00 | 0.00 | 0.00 | 0.00 |

**ICICI BANK:**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **PROFIT & LOSS ACCOUNT OF ICICI BANK (in Rs. Cr.)** | **MAR 22** | **MAR 21** | **MAR 20** | **MAR 19** | **MAR 18** |
| **INCOME** |  |  |  |  |  |
| Interest / Discount on Advances / Bills | 63,833.56 | 57,288.81 | 57,551.11 | 47,942.62 | 40,866.21 |
| Income from Investments | 16,409.27 | 16,539.78 | 14,673.21 | 12,796.88 | 11,568.17 |
| Interest on Balance with RBI and Other Inter-Bank funds | 1,560.83 | 1,631.91 | 682.15 | 736.09 | 663.38 |
| Others | 4,570.89 | 3,657.77 | 1,891.85 | 1,925.60 | 1,868.14 |
| **TOTAL INTEREST EARNED** | **86,374.55** | **79,118.27** | **74,798.32** | **63,401.19** | **54,965.89** |
| Other Income | 18,517.53 | 18,968.53 | 16,448.62 | 14,512.16 | 17,419.63 |
| **TOTAL INCOME** | **104,892.08** | **98,086.80** | **91,246.94** | **77,913.36** | **72,385.52** |
| **EXPENDITURE** |  |  |  |  |  |
| Interest Expended | 38,908.45 | 40,128.84 | 41,531.25 | 36,386.40 | 31,940.05 |
| Payments to and Provisions for Employees | 9,672.75 | 8,091.78 | 8,271.24 | 6,808.24 | 5,913.95 |
| Depreciation | 1,152.31 | 1,058.40 | 947.12 | 776.91 | 780.74 |
| Operating Expenses (excludes Employee Cost & Depreciation) | 15,889.47 | 12,397.26 | 12,394.63 | 10,503.91 | 9,009.25 |
| **TOTAL OPERATING EXPENSES** | **26,733.32** | **21,560.83** | **21,614.41** | **18,089.06** | **15,703.94** |
| Provision Towards Income Tax | 6,297.68 | 4,665.66 | 3,746.03 | 3,360.60 | 2,661.85 |
| Provision Towards Deferred Tax | 971.72 | -675.62 | 2,371.20 | -2,947.14 | -2,004.72 |
| Other Provisions and Contingencies | 8,641.42 | 16,214.40 | 14,053.23 | 19,661.14 | 17,306.98 |
| **TOTAL PROVISIONS AND CONTINGENCIES** | **15,910.82** | **20,204.44** | **20,170.46** | **20,074.60** | **17,964.11** |
| **TOTAL EXPENDITURE** | **81,552.58** | **81,894.11** | **83,316.13** | **74,550.05** | **65,608.10** |
| **NET PROFIT / LOSS FOR THE YEAR** | **23,339.49** | **16,192.68** | **7,930.81** | **3,363.30** | **6,777.42** |
| **NET PROFIT / LOSS AFTER EI & PRIOR YEAR ITEMS** | **23,339.49** | **16,192.68** | **7,930.81** | **3,363.30** | **6,777.42** |
| Profit / Loss Brought Forward | 31,009.07 | 21,327.47 | 17,879.57 | 18,495.26 | 18,744.94 |
| **TOTAL PROFIT / LOSS AVAILABLE FOR APPROPRIATIONS** | **54,348.56** | **37,520.15** | **25,810.38** | **21,858.56** | **25,522.36** |
| **APPROPRIATIONS** |  |  |  |  |  |
| Transfer To / From Statutory Reserve | 5,834.90 | 4,048.20 | 1,982.80 | 840.90 | 1,694.40 |
| Transfer To / From Capital Reserve | 1,574.20 | 130.23 | 395.44 | 28.00 | 2,565.46 |
| Transfer To / From Revenue And Other Reserves | 0.00 | 1,500.00 | 0.00 | 350.00 | 700.00 |
| Dividend and Dividend Tax for The Previous Year | 0.00 | 0.00 | 645.31 | 0.00 | 0.00 |
| Equity Share Dividend | 1,385.23 | 0.00 | 0.00 | 965.13 | 1,457.46 |
| Tax On Dividend | 0.00 | 0.00 | 0.00 | 0.00 | 8.73 |
| Balance Carried Over To Balance Sheet | 43,671.34 | 31,009.07 | 21,327.47 | 17,879.57 | 18,495.26 |
| **TOTAL APPROPRIATIONS** | **54,348.56** | **37,520.15** | **25,810.38** | **21,858.56** | **25,522.36** |
| **OTHER INFORMATION** |  |  |  |  |  |
| **EARNINGS PER SHARE** |  |  |  |  |  |
| Basic EPS (Rs.) | 33.66 | 24.01 | 12.28 | 5.23 | 10.56 |
| Diluted EPS (Rs.) | 32.98 | 23.67 | 12.08 | 5.17 | 10.46 |
| **DIVIDEND PERCENTAGE** |  |  |  |  |  |
| Equity Dividend Rate (%) | 250.00 | 100.00 | 0.00 | 50.00 | 75.00 |

**PUNJAB NATIONAL BANK:**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **PROFIT & LOSS ACCOUNT OF PUNJAB NATIONAL BANK (in Rs. Cr.)** | **MAR 22** | **MAR 21** | **MAR 20** | **MAR 19** | **MAR 18** |
| **INCOME** |  |  |  |  |  |
| Interest / Discount on Advances / Bills | 48,498.31 | 53,351.20 | 35,814.96 | 35,086.21 | 31,833.08 |
| Income from Investments | 23,487.18 | 24,565.82 | 15,332.60 | 14,105.97 | 13,946.98 |
| Interest on Balance with RBI and Other Inter-Bank funds | 2,285.54 | 1,898.62 | 2,510.22 | 1,891.39 | 2,001.42 |
| Others | 608.52 | 934.12 | 142.25 | 226.68 | 214.28 |
| **TOTAL INTEREST EARNED** | **74,879.54** | **80,749.77** | **53,800.03** | **51,310.25** | **47,995.77** |
| Other Income | 12,319.96 | 12,811.85 | 9,274.13 | 7,377.41 | 8,880.87 |
| **TOTAL INCOME** | **87,199.49** | **93,561.62** | **63,074.16** | **58,687.66** | **56,876.64** |
| **EXPENDITURE** |  |  |  |  |  |
| Interest Expended | 46,185.08 | 50,272.79 | 36,362.24 | 34,153.94 | 33,073.36 |
| Payments to and Provisions for Employees | 11,841.01 | 12,175.74 | 6,961.68 | 6,963.16 | 9,168.80 |
| Depreciation | 888.61 | 974.92 | 607.68 | 578.02 | 576.17 |
| Operating Expenses (excludes Employee Cost & Depreciation) | 7,522.98 | 7,158.09 | 4,404.01 | 3,997.29 | 3,764.11 |
| **TOTAL OPERATING EXPENSES** | **20,252.60** | **20,308.75** | **11,973.37** | **11,538.47** | **13,509.07** |
| Provision Towards Income Tax | 859.43 | 1,457.78 | 402.79 | 17.15 | -7,292.26 |
| Provision Towards Deferred Tax | 0.00 | 0.00 | 0.00 | -5,387.42 | 0.00 |
| Other Provisions and Contingencies | 16,445.43 | 19,500.68 | 13,999.56 | 28,341.01 | 29,869.28 |
| **TOTAL PROVISIONS AND CONTINGENCIES** | **17,304.86** | **20,958.46** | **14,402.35** | **22,970.74** | **22,577.02** |
| **TOTAL EXPENDITURE** | **83,742.53** | **91,540.00** | **62,737.97** | **68,663.15** | **69,159.46** |
| **NET PROFIT / LOSS FOR THE YEAR** | **3,456.96** | **2,021.62** | **336.19** | **-9,975.49** | **-12,282.82** |
| **NET PROFIT / LOSS AFTER EI & PRIOR YEAR ITEMS** | **3,456.96** | **2,021.62** | **336.19** | **-9,975.49** | **-12,282.82** |
| Profit / Loss Brought Forward | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| **TOTAL PROFIT / LOSS AVAILABLE FOR APPROPRIATIONS** | **3,456.96** | **2,021.62** | **336.19** | **-9,975.49** | **-12,282.82** |
| **APPROPRIATIONS** |  |  |  |  |  |
| Transfer To / From Statutory Reserve | 864.24 | 505.40 | 84.05 | 0.00 | 0.00 |
| Transfer To / From Capital Reserve | 700.93 | 1,036.12 | 203.63 | 86.13 | 1,024.93 |
| Transfer To / From Revenue And Other Reserves | 216.41 | 0.00 | 0.00 | -134.32 | -13,307.75 |
| Dividend and Dividend Tax for The Previous Year | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Equity Share Dividend | 704.71 | 0.00 | 0.00 | 0.00 | 0.00 |
| Tax On Dividend | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Balance Carried Over To Balance Sheet | 0.00 | 0.00 | 0.00 | -9,927.30 | 0.00 |
| **TOTAL APPROPRIATIONS** | **3,456.96** | **2,021.62** | **336.19** | **-9,975.49** | **-12,282.82** |
| **OTHER INFORMATION** |  |  |  |  |  |
| **EARNINGS PER SHARE** |  |  |  |  |  |
| Basic EPS (Rs.) | 3.16 | 2.08 | 0.62 | -30.94 | -55.39 |
| Diluted EPS (Rs.) | 3.16 | 2.08 | 0.62 | -30.94 | -55.39 |
| **DIVIDEND PERCENTAGE** |  |  |  |  |  |
| Equity Dividend Rate (%) | 32.00 | 0.00 | 0.00 | 0.00 | 0.00 |

**Interpretation of Profit or Loss:**

* The Net profit of ICICI Bank is more than compare to State Bank of India and Punjab National Bank.
* In year 2018 State Bank of India and Punjab National Bank suffering Net losses.
* The Net profit of ICICI Bank is Rs.26, 987.71cr more in year 2016 as compare to state Bank of India and Punjab National Bank last five years.
* The Punjab National Bank suffering higher % of losses than others. The net profit is lower than compare to ICICI Bank and State Bank of India.
* In year 2018 Punjab National Bank decrease in level over the last five years.
* ICICI Bank is not suffering any Net losses in last five years.

**BALANCESHEET ANALYSIS**

**STATE BANK OF INDIA**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **BALANCE SHEET OF STATE BANK OF INDIA (in Rs. Cr.)** | **MAR 22** | **MAR 21** | **MAR 20** | **MAR 19** | **MAR 18** |
| **EQUITIES AND LIABILITIES** |  |  |  |  |  |
| **SHAREHOLDER'S FUNDS** |  |  |  |  |  |
| Equity Share Capital | 892.46 | 892.46 | 892.46 | 892.46 | 892.46 |
| **TOTAL SHARE CAPITAL** | **892.46** | **892.46** | **892.46** | **892.46** | **892.46** |
| Revaluation Reserve | 23,377.87 | 23,577.35 | 23,762.67 | 24,653.94 | 24,847.99 |
| Reserves and Surplus | 255,817.73 | 229,405.38 | 207,352.30 | 195,367.42 | 193,388.12 |
| Total Reserves and Surplus | 279,195.60 | 252,982.73 | 231,114.97 | 220,021.36 | 218,236.10 |
| **TOTAL SHAREHOLDERS FUNDS** | **280,088.06** | **253,875.19** | **232,007.43** | **220,913.82** | **219,128.56** |
| Deposits | 4,051,534.12 | 3,681,277.08 | 3,241,620.73 | 2,911,386.01 | 2,706,343.29 |
| Borrowings | 426,043.38 | 417,297.70 | 314,655.65 | 403,017.12 | 362,142.07 |
| Other Liabilities and Provisions | 229,931.84 | 181,979.66 | 163,110.10 | 145,597.30 | 167,138.08 |
| **TOTAL CAPITAL AND LIABILITIES** | **4,987,597.41** | **4,534,429.63** | **3,951,393.92** | **3,680,914.25** | **3,454,752.00** |
| **ASSETS** |  |  |  |  |  |
| Cash and Balances with Reserve Bank of India | 257,859.21 | 213,201.54 | 166,735.78 | 176,932.42 | 150,397.18 |
| Balances with Banks Money at Call and Short Notice | 136,693.11 | 129,837.17 | 84,361.23 | 45,557.69 | 41,501.46 |
| Investments | 1,481,445.47 | 1,351,705.21 | 1,046,954.52 | 967,021.95 | 1,060,986.72 |
| Advances | 2,733,966.59 | 2,449,497.79 | 2,325,289.56 | 2,185,876.92 | 1,934,880.19 |
| Fixed Assets | 37,708.16 | 38,419.24 | 38,439.28 | 39,197.57 | 39,992.25 |
| Other Assets | 339,924.86 | 351,768.68 | 289,613.55 | 266,327.70 | 226,994.20 |
| **TOTAL ASSETS** | **4,987,597.41** | **4,534,429.63** | **3,951,393.92** | **3,680,914.25** | **3,454,752.00** |
| **OTHER ADDITIONAL INFORMATION** |  |  |  |  |  |
| Number of Branches | 22,266.00 | 22,219.00 | 22,141.00 | 22,010.00 | 22,414.00 |
| Number of Employees | 244,250.00 | 245,652.00 | 249,448.00 | 257,252.00 | 264,041.00 |
| Capital Adequacy Ratios (%) | 13.85 | 13.74 | 13.13 | 13.00 | 13.00 |
| **KEY PERFORMANCE INDICATORS** |  |  |  |  |  |
| Tier 1 (%) | 11.16 | 11.44 | 10.71 | 11.00 | 10.00 |
| Tier 2 (%) | 2.69 | 2.30 | 2.42 | 2.00 | 2.00 |
| **ASSETS QUALITY** |  |  |  |  |  |
| Gross NPA | 112,023.00 | 126,389.00 | 149,091.85 | 172,753.60 | 223,427.46 |
| Gross NPA (%) | 4.00 | 5.00 | 6.00 | 8.00 | 11.00 |
| Net NPA | 27,965.71 | 36,809.72 | 51,871.30 | 658,947.40 | 110,854.70 |
| Net NPA (%) | 1.02 | 1.50 | 2.23 | 3.00 | 6.00 |
| Net NPA To Advances (%) | 1.00 | 2.00 | 2.00 | 3.00 | 6.00 |
| **CONTINGENT LIABILITIES, COMMITMENTS** |  |  |  |  |  |
| Bills for Collection | 77,730.12 | 1,706,949.91 | 55,758.16 | 70,022.54 | 74,027.90 |
| Contingent Liabilities | 2,007,083.44 | 1,706,949.91 | 1,214,994.61 | 1,116,081.46 | 1,162,020.69 |

**ICICI BANK**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **BALANCE SHEET OF ICICI BANK (in Rs. Cr.)** | **MAR 22** | **MAR 21** | **MAR 20** | **MAR 19** | **MAR 18** |
| **EQUITIES AND LIABILITIES** |  |  |  |  |  |
| **SHAREHOLDER'S FUNDS** |  |  |  |  |  |
| Equity Share Capital | 1,656.38 | 1,383.41 | 1,294.76 | 1,289.46 | 1,285.81 |
| **TOTAL SHARE CAPITAL** | **1,656.38** | **1,383.41** | **1,294.76** | **1,289.46** | **1,285.81** |
| Revaluation Reserve | 0.00 | 3,093.59 | 3,114.87 | 3,044.51 | 3,003.19 |
| Reserves and Surplus | 168,855.59 | 143,029.08 | 112,091.29 | 104,029.40 | 100,864.37 |
| Total Reserves and Surplus | 168,855.59 | 146,122.67 | 115,206.16 | 107,073.91 | 103,867.56 |
| **TOTAL SHAREHOLDERS FUNDS** | **170,511.97** | **147,509.19** | **116,504.41** | **108,368.04** | **105,158.94** |
| Deposits | 1,064,571.61 | 932,522.16 | 770,968.99 | 652,919.67 | 560,975.21 |
| Borrowings | 107,231.36 | 91,630.96 | 162,896.76 | 165,319.97 | 182,858.62 |
| Other Liabilities and Provisions | 68,982.80 | 58,770.37 | 47,994.99 | 37,851.46 | 30,196.40 |
| **TOTAL CAPITAL AND LIABILITIES** | **1,411,297.74** | **1,230,432.68** | **1,098,365.15** | **964,459.15** | **879,189.16** |
| **ASSETS** |  |  |  |  |  |
| Cash and Balances with Reserve Bank of India | 60,120.82 | 46,031.19 | 35,283.96 | 37,858.01 | 33,102.38 |
| Balances with Banks Money at Call and Short Notice | 107,701.54 | 87,097.06 | 83,871.78 | 42,438.27 | 51,067.00 |
| Investments | 310,241.00 | 281,286.54 | 249,531.48 | 207,732.68 | 202,994.18 |
| Advances | 859,020.44 | 733,729.09 | 645,289.97 | 586,646.58 | 512,395.29 |
| Fixed Assets | 9,373.82 | 8,877.58 | 8,410.29 | 7,931.43 | 7,903.51 |
| Other Assets | 64,840.12 | 73,411.21 | 75,977.67 | 81,852.17 | 71,726.80 |
| **TOTAL ASSETS** | **1,411,297.74** | **1,230,432.68** | **1,098,365.15** | **964,459.15** | **879,189.16** |
| **OTHER ADDITIONAL INFORMATION** |  |  |  |  |  |
| Number of Branches | 0.00 | 5,266.00 | 5,324.00 | 4,874.00 | 4,867.00 |
| Number of Employees | 0.00 | 98,750.00 | 99,319.00 | 86,763.00 | 82,724.00 |
| Capital Adequacy Ratios (%) | 19.16 | 19.12 | 16.00 | 17.00 | 18.00 |
| **KEY PERFORMANCE INDICATORS** |  |  |  |  |  |
| Tier 1 (%) | 0.00 | 18.06 | 15.00 | 15.00 | 16.00 |
| Tier 2 (%) | 0.00 | 1.06 | 1.00 | 2.00 | 3.00 |
| **ASSETS QUALITY** |  |  |  |  |  |
| Gross NPA | 33,919.52 | 40,841.42 | 40,829.09 | 45,676.04 | 53,240.18 |
| Gross NPA (%) | 4.00 | 8.00 | 6.00 | 7.00 | 0.00 |
| Net NPA | 6,960.89 | 9,117.66 | 9,923.24 | 13,449.72 | 27,823.56 |
| Net NPA (%) | 0.76 | 2.10 | 1.54 | 2.29 | 5.00 |
| Net NPA To Advances (%) | 2.00 | 2.00 | 2.00 | 2.00 | 5.00 |
| **CONTINGENT LIABILITIES, COMMITMENTS** |  |  |  |  |  |
| Bills for Collection | 0.00 | 54,643.42 | 48,216.24 | 49,391.99 | 28,588.36 |
| Contingent Liabilities | 0.00 | 2,648,640.67 | 2,523,825.80 | 1,922,038.29 | 1,289,244.00 |

**PNB:**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **BALANCE SHEET OF PUNJAB NATIONAL BANK (in Rs. Cr.)** | **MAR 22** | **MAR 21** | **MAR 20** | **MAR 19** | **MAR 18** |
|  | 12 mths | 12 mths | 12 mths | 12 mths | 12 mths |
| **EQUITIES AND LIABILITIES** |  |  |  |  |  |
| **SHAREHOLDER'S FUNDS** |  |  |  |  |  |
| Equity Share Capital | 2,202.20 | 2,095.54 | 1,347.51 | 920.81 | 552.11 |
| **TOTAL SHARE CAPITAL** | **2,202.20** | **2,095.54** | **1,347.51** | **920.81** | **552.11** |
| Revaluation Reserve | 7,048.62 | 7,200.41 | 4,758.69 | 3,582.23 | 3,683.82 |
| Reserves and Surplus | 86,236.07 | 81,641.36 | 56,251.28 | 40,284.09 | 36,838.37 |
| Total Reserves and Surplus | 93,284.69 | 88,841.77 | 61,009.97 | 43,866.32 | 40,522.19 |
| **TOTAL SHAREHOLDERS FUNDS** | **95,486.90** | **90,937.31** | **62,357.49** | **44,787.13** | **41,074.31** |
| Deposits | 1,146,218.45 | 1,106,332.47 | 703,846.32 | 676,030.14 | 642,226.19 |
| Borrowings | 45,681.41 | 42,840.31 | 50,225.43 | 39,325.91 | 60,850.75 |
| Other Liabilities and Provisions | 27,418.27 | 20,522.52 | 14,236.68 | 14,806.28 | 21,678.86 |
| **TOTAL CAPITAL AND LIABILITIES** | **1,314,805.02** | **1,260,632.62** | **830,665.91** | **774,949.46** | **765,830.10** |
| **ASSETS** |  |  |  |  |  |
| Cash and Balances with Reserve Bank of India | 56,636.12 | 43,958.83 | 38,397.85 | 32,129.13 | 28,789.03 |
| Balances with Banks Money at Call and Short Notice | 76,010.66 | 67,390.88 | 37,595.18 | 43,158.91 | 66,672.97 |
| Investments | 372,167.76 | 392,983.25 | 240,465.64 | 202,128.22 | 200,305.98 |
| Advances | 728,185.68 | 674,230.08 | 471,827.72 | 458,249.20 | 433,734.72 |
| Fixed Assets | 10,673.61 | 11,020.90 | 7,239.07 | 6,224.85 | 6,349.33 |
| Other Assets | 71,131.20 | 71,048.68 | 35,140.45 | 33,059.15 | 29,978.07 |
| **TOTAL ASSETS** | **1,314,805.02** | **1,260,632.62** | **830,665.91** | **774,949.46** | **765,830.10** |
| **OTHER ADDITIONAL INFORMATION** |  |  |  |  |  |
| Number of Branches | 10,098.00 | 10,769.00 | 7,040.00 | 6,989.00 | 6,983.00 |
| Number of Employees | 103,144.00 | 101,802.00 | 68,781.00 | 70,810.00 | 74,897.00 |
| Capital Adequacy Ratios (%) | 14.50 | 14.32 | 14.00 | 10.00 | 9.00 |
| **KEY PERFORMANCE INDICATORS** |  |  |  |  |  |
| Tier 1 (%) | 11.73 | 11.49 | 12.00 | 7.00 | 7.00 |
| Tier 2 (%) | 2.77 | 2.83 | 2.00 | 2.00 | 2.00 |
| **ASSETS QUALITY** |  |  |  |  |  |
| Gross NPA | 92,448.04 | 104,423.42 | 73,478.76 | 78,472.70 | 86,620.05 |
| Gross NPA (%) | 12.00 | 14.00 | 14.00 | 16.00 | 18.00 |
| Net NPA | 34,908.73 | 38,575.70 | 27,218.90 | 30,037.66 | 48,684.29 |
| Net NPA (%) | 4.80 | 5.73 | 5.78 | 6.56 | 11.00 |
| Net NPA To Advances (%) | 5.00 | 6.00 | 6.00 | 7.00 | 11.00 |
| **CONTINGENT LIABILITIES, COMMITMENTS** |  |  |  |  |  |
| Bills for Collection | 37,786.05 | 40,491.16 | 28,049.91 | 27,335.90 | 27,858.61 |
| Contingent Liabilities | 605,180.05 | 383,279.78 | 210,800.74 | 305,400.13 | 304,127.70 |

**INTERPRETAION OF BALANCE SHEET:**

* The deposits of State Bank of India is more than compare to ICICI Bank and Punjab National Bank. The deposits of every banks has to be increases every year. The deposits of SBI Bank Rs. 83,35,550.02 is greater than ICICI & Punjab National Bank in last five years.
* The borrowing of State Bank of India is more than compare to ICICI Bank and Punjab National Bank. The borrowings of Punjab National Bank are less than State Bank of India and ICICI Bank. Borrowings are also increases every year. In 2019 every banks borrowing decrease than compare to last few years.
* The Total share of ICICI Bank more than compare to State Bank of India and Punjab National Bank. Total share of Punjab National Bank is less than compare to SBI & PNB.
* The Investment of State Bank of India is more than compare to ICICI Bank and Punjab National Bank. Every year investment has to be increases of all Banks. The Punjab National Bank. The Investment of Punjab National Bank is less than compare to State Bank of India and ICICI Bank.
* The asset of State Bank of India is more than compare to ICICI Bank And Punjab National Bank. Big difference in State Bank of India Assets as compare to ICICI Bank And Punjab National Bank.

**CASH FLOW STATEMENT ANALYSIS**

**PNB**

|  |
| --- |
|  |
| **CASH FLOW OF PUNJAB NATIONAL BANK (in Rs. Cr.)** | **MAR 22** | **MAR 21** | **MAR 20** | **MAR 19** | **MAR 18** |  |
|  | 12 mths | 12 mths | 12 mths | 12 mths | 12 mths |  |
| **NET PROFIT/LOSS BEFORE EXTRAORDINARY ITEMS AND TAX** | **4,316.40** | **3,479.40** | **738.98** | **-15,345.76** | **-12,282.82** |  |
| Net CashFlow From Operating Activities | 20,363.62 | 1,192.13 | -11,336.23 | -30,892.51 | 1,011.69 |  |
| Net Cash Used In Investing Activities | -1,107.35 | -839.17 | -1,515.85 | -260.37 | -1,288.01 |  |
| Net Cash Used From Financing Activities | 2,040.80 | 5,292.89 | 13,557.07 | 10,978.92 | 7,406.67 |  |
| Foreign Exchange Gains / Losses | 0.00 | 29,710.82 | 0.00 | 0.00 | 0.00 |  |
| **NET INC/DEC IN CASH AND CASH EQUIVALENTS** | **21,297.07** | **35,356.67** | **704.99** | **-20,173.96** | **7,130.36** |  |
| Cash And Cash Equivalents Begin of Year | 111,349.70 | 75,993.03 | 75,288.04 | 95,462.00 | 88,331.65 |  |
| Cash And Cash Equivalents End Of Year | 132,646.77 | 111,349.70 | 75,993.03 | 75,288.04 | 95,462.00 |  |

**ICICI**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **CASH FLOW OF ICICI BANK (in Rs. Cr.)** | **MAR 22** | **MAR 21** | **MAR 20** | **MAR 19** | **MAR 18** |
|  | 12 mths | 12 mths | 12 mths | 12 mths | 12 mths |
| **NET PROFIT/LOSS BEFORE EXTRAORDINARY ITEMS AND TAX** | **30,608.89** | **20,182.72** | **14,048.04** | **3,776.76** | **7,434.56** |
| Net CashFlow From Operating Activities | 55,046.93 | 124,093.36 | 78,449.44 | 38,418.79 | 13,303.65 |
| Net Cash Used In Investing Activities | -35,035.45 | -53,491.40 | -37,107.40 | -23,875.31 | -38,968.80 |
| Net Cash Used From Financing Activities | 14,868.04 | -55,935.32 | -2,644.55 | -18,251.09 | 34,118.30 |
| Foreign Exchange Gains / Losses | -185.40 | -694.13 | 161.97 | -165.48 | 3.17 |
| **NET INC/DEC IN CASH AND CASH EQUIVALENTS** | **34,694.11** | **13,972.51** | **38,859.45** | **-3,873.09** | **8,456.32** |
| Cash And Cash Equivalents Begin of Year | 133,128.25 | 119,155.74 | 80,296.29 | 84,169.38 | 75,713.06 |
| Cash And Cash Equivalents End Of Year | 167,822.36 | 133,128.25 | 119,155.74 | 80,296.29 | 84,169.38 |

**SBI**

|  |
| --- |
|  |
| **CASH FLOW OF STATE BANK OF INDIA (in Rs. Cr.)** | **MAR 22** | **MAR 21** | **MAR 20** | **MAR 19** | **MAR 18** |  |
|  | 12 mths | 12 mths | 12 mths | 12 mths | 12 mths |  |
| **NET PROFIT/LOSS BEFORE EXTRAORDINARY ITEMS AND TAX** | **43,421.85** | **27,541.12** | **25,062.77** | **1,607.48** | **-15,528.24** |  |
| Net CashFlow From Operating Activities | 58,415.45 | 89,865.54 | 25,687.86 | 34,627.51 | -85,425.25 |  |
| Net Cash Used In Investing Activities | -2,612.72 | -3,354.26 | -2,976.77 | -3,958.60 | 879.08 |  |
| Net Cash Used From Financing Activities | -5,177.51 | 5,632.63 | 3,352.17 | -1,087.83 | 4,290.92 |  |
| Foreign Exchange Gains / Losses | 888.39 | -202.21 | 2,543.64 | 1,010.38 | 100,182.24 |  |
| **NET INC/DEC IN CASH AND CASH EQUIVALENTS** | **51,513.61** | **91,941.70** | **28,606.89** | **30,591.47** | **19,926.99** |  |
| Cash And Cash Equivalents Begin of Year | 343,038.71 | 251,097.01 | 222,490.11 | 191,898.64 | 171,971.65 |  |
| Cash And Cash Equivalents End Of Year | 394,552.32 | 343,038.71 | 251,097.01 | 222,490.11 | 191,898.64 |  |

**INTERPRETATION OF CASH FLOW STATEMENT:**

* Net cash from Operating activity of ICICI Bank is more than compare to State Bank of India and Punjab National Bank.
* In 2018 Net cash from operating activities of all banks decreases than compare to last five years.
* Net cash from operating activity of State Bank of India and ICICI bank showing negative cash in the year 2018.
* Net cash from Investing activity of ICICI Bank is more than compare to State Bank of India and Punjab National Bank.
* If show all the banks have maximum negative net cash from (used to) Investing activity last five year.
* Net cash from (used to) Financing activity of ICICI Bank is more in the year 2018 than compare to State Bank of India.
* The Net cash from financing activity of Punjab national Bank showing positive cash flow than compare to State Bank of India and ICICI Bank in last five years.
* The State Bank of India Net cash increases in cash & cash equivalents more than compare to ICICI Bank and Punjab National Bank.
* The Net cash less increases in cash equivalents of ICICI Bank than compare to State Bank of India and Punjab National Bank.
* In 2018 the Net cash of ICICI Bank and Punjab National Bank increases less than compare to previous years but Net cash of State Bank of India increases more than previous years in cash & cash equivalents.

**RATIO ANALYSIS**

**Gross Profit Ratio=Gross Profit/Revenue**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **YEAR** | **2022** | **2021** | **2020** | **2019** | **2018** |
| **ICICI** | 28.03 | 1905 | 22.03 | 25.17 | 26.12 |
| **SBI** | 20.99 | 21.36 | 25.06 | 21.06 | 22.68 |
| **PNB** | 21.44 | 20.74 | 24.06 | 19.17 | 18.15 |

**Net Profit Margin Ratio= Net Profit/Net Sales**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **YEAR** | **2022** | **2021** | **2020** | **2019** | **2018** |
| **ICICI** | 22.2 | 22.76 | 18.44 | 18.09 | 12.33 |
| **SBI** | 7.98 | 8.59 | 6.06 | 5.97 | -2.96 |
| **PNB** | 7.13 | 6.61 | -8.38 | 2.8 | -25.59 |



**Interpretation On Profitability Ratios:**

* Every firm is most concerned with its profitability. One of the most frequently used tools of financial ratio analysis is profitability ratios which are used to determine the company’s bottom line and its return to its investors. Profitability 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 primary owner certainly has show profitability to those equity investors.
* The gross profit ratio of ICICI Bank is strong as compare to State Bank of India and Punjab National Bank.
* The Net profit margin ratio of ICICI Bank is strong as compare to State Bank of India and Punjab National Bank.

**CHAPTER – 6**

**6.1 Findings:**

* The deposits of State Bank of India is more than compare to ICICI Bank and Punjab National Bank. The deposits of every banks has to be increases every year. The deposits of SBI Bank Rs. 83,35,550.02 is greater than ICICI & Punjab National Bank in last five years.
* The borrowing of State Bank of India is more than compare to ICICI Bank and Punjab National Bank. The borrowings of Punjab National Bank are less than State Bank of India and ICICI Bank. Borrowings are also increases every year. In 2019 every banks borrowing decrease than compare to last few years.
* The Total share of ICICI Bank more than compare to State Bank of India and Punjab National Bank. Total share of Punjab National Bank is less than compare to SBI & PNB.
* The Investment of State Bank of India is more than compare to ICICI Bank and Punjab National Bank. Every year investment has to be increases of all Banks. The Punjab National Bank. The Investment of Punjab National Bank is less than compare to State Bank of India and ICICI Bank.
* The asset of State Bank of India is more than compare to ICICI Bank And Punjab National Bank. Big difference in State Bank of India Assets as compare to ICICI Bank And Punjab National Bank.
* Net cash from Operating activity of ICICI Bank is more than compare to State Bank of India and Punjab National Bank.
* In 2018 Net cash from operating activities of all banks decreases than compare to last five years.
* Net cash from operating activity of State Bank of India and ICICI bank showing negative cash in the year 2018.
* Net cash from Investing activity of ICICI Bank is more than compare to State Bank of India and Punjab National Bank.
* If show all the banks have maximum negative net cash from (used to) Investing activity last five year.
* Net cash from (used to) Financing activity of ICICI Bank is more in the year 2018 than compare to State Bank of India.
* The Net cash from financing activity of Punjab national Bank showing positive cash flow than compare to State Bank of India and ICICI Bank in last five years.
* The State Bank of India Net cash increases in cash & cash equivalents more than compare to ICICI Bank and Punjab National Bank.
* The Net cash less increases in cash equivalents of ICICI Bank than compare to State Bank of India and Punjab National Bank.
* In 2018 the Net cash of ICICI Bank and Punjab National Bank increases less than compare to previous years but Net cash of State Bank of India increases more than previous years in cash & cash equivalents.
* Every firm is most concerned with its profitability. One of the most frequently used tools of financial ratio analysis is profitability ratios which are used to determine the company’s bottom line and its return to its investors. Profitability 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 primary owner certainly has show profitability to those equity investors.
* The gross profit ratio of ICICI Bank is strong as compare to State Bank of India and Punjab National Bank.
* The Net profit margin ratio of ICICI Bank is strong as compare to State Bank of India and Punjab National Bank.

**6.2 Suggestions:**

Every coin has two sides, so is the case with financial statement analysis. It is user friendly tool for knowing financial status of a firm, but it has certain limitations in terms of lack of information. Hence it is recommended that one should be cautions while using financial statement analysis and should also consider the effects of:

1. Accounting policies of the firm and
2. Changes in accounting procedures and standards followed by the firm.

**6.3 Conclusion**

Financial statement analysis is an yardstick for measuring the financial status of a bank. It provides significant information about firm’s strengths and weakness to various individuals and groups such investors, lenders, management of firm, govt. agencies etc. Though financial statement analysis is quite in determining financial strengths and weaknesses of a firm, it is based on the information available in financial statement. Financial statements are prepared primarily for decision-making. They play dominant role-in setting the framework of management decisions. But the information provided in financial analysis is not an end itself as no meaningful conclusion can be drawn from these statements alone.

The information provided in financial statement is of immense use in making decisions through financial analysis. Financial analysis is the process of identifying the financial strengths and weakness of a firm by properly establishing relationship between the items of the balance sheet , profit and loss and financial ratios. There are various methods or techniques used-in-financial analysis such as comparative balance sheets statements, trend analysis, common size statement, schedule changes in working capital, funds flow, cash flow analysis, cost volume-profit analysis, and particularly in banking sector, the financial analysis is very much essential as they deal with public money, ratio analysis is one that methodically classifies the data of banks income statement, balance sheet by establishing the relationship indicators can be received by the mangers and can understand well about the functioning and financial performance of a bank.

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