Financial Performance of Selected Private Banks in India

Ms. Sunita Sukhija* and Dr. Arti Gaur**

Abstract

The banking sector is the most dominant sector of the financial system in India, and with good valuations and increasing profits, the sector has been among the top performers in the markets. Undoubtedly, being tech-savvy and full of expertise, private banks have played a major role in the development of Indian banking industry. In the process they have jolted public sector banks out of complacency and forced them to become more competitive. At present, Private Banks in India includes leading banks like ICICI Banks, ING Vysya Bank, Kotak Mahindra Bank, SBI Commercial and International Bank, etc. Private Banks such as HDFC Bank and ICICI Bank are posting a rapid increase in their asset base every year as compared to public sector banks. The objective of present paper is to analyze the financial position of the private sector banks. The analysis reveals that HDFC is the most efficient bank in terms of generating earning per share. KM B has higher P/B Ratio it shows that, the higher the premium the market is willing to pay for the company above its hard assets.

Keywords: Financial Performance, Indian Private Banks, EPS, CR, QR, DER, ROCE, PBR, PER, CAR, RONW

*Assistant Professor, Department of Management Studies, Jan Nayak Ch. Devi Lal Memorial College of Engineering, SIRSA (Haryana)-125055 email- sunita.sukhija@yahoo.com

** Assistant Professor, Deptt. Of Business Administration, Ch. Devi lal University, Sirsa. Email- gaur_aarti1977@yahoo.com

Introduction

The banking sector is the most dominant sector of the financial system in India, and with good valuations and increasing profits, the sector has been among the top performers in the markets. Undoubtedly, being tech-savvy and full of expertise, private banks have played a major role in the development of Indian banking industry. They have made banking more efficient and customer friendly. In the process they have jolted public sector banks out of complacency and forced them to become more competitive. At present, Private Banks in India includes leading banks like ICICI Banks, ING Vysya Bank, Jammu & Kashmir Bank, Karnataka Bank, Kotak Mahindra Bank, SBI Commercial and International Bank, etc. In 1994, the Reserve Bank of India issued a policy of liberalization to license limited number of private banks, which came to be known as New Generation tech-savvy banks. Global Trust Bank was, thus, the first private bank after liberalization; it was later amalgamated with Oriental Bank of Commerce (OBC). Then Housing Development Finance Corporation Limited (HDFC) became the first (still existing) to receive an 'in principle' approval from the Reserve Bank of India (RBI) to set up a bank in the private sector. Without a sound and effective banking system in India it cannot have a healthy economy. The banking sector is the most dominant sector of the financial system in India, and with good valuations and increasing profits, the sector has been among the top performers in the markets. According to a FICCI survey, the regulatory systems of Indian banks are rated above China and Russia; and at par with Japan and Singapore. Indian banking sector is at 6th position among emerging economies, says ASSOCHAM.

Current scenario of Private Banks

Private Banks such as HDFC Bank and ICICI Bank are posting a rapid increase in their asset base every year as compared to public sector banks. A comparison between all profit-making 21 public sector banks and 18 private banks operating in the country revealed that private banks' price earning (P/E) ratio was more than public sector banks on June, 2008 and in June, 2007. The Dun & Bradstreet study revealed that new private sector banks dominated the banking industry in terms of growth with an average year-on-year growth in assets, with 38.7 per cent for deposits, advances at 39.9 per cent and operating profit at 46.7 per cent. They fared better in net profit, which increased by 30 per cent. All bank groups recorded a capital adequacy ratio of more than 12 per cent. Axis Bank's net profit surged by 32 per cent to US$ 115.4 million on 21.2 per cent rise in total income to US$ 852.16 million in the second quarter of 2009-10, over the corresponding period last year. HDFC Bank has posted a 32 per cent rise in its net profit at US$ 175.4 million for the quarter ended December 31, 2009 over the figure of US$ 128.05 million for the same quarter in the previous year.

Methodology

The present study adopts an analytical and descriptive research design. The data of the sample companies (for a period of ten years 2000 to 2009) has been collected from the annual reports and the balance sheet published by the companies and the websites of the companies.

Objectives

- To take investment decision cautiously after studying financial performance.
- To analyze the financial position of the private sector banks.
- To get familiarity of scheming comparative efficiency of different private sector banks.

Hypotheses

The following hypotheses have been put on test:

H_1 : The Debt Equity Ratio (DER) position of HDFC, ICICI, AXIS B, F B, INGV B and KM B differ significantly.

H_2 : The Return on Capital Employed (ROCE) position of HDFC, ICICI, AXIS B, F B, INGV B and KM B differ significantly.

H_3 : The Price Earning Ratio (PER) position of HDFC, ICICI, AXIS B, F B, INGV B and KM B differ significantly.

H_4 : The Earning Per Share (EPS) position of HDFC, ICICI, AXIS B, F B, INGV B and KM B differ significantly.

H_5 : The Return on Net Worth (RONW) position HDFC, ICICI, AXIS B, F B, INGV B and KM B differ significantly.

H_6 : The Current Ratio (CE) position of HDFC, ICICI, AXIS B, F B, INGV B and KM B differ significantly.

H_7 : The Quick Ratio (QR) position of HDFC, ICICI, AXIS B, F B, INGV B and KM B differ significantly.

H_8 : The Capital Adequacy Ratio (CAR) position of HDFC, ICICI, AXIS B, F B, INGV B and KM B differ significantly.

H_9 : The Price to Book Ratio (PB) position of HDFC, ICICI, AXIS B, F B, INGV B and KM B differ significantly.

Sampling: The study is done with special reference to private sector banks. The technique of 'Convenience Sampling' has been adopted for the study. The selection of sample of companies is made on the basis of market Capitalization.

Sample Size: Six Indian Private sector Banks have been chosen as sample for the study on account of having the highest market capitalization. These are:

HDFC: Housing Development Finance Corporation

ICICI: Industrial Credit and Investment Corporation of India

AXIS B: AXIS Bank

F B: Federal Bank Limited

INGV B: ING Vysya Bank

KM B: Kotak Mahindra Bank

Source of Data

Financial statements are the raw data collected from the prowess and various banks websites. Data collected from prowess is more reliable and accurate.

Tools for Analysis

The statistical tool used for analysis is one–way Analysis of Variance (ANOVA) using SPSS package. Parameters used are:

- Ratio Analysis: Ratios have been calculated for the past ten years for the purpose of analysis. Ratios being designed are named as:
- Earning Per Share (EPS), Current Ratio (CR), Quick Ratio (QR), Debt Equity Ratio (DER), Return on Capital Employed (ROCE), Price to Book Ratio (PBR), Price Earning Ratio (PER), Capital Adequacy Ratio (CAR) and Return on Net Worth (RONW).

Results

Earning Per Share

The portion of a company's profit allocated to each outstanding share of common stock.

Table 1: Earning per Share (Rs. Cr.)

Year	Axis Bank Ltd.	Federal Bank Ltd.	H D F C Bank Ltd.	I C I C I Bank Ltd.	I N G Vysya Bank Ltd.	Kotak Mahindra Bank Ltd.
1999-00	3.87	20.92	4.93	5.35	22.39	16.31
2000-01	6.34	34.06	7.64	7.3	20	19.02
2001-02	6.26	36.5	9.68	11.43	20.17	10.28
2002-03	8.35	47.37	13.74	9.19	38.11	7.59
2003-04	12.02	61.48	17.89	26.45	26.05	13.22
2004-05	12.22	13.73	21.48	27.22	-8.12	6.88
2005-06	17.41	26.31	27.81	28.55	1	3.82
2006-07	21.26	28.53	33.22	34.2	0.06	4.26
2007-08	29.94	21.49	44.87	37.37	13.33	8.53
2008-09	50.57	29.22	52.77	33.76	18.4	7.99
Average	16.824	31.961	23.403	22.082	15.139	9.79

Source: Data complied from software,’ PROWESS’.

F = 3.460, d.f. = (5, 54,), P < 0.05 Significant

As shown in Table 1, the EPS of HDFC, ICICI, AXIS B, F B, INGV B shows an increasing trend except KM B. EPS of HDFC is substantially higher in current years compare to other banks. On an average, FB has generated EPS of Rs. 31.961, highest among all, followed by HDFC (23.403), ICICI (22.082), AXIS B (16.824), INGV B (15.139) and then KM B (9.79), the lowest among all six sample banks. The analysis reveals that HDFC is the most efficient bank in terms of generating earning per share.

Since F = 3.460 (P<0.05), it is concluded that the EPS position of HDFC, ICICI, AXIS B, F B, INGV B and KM B differ significantly.

Debt Equity Ratio

The debt-to-equity ratio is a financial ratio indicating the relative proportion of shareholders' equity and debt used to finance a company's assets.

Table 2: Debt-to-Equity Position (in times)

Year	Axis Bank Ltd.	Federal Bank Ltd.	H D F C Bank Ltd.	I C I C I Bank Ltd.	I N G Vysya Bank Ltd.	Kotak Mahindra Bank Ltd.
1999-00	2.22	1.46	2.06	0.58	0.98	1.17
2000-01	3.93	1.19	1.55	0.92	1.7	1.04
2001-02	2.03	1.24	1.03	8.94	2.6	1.15
2002-03	1.31	0.73	1.01	6.05	2.11	2.11
2003-04	1.02	0.78	1.07	4.86	2.26	0.84
2004-05	1.06	0.64	1.16	3.27	1.7	1.3
2005-06	1.55	0.71	0.86	2.17	1.75	2.14
2006-07	2.56	0.83	0.95	2.87	1.49	3.44
2007-08	1.03	0.32	0.68	1.85	1.22	1.64
2008-09	1.52	0.28	0.65	1.86	2	1.72
Average	1.823	0.818	1.102	3.337	1.781	1.655

Source: Data complied from software,' PROWESS'.

F = 5.273, d.f. (5, 54), P < 0.05 Significant

The data in Table 2 reveals that has Axis B achieved the highest Debt Equity Ratio in 1999-01 and followed by ICICI from 2001-09. F B has registered the lowest ratio. In an average, Debt Equity Ratio of ICICI is significantly higher (3.337 times) then that of AXIS B (1.832 times), INGV B (1.781 times), KM B (1.655 times), HDFC (1.102 times) and F B (0.818 times). Thus, it is inferred that F B has the least proportion of debt fund in its total capital and hence is the most efficient bank among all other sample companies. It has the highest portion of its self owned funds in the capital structure followed by other sample banks.

Since F=5.273 (P<0.05), it is concluded that the D/E position of HDFC, ICICI, AXIS B, F B, INGV B and KM B differ significantly.

Price-to-Earning Ratio

The P/E ratio (price-to-earnings ratio) of a stock is a measure of the price paid for a share relative to the annual net income or profit earned by the firm per share. The higher the P/E ratio, the more the market is willing to pay for each dollar of annual earnings

Table 3: P/E Ratio (in Times)

Year	Axis Bank Ltd.	Federal Bank Ltd.	H D F C Bank Ltd.	I C I C I Bank Ltd.	I N G Vysya Bank Ltd.	Kotak Mahindra Bank Ltd.
1999-00	10.22	2.58	51.88	48.6	5.36	7.05
2000-01	3.87	1.34	30.09	22.66	6.1	3.05
2001-02	6.38	2.86	24.3	10.85	12.13	13.88
2002-03	4.81	1.95	17.01	14.57	6.22	20.8
2003-04	12.21	6.05	21.15	11.19	18.24	30.56
2004-05	19.81	11.25	25.34	14.44	-18.97	49.47
2005-06	20.47	7.66	27.82	20.64	142.99	72.73
2006-07	23.05	7.56	28.58	24.94	2878.46	112.68
2007-08	26.09	10.06	29.42	20.61	25.47	73.71
2008-09	8.2	4.73	18.34	9.85	7.04	35.42
Average	13.511	5.604	27.393	19.835	308.304	41.935

Source: Data compiled from software,' PROWESS'.

F = 1.015, d.f. = (5, 54), P > 0.05, Not Significant

Table 3 reveals that, On an average INGV B has generated P/E Ratio (308.304), highest among all, followed by KM B (41.935), HDFC (27.393), ICICI (19.835), AXIS B (13.511) and FB (5.604) the lowest among all six sample banks. Thus, it is inferred that there is more responsiveness between the earning capacity and share price in case of INGV B than that of other banks and it also has done better in the share market.

Since F=1.015 (P>0.05), it is concluded that the P/E position of HDFC, ICICI, AXIS B, F B, INGV B and KM B does not differ significantly.

Price to Book Ratio

The price-to-book ratio, or P/B ratio, is a financial ratio used to compare a company's book value to its current market price. This ratio compares the market's valuation of a company to the value of that company as indicated on its financial statements.

Table 4: P/B Ratio (in Times)

Year	Axis Bank Ltd.	Federal Bank Ltd.	H D F C Bank Ltd.	I C I C I Bank Ltd.	I N G Vysya Bank Ltd.	Kotak Mahindra Bank Ltd.
1999-00	2.18	0.33	8.14	4.45	0.53	1.11
2000-01	1.09	0.25	6.13	2.58	0.53	0.52
2001-02	1.27	0.48	3.39	1.8	0.95	1.57
2002-03	1.01	0.39	2.93	1.18	0.93	1.73
2003-04	2.99	1.29	4	2.28	1.71	3.97
2004-05	2.74	1.42	3.73	2.31	2.11	5.55
2005-06	3.44	1.39	4.57	2.36	1.43	9.95
2006-07	4.14	1.28	4.97	3.13	1.62	15.87
2007-08	3.19	0.95	4.07	1.84	2.44	6.03
2008-09	1.46	0.55	2.81	0.75	0.83	2.5
Average	2.351	0.833	4.474	2.268	1.308	4.88

Source: Data complied from software,' PROWESS'.

$F = 5.682$, d.f. = $(5, 54)$, $P < 0.05$, Significant

Table 4 reveals that the P/B ratio of HDFC B is highest from 2001-04 and this trend of highest P/B is followed by KM B in year 2004-08 and again in 2009 P/B Ratio is highest of HDFC. On an average, KM B has generated P/B (4.88), highest among all, followed by HDFC (4.474), AXIS B (2.351), ICICI (2.268), INGV B (1.308) and FB (0.833) the lowest among the six sample banks. Thus, KM B has higher P/B Ratio it shows that, the higher the premium the market is willing to pay for the company above its hard assets.

Since F=5.682 ($P<0.05$), it is concluded that the P/B position of HDFC, ICICI, AXIS B, F B, INGV B and KM B differ significantly.

Return on Capital Employed

Return on Capital Employed (ROCE) is used in finance as a measure of the returns that a company is realizing from its capital employed. Calculated as:

Table 5: ROCE Ratio (in %)

Year	Axis Bank Ltd.	Federal Bank Ltd.	H D F C Bank Ltd.	I C I C I Bank Ltd.	I N G Vysya Bank Ltd.	Kotak Mahindra Bank Ltd.
1999-00	9.84	5.53	10	9.45	-0.35	6.61
2000-01	10.82	6.79	11.9	8.71	4.29	4.55
2001-02	12.46	9.44	11.91	0.79	6.82	6.72
2002-03	11.9	12.04	12.5	0	8.44	4.97
2003-04	13.35	13.25	14.21	3.36	4.59	7.73
2004-05	8.93	6.84	12.6	3.77	-4.74	9.23
2005-06	8.32	10.69	11.5	4.17	0.33	9.15
2006-07	7.1	9.27	11.27	3.79	3.74	4.14
2007-08	7.1	6.72	10.58	3.62	5.47	4.43
2008-09	7.8	6.85	10.77	2.49	4.63	2.8
Average	9.762	8.742	11.724	4.015	3.322	6.033

Source: Data complied from software,' PROWESS'.

F = 15.875, d.f. = (5, 54), P < 0.05, Significant

As shown in Table 5, ROCE of HDFC is highest every year among all other sample banks. And on an average HDFC B has highest ROCE (3.322), then that of AXIS B (9.762), F B (8.742), KM B (6.033), ICICI (4.015) and INGV B (3.322). Thus, it is inferred that HDFC generates enough returns to pay for its cost of capital.

Since F=15.875 (P<0.05) , it is concluded that the ROCE position of HDFC, ICICI, AXIS B, F B, INGV B and KM B differ significantly.

Return on Net Worth

This ratio indicates the return on stockholder's total equity. It is a basic ratio that tells a shareholder what he is getting out of his investment in the company.

Table 6: RONW Ratio (in %)

Year	Axis Bank Ltd.	Federal Bank Ltd.	H D F C Bank Ltd.	I C I C I Bank Ltd.	I N G Vysya Bank Ltd.	Kotak Mahindra Bank Ltd.
1999-00	22.96	13.58	21.76	14.46	-0.52	14.99
2000-01	32.01	15.73	24.87	13.1	6.21	9.13
2001-02	32.32	18.95	20.68	6.4	10.2	10.76
2002-03	25.42	21.42	18.3	-0.04	12.34	8.44
2003-04	26.53	23.13	20.51	20.43	8.04	13.61
2004-05	17.63	11.31	18.31	17.51	-9.37	12.37
2005-06	17.73	17.6	17.65	14.06	0.65	14.55
2006-07	20.3	16.36	19.43	12.69	7.91	11.15
2007-08	17.11	9.8	17.73	11.21	11.39	11.14
2008-09	17.78	8.9	17.14	6.97	11.37	6.73
Average	22.979	15.678	19.638	11.679	5.822	11.287

Source: Data complied from software,' PROWESS'.

F = 15.117, d.f. (5, 54), P < 0.05, Significant

As per Table 6, AXIS B has achieved the highest RONW every year for the data taken for the period of 1999-09 and is followed by F B. INGV Y alone has registered the lowest ratio. On an average RONW of AXIS B is significantly higher then that of HDFC, F B, ICICI, KM B and INGV B. Thus, it is inferred that AXIS bank efficiency, financial viability and its ability to earn returns on shareholders funds & capital employed is sound and effective.

Since F=15.117 (P<0.05), it is concluded that the RONW position of HDFC, ICICI, AXIS B, F B, INGV B and KM B differ significantly.

Capital Adequacy Ratio

Capital adequacy ratio (CAR), also called Capital to Risk Assets Ratio. (CRAR), is a ratio of a bank's capital to its risk.

$$CAR = \frac{\text{Tier One Capital} + \text{Tier Two Capital}}{\text{Risk Weighted Assets}}$$

Table 7: CAR (in %)

Year	Axis Bank Ltd.	Federal Bank Ltd.	H D F C Bank Ltd.	I C I C I Bank Ltd.	I N G Vysya Bank Ltd.	Kotak Mahindra Bank Ltd.
1999-00	0	11.33	12.19	19.64	12.24	0
2000-01	9	10.29	11.09	11.57	12.05	0
2001-02	10.65	10.63	13.93	11.44	11.57	30.47
2002-03	10.9	11.23	11.12	11.1	9.81	25.97
2003-04	11.21	11.48	11.66	10.36	11.05	15.25
2004-05	12.66	11.27	12.16	11.78	9.09	12.8
2005-06	11.08	13.75	11.41	13.35	10.67	11.27
2006-07	11.57	13.43	13.08	11.69	10.56	13.46
2007-08	13.73	22.46	13.6	14.92	10.2	18.65
2008-09	13.69	20.14	15.09	15.92	11.68	19.86
Average	10.449	13.601	12.533	13.177	10.892	14.773

Source: Data complied from software,' PROWESS'.

F = 1.158, d.f. (5, 54), P > 0.05, Not Significant

Table 7 reveals that the capital adequacy ratio of KM B is highest from 2001-05 and this trend of highest CAR is followed by F B in year 2005-09. On an average, KM B has generated CAR (14.773), highest among all, followed by F B (13.601), ICICI (13.177), HDFC (12.533), INGV B (10.892) and AXIS B (10.449), the lowest among all six sample banks. Currently F B ensures that it can absorb a reasonable amount of loss and are complying with their statutory Capital requirements due to higher Capital to Risk Assets Ratio.

Since F=1.158 (P>0.05), it is concluded that the CAR position of HDFC, ICICI, AXIS B, F B, INGV B and KM B does not differ significantly.

Current Ratio

The current ratio is an indication of a firm's market liquidity and ability to meet creditor's demands.

Table 8: Current Ratio (in Times)

Year	Axis Bank Ltd.	Federal Bank Ltd.	H D F C Bank Ltd.	I C I C I Bank Ltd.	I N G Vysya Bank Ltd.	Kotak Mahindra Bank Ltd.
1999-00	3.1	4.61	1.32	6.36	5.07	2.35
2000-01	2.13	4.15	1.76	3.31	3.2	3.59
2001-02	4.43	3.54	1.49	1.83	1.82	0.09
2002-03	5.58	12.05	0.97	1.42	1.59	0.17
2003-04	6.63	9.74	0.58	1.57	2.06	1.5
2004-05	5.42	10.72	0.67	1.6	1.89	0.45
2005-06	1.68	5.93	1	1.64	1.54	0.42
2006-07	3.13	4.81	1.17	2.47	2.04	0.52
2007-08	3.97	3.84	1.44	2.58	2.45	0.85
2008-09	4.11	4.63	1.58	2.89	2.11	0.84
Average	4.018	6.402	1.198	2.567	2.377	1.078

Source: Data complied from software,' PROWESS'.

F = 14.008, d.f. (5, 54), P < 0.05, Significant

As shown in Table 8, F B has highest CR every year and KM B has lowest. On an average, F B has higher CR then that of AXIS B, ICICI, INGV B, HDFC and KM B has lowest. So it shows that FB has enough resources to pay its debts over the next 12 months. It has good short-term financial strength.

Since F=14.008 (P<0.05), it is concluded that the Current Ratio position of HDFC, ICICI, AXIS B, F B, INGV B and KM B differ significantly.

Quick Ratio

In finance, the Acid-test or quick ratio or liquid ratio measures the ability of a company to use its near cash or quick assets to immediately extinguish or retire its current liabilities.

Table 9: Quick Ratio (in Times)

Year	Axis Bank Ltd.	Federal Bank Ltd.	H D F C Bank Ltd.	I C I C I Bank Ltd.	I N G Vysya Bank Ltd.	Kotak Mahindra Bank Ltd.
1999-00	3.08	4.07	1.26	6.3	4.89	1.92
2000-01	2.12	3.55	1.7	3.22	3.07	1.54
2001-02	4.37	3.08	1.45	1.73	1.7	0.08
2002-03	5.51	11.36	0.93	1.27	1.53	0.16
2003-04	6.54	9.09	0.55	1.25	1.97	1.49
2004-05	5.34	9.91	0.64	1.29	1.78	0.45
2005-06	1.64	5.14	0.95	1.34	1.46	0.42
2006-07	3.09	4.25	1.09	2.15	1.99	0.52
2007-08	3.96	3.54	1.35	2.27	2.42	0.84
2008-09	4.11	4.35	1.34	2.54	2.09	0.84
Average	3.976	5.834	1.126	2.336	2.29	0.826

Source: Data compiled from software,' PROWESS'.

$F = 13.570$, d.f. (5, 54), $P < 0.05$, Significant

As shown in Table 9, F B has highest QR every year and KM B has lowest. On an average, F B has higher QR then that of AXIS B, ICICI, INGV B, HDFC and KM B has lowest. So it shows that FB has enough resources to pay its debts. It has good short-term financial strength and its better able to meet its current obligations using liquid asset on time.

Since $F=13.570$ ($P<0.05$), it is concluded that the Quick Ratio position of HDFC, ICICI, AXIS B, F B, INGV B and KM B differ significantly.

Conclusion

- The EPS of HDFC is substantially higher in current years compare to other banks. On an average, FB has generated EPS of Rs. 31.961, highest among all six sample banks. The analysis reveals that HDFC is the most efficient bank in terms of generating earning per share.

- F B has registered the lowest Debt Equity ratio. In an average, Debt Equity Ratio of ICICI is significantly higher (3.337 times) then that of AXIS B (1.832 times), INGV B (1.781 times), KM B (1.655 times), HDFC (1.102 times) and F B (0.818 times). Thus, it is found that F B has the least proportion of debt fund in its total capital and hence is the most efficient bank among all other sample companies. It has the highest portion of its self owned funds in the capital structure followed by other sample banks.
- INGV B has generated P/E Ratio (308.304), highest among all six sample banks. Thus, it is found that there is more responsiveness between the earning capacity and share price in case of INGV B than that of other banks and it also has done better in the share market.
- KM B has higher P/B Ratio it shows that, the higher the premium the market is willing to pay for the company above its hard assets.
- F B has highest QR every year and KM B has lowest. So it shows that FB has enough resources to pay its debts. It has good short-term financial strength and its better able to meet its current obligations using liquid asset on time.
- ROCE of HDFC is highest every year among all other sample banks. This concludes that HDFC generates enough returns to pay for its cost of capital.
- AXIS B has achieved the highest RONW every year for the data taken for the period of 1999-09 and is followed by F B. This concludes that AXIS bank efficiency, financial viability and its ability to earn returns on shareholders funds & capital employed is sound and effective.
- Currently F B ensures that it can absorb a reasonable amount of loss and are complying with their statutory Capital requirements due to higher Capital to Risk Assets Ratio.
- FB has enough resources to pay its debts over the next 12 months. It has good short-term financial strength, because F B has highest CR every year.

Suggestions

After performing a profound analysis of the major players of the Indian Private sector banking industry, the following suggestions might be looked over:

- For effective control banks required to maintain proper ratio of liquidity, solvency and profitability.
- Banks should locate the weak spots in business and remedial measure should take to correct them.
- KM B, HDFC has current ratio less then ideal current ratio 2:1, it indicates lack of liquidity and shortage of working capital. So proper action required to taken by them for improving their current ratio.
- AXIS B (10.449), with the lowest CAR are not complying with their statutory Capital requirements due to lower Capital to Risk Assets Ratio, which required corrective measures for improving it.
- Axis B achieved the highest Debt Equity Ratio, it is inferred that it has the high proportion of debt fund in its total capital which is not a good sign of financial position, so bank has required maintaining a proper ratio of debt to equity in order to provide sufficient protection to long term lenders.

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