



A STUDY ON FINANCIAL PERFORMANCE OF ICICI BANK

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ABSTRACT

The liberalized policy of the government of India permitted entry to the ICICI in banking; the industry has witnessed a generation of private players. The focus of these banks has always been centered on the customer. But to satisfy the customers and to operate other activities, the bank must have sufficient funds in its accounts. That's why, in the present paper special emphasis has been laid down on the financial analysis of the bank by using different research and statistical tools. The study adopts an analytical and descriptive research design. The data for a period of 5 years i.e., 2015-2016 to 2019-2020 have been collected from the annual reports of the bank. Seven ratios are selected for the study and made an analysis of selected ratios using growth rate, average, cumulative annual growth rate and other statistical techniques. The study revealed that the bank performing progressively till 2020, later identified a various ratio analysis.

KEYWORDS: Banking, balance sheet, descriptive research design, profit & loss A/c, ratio analysis.

1. INTRODUCTION

Financial performance is a subjective measure of how well a firm can use assets from its primary mode of business and general revenue. The term is also used as a general measure of a firm's overall financial health over a given period. The financial performance identifies how a company generates revenue and manage its assets, liabilities, and the financial interests of its stakeholders.

2. STATEMENT OF THE PROBLEM

Banking is a vast subject many economic researchers have studied and focusing their attention on various spheres of banking. The studies available on the performance of commercial banks are minimal in number. There are still many unexplored areas that need to be explored. In this context "Financial analysis of ICICI Bank" is selected for the present study.

3. OBJECTIVE OF THE STUDY

- To analyze the financial statement.
- To simplify and summarize a long array of accounting data and make them understandable.
- To forecast and prepare the plans for the future.
- To reveal the trend of costs, sales, profits and other important facts.

4. RESEARCH METHODOLOGY

Research methodology is the study of research method and rules for doing research work. To do a research it is necessary to anticipate all the steps, which must be undertaken. If the project is to be completed successfully proper steps in research process has to be followed. It consists of interrelated activities such as identifying the research problems, description of research design, sources of collecting data etc. Despite of overall progress poor capital base, inefficient organization structure, declining profitability and growing non-performing assets had become the major hindrances in the development during post nationalization period. The study will be conducted with reference to the data of ICICI Bank.

SOURCE OF DATA

Secondary Data are those data which are already collected and stored and which has been passed through statistical research. In this project, secondary data has been collected from following sources: -

- Annual Report
- Articles in Journal, Magazines.
- Books
- Other material and report published by company



Period of study: This study covers a period of ten years, i.e., from 2015-2016 to 2019-2020.

5. TOOLS AND TECHNIQUES USED

The following statistical tools were applied to analyze the statistical data collected from calculation of financial performance analysis;

- Current Ratio
- Quick Ratio
- Net Profit Ratio
- Operating Profit Ratio
- Eps (Earning Per Share)
- Return On Assets
- Return On Equity

6. REVIEW OF LITERATURE

- Singh A.B., tondon p. (2012) examined the financial performance of SBI and ICICI BANK. Public sector and private sector respectively. The study found that SBI is performing well and financially sound than ICICI BANK but in context of deposits and expenditure ICICI bank has better managing efficiency than SBI.
- Kaushik Mukerjee (2006) in his paper "CRM in Banking-Focus on ICICI Bank's initiatives"

had focused on CRM in Banking and its applications in ICICI Bank. The CRM in ICICI is being used for targeting customers, sales, consistent interface with customers, etc. ICICI Bank has managed to focus better on customers by undertaking a serious approach that has enabled it to manage its operations effectively. It included better targeting of customers; higher share of wallet; more effective channel strategies; database marketing, etc. The bank is able to evaluate customer usage pattern through CRM data warehouse. New products are developed through extensive customer profiling. Through CRM, ICICI is able to manage its data centrally.

- Khan M. Y. Recently ICICI Ltd. (along with two of its subsidiaries, ICICI Personal Finance Services Ltd. and ICICI Capital Services Ltd.) has been merged with ICICI bank Ltd; effective from May3, 2002. The erstwhile DFI has thus ceased to exist. Its main objective is to encourage and promote private ownership of industrial investment and expansion of investment markets.

7. TABLES

Table Showing Return on Asset Ratio (%)

Particulars	2020	2019	2018	2017	2016
Net Income	7,930.81	3,363.30	6,777.42	9,801.09	9,726.29
Total assets	10,98,365.15	9,64,459.15	8,79,189.16	7,71,791.45	7,20,695.10
Return on assets	0.72	0.34	0.77	1.26	1.34

(Source: Annual report of ICICI Bank)

INTERPRETATION

From the above table 4.6 the Return on Assets (ROA) in the year 2016 was 1.34, in the year 2017 it increased to 1.26, in the year 2018 it decreased to 0.77, in the year 2019 it suddenly decreased to 0.34, and in the year 2020 it level of ROA was increased almost double to the previous to 0.72. It indicates that the company generated from invested capital has been reducing to 0.72% this indicates company is slow in converting its investment into profit. Icici banks tend to have a large number of total assets on their books in the form of loans, cash, and investments. After the year 2019 higher the return, the more productive and efficient management is in utilizing economic resources. Below you will find a breakdown of the ROA formula and calculation.

8. SUGGESTIONS

- To increase the profit of bank, bank should decrease their operation expenses and increases their income.

- To increase its liquidity, bank should keep some more cash in its hands instead of giving more and more advances.
- Introduce quality consciousness and standardization of the work system and procedure.
- Make manager competitive and introduce spirit of market-orientation and culture of working for customer satisfaction.

9. CONCLUSION

The ratio analysis and trend analysis and balance sheet show that ICICI bank's financial position is good. Bank's profitability is increased at high rate. Bank's liquidity position is fair but not good because the bank is invested more in current assets than liquid assets. As we all know that ICICI bank is on the second position among all the private sector bank of India in all area but it should pay attention on its profitability and liquidity. Banks's position is stable.



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