

AN ANALYTICAL 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 centre 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., 2018 to 2022 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.

INTRODUCTION

The study of financial performance is an important aspect of evaluating the financial health and efficiency of a financial institution, especially in the banking sector. It involves an in-depth analysis of various financial metrics and ratios to determine the financial standing of the institution. This analysis provides critical information about the institution's profitability, efficiency, and stability, which is valuable for stakeholders who are looking to make informed decisions.

This analysis will provide a comprehensive picture of ICICI Bank's financial performance over time and highlight any trends and patterns that have emerged. By comparing the bank's performance with other banks in the industry, we can see how it stacks up against its peers and determine its position in the market. This

information is valuable for stakeholders, including shareholders, customers, regulators, and other stakeholders, who are looking to make informed decisions about their relationship with ICICI Bank.

STATEMENT OF THE PROBLEM

The problem of the study is to evaluate the financial performance of ICICI bank and determine bank is more profitable. The study will provide valuable insights into the profitability of Bank and help investors, stakeholders and the general public to understand the financial health of the banks. As we know, the banking sector became more competitive also there are important factors which need to be consider, with this concern how bank maintains its financial stability.

SCOPE OF THE STUDY

- This study will pave the way to the academic as well as general public about the overall efficiency at which the largest commercial banks are serving.
- This study will also help to understand the financial performance of private sector .
- This study will throw light on the different aspects where the ICICI bank excel and how the banks will provide on opportunity in balancing its activities to achieve the best performance

OBJECTIVES POF THE STUDY

- To find out the profitability of ICICI bank, study the profitability ratios.
- To study liquidity ratios to measure the financial viability of ICICI bank.
- To study solvency ratios to measure the financial health of ICICI bank.
- To offer finding and suggestions to enhance the financial performance of ICICI bank.

RESEARCH METHODOLOGY

1.5.1 Data Collection

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. Data published on bank websites, journals.

1.5.2 Period of the study

This study covers a period of five years, i.e., from 2018-2022.

1.5.3 Tools for Analysis

Liquidity ratio

Profitability ratio

Solvency ratio

Earning ratio

1.6 Limitation

- The following analysis cannot provide a basis for future estimation, forecasting, budgeting and planning.
- Subjectivity: Financial analysis can be subjective and open to interpretation, which can lead to conflicting conclusions or misunderstandings.

VI. REVIEW OF LITERATURE

Dr. Syed Shujat Husain (2019) ICICI was formed in 1955 at the initiative of the World Bank, the Government of India and representatives of Indian industry. ICICI Bank was incorporated in 1994 as a part of the ICICI group. finance is working as a blood for any business entity and without it no firm can survive in the market. The present study is needed just to formulate the current status of the bank specially the financially status. The primary motives for establishing an organization is the maximization of profit by performing economic operational activities.

M. Mahalakshmi(2019) A financial statement is a formal record of the financial activities, and position of a business, person, or other entity. It is presented in a structured manner and in a form easy to understand. Financial analysis is the process of evaluating businesses, project, budgets, and financial related transaction. The study is made to attempt to evaluate the financial performance of ICICI bank and IDBI bank the researcher has used ratio, comparative and common size balance sheet for the study.

Dr. V. Ramakrishnan(2020) The financial area of an economy is a major component of the monetary framework. Its role is significant in the presentation of any economy. The financial area is the life-saving component of any advanced economy. It is responsible for the sustenance of any advanced economy (Gopinath & Poornapriya, 2020). The current study and related discussions clearly show the financial performance of ICICI Bank and HDFC Bank. According to the study, HDFC Bank outperforms ICICI Bank in terms of financial performance.

TABLE 1 TABLE SHOWING THE CURRENT RATIO

YEAR	CURRENT ASSET	CURRENT LIABILITIES	RATIO
2017 - 2018	11378	2680	4.2
2018 - 2019	11134	3450	3.2
2019 - 2020	14878	4157	3.6
2020 - 2021	15928	4688	3.4
2021 - 2022	19243	5441	3.5

INTERPRETATION: The above table shows that current ratio during the year 2018 4.2 and it has been decreased to 3.2 and it has been increased to 3.6 and it has been decreased to 3.4 and it has been increased to 3.5.

TABLE II- TABLE SHOWING DEBIT EQUITY RATIO

YEAR	LIABILITIES	SHAREHOLDERS EQUITY	RATIO
2017 - 2018	88,26,596.60	1285.81	66.31
2018 - 2019	96,82,522.20	1289.46	75.08
2019 - 2020	10,98, 3654.15	1294.46	84.83
2020 - 2021	12,30,432.68	1383.41	88.94
2021 - 2022	14,11,297.74	1389.97	101.53

INTERPRETATION:

The above table shows that debit equity ratio in the year 2018 as 66.31 and it has been increased in year 2019 as 75.08 and it has been as 84.83 in year 2020 and it has been increased as 88.94 in year 2021 and it has been increased in year 2022 as 101.53

TABLE III TABLE SHOWING RETURN ON ASSETS

YEAR	NET PROFIT	TOTAL ASSET	RATIO
2017 – 2018	6777.42	88,26,596.60	0.07
2018 - 2019	3,363.30	96,82,522.20	0.03
2019 - 2020	7930.01	1,098,365.15	0.72
2020 - 2021	16,192.68	12,30,432.68	1.31
2021 - 2022	23,339.49	14,11,297.74	1.65

INTERPRETATION:

The above table shows that return on asset (ROA) ratio in year 2018 0.07 and has been decreased to 0.03 in year 2019 and it has been increased to 0.72 in year 2020 and it has been increased to 1.31 in year 2021 and it has been increased to 1.65 in year 2022 .

VI. FINDINGS

- The current ratio during the year 2018 4.2 is the highest and 3.2 is the lowest in year 2019.
- Debit equity ratio during the year 2022 101.53 is highest and 66.31 is lowest in year 2018.
- Return on asset ratio during the year 2022 1.65 is highest and 0.03 is the lowest in the year 2019.

VIII. SUGGESTION

- Diversify the loan portfolio: ICICI Bank has a large exposure to the retail segment, which makes it vulnerable to economic downturns. The bank should consider diversifying its loan portfolio to include more corporate loans or other sectors, such as infrastructure or agriculture.
- Focus on cost management: ICICI Bank's operating expenses have been increasing over the years, which has put pressure on its profitability. The bank should focus on cost management initiatives to reduce expenses and improve its bottom line.
- Strengthen asset quality: The bank has seen an increase in non-performing assets (NPAs) in recent years, which can impact its profitability and asset quality. The bank should strengthen its credit appraisal process and risk management framework to mitigate the risk of NPAs.

IX. CONCLUSION

In conclusion, the analytical study on financial performance of ICICI Bank highlights the bank's strong financial performance, its focus on digital technologies, and the need to address the risks associated with high asset quality risk and a retail-focused business model. The suggestions to diversify the loan portfolio, focus on cost management, strengthen asset quality, and expand digital offerings can help the bank to overcome these challenges and achieve sustainable growth in the long term. Overall, the study provides valuable insights into the performance of ICICI Bank and its potential for future success in the banking in

X. REFERENCE

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Website Reference

www.moneycontrol.com**MoneyControl**