

PROJECT DISSERTATION REPORT

Comparative Analysis of PNB & HDFC Bank

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CERTIFICATE

This is to certify that the Project Report titled “Comparative Analysis of PNB & HDFC Bank.” is an original and bonafide work carried out by Mr. Prakash Bhagat of MBA 2018-19 batch and was submitted to Delhi School of Management, Delhi Technological University, Bhawana Road, Delhi-110042 in partial satisfaction of the need for the respect of the Degree of Masters in Business Administration.

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Date : 21st May, 2020

DECLARATION

I hereby declare that the Major Research Project has been done by me. This dissertation report has been prepared with respect to a part of the MBA Curriculum, Delhi School of Management, Delhi Technological University. This has been submitted for the partial fulfillment of the requirements for the award of the Degree of Master of Business Administration. The stipulated guidelines and the same report have not been submitted elsewhere.

I also declare that this report is the result of my own effort and that the same has not been submitted to any other university, institution for the award of any degree or diploma.

Prakash Bhagat

MBA (2018-20)

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This research project has not only widened my horizon as far as academics are concerned but also helped me to enlarge my knowledge in analysis the banking sector. It requires a deep study and hard work, which is the key to its success. My research project is associated with many people without whom this project would not have been possible.

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Prakash Bhagat

EXECUTIVE SUMMARY

Financial analysis refers to an assessment of the viability, stability and profitability of business, sub-business and the project. The financial analysis helps to prepare comparative study on the basis of the past performance and comparative study on the date available. the ratio analysis consists of the different ratio like profitability ratio, solvency ratio, liquidity ratio which helps to check the position of the firm at the current time. The ratio analysis is one of the best methods to analyze the position of the firm. The ratio calculated is important for the shareholders, customers, employee, creditors, government etc. the all use the information which is available through the ratio analysis. This project is also based on the comparative ratio analysis of the the two banks i.e. Punjab national bank and the Housing Development Finance Corporation.

The objective of the study is to understand the concept of the financial ratio and to analyze the performance of the both the bank and give the constructive suggestions to the management about the performance. The research method used in this project is the descriptive. The project is based on the secondary data ratio which has been taken from money control which is collected by the expert in that particular field.

From the whole study it has been seen that the financial performance of the Punjab national bank is not satisfactory in comparison to the housing development finance corporation. The Punjab national bank has got the negative result in net profit and earning per share in last four year whereas the HDFC has been seen in good position in comparison to the PNB. The HDFC bank had been seen paying a good dividend and earning in the last four years.

The bank should improve the current ratio in order to improve the position of the bank and also have to focus on the profitability in order to improve the image and reduce the non-performing assets of the bank.

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CHAPTER - 1

INTRODUCTION TO INDUSTRY

1.1 INTRODUCTION TO INDUSTRY:

The banking sector plays an important role in the growth and development of the economy. “Finance is required to every form of activities. Finance is at the core of economic, socio-culture growth trajectory of a society. The principal objective of Indian planning had been the attainment of growth with social justice and equity. Finance which acts as a catalytic agent, is a great necessity. To meet this growing need of finance, the demand for strengthening the banking system on sound footing gathered momentum during the early period of independence in India. Banking system occupies an important place in a nation’s economy and is indispensable in a modern society. The overwhelming role of finance in the economic development of a country is well recognized and forms the core of the money market in economy.”

“Generally, banks collect money from those who have spare money or who are saving it out of their income and lend this money out to those who require it. This mechanism of providing finance is highly valuable and a bare necessary in any community. But the role of commercial banks is not only confined to savings and its transmission to those who are in a position to invest it in a profitable enterprise; but also an instrument of credit creation. The role of bank has been transformed as prime mover of economic change, particularly in developing countries. It is necessarily more complex in view of dynamic contribution expected from time to time in the challenging task of optimum economic growth. A distinguishing feature of Indian banking industry comprises a wide range of functions. The financial sector plays a major role in mobilization and allocation of financial savings from the net savers to the borrowers. The banks are the most important segment of the financial sector. The structure of the banking industry affects its performance and efficiency which in turn affects the banks’ ability to collect savings and channelize them into productive investment. The effective role of intermediation performed by banks adds gain to the real sector of the economy.”

“There are different opinions with regard to the origin of the word ‘bank’ in the modern sense. According to some authors, the word ‘bank’ is derived from the French word ‘bancus’ which means a ‘bench’. Initially, the bankers, the Jews in Italy, transacted their business on benches in the market place. If a banker failed, his ‘banque, (bench) was broken into pieces by the people, which indicated the bankruptcy of the individual banker. Some authors say that the word ‘bank’ is originally derived from the German word ‘Banck’ meaning a joint stock fund which was

talianized into ‘banco’ when the Germans were masters of a great part of Italy. ‘Banco’ means heap of money. The word ‘bank’ is used in modern times, means an institution accepting money as deposits which are used for lending.”

In India, the Banking Regulation Act, 1949 defines bank as a “banking company and a banking company is a company which transact the business of banking in India [Section 5(c)]. “Section 5(b) defines banking as accepting, for the purpose of lending or investment, of deposits of money from the public, repayable on demand or otherwise and withdraws by cheque, draft, and order.” After nationalization, there had been a rapid progress in branch expansion of public sector banks. New branches were opened in the rural and semi-urban areas without any banking facilities. There had been massive rise in the deposits of the commercial banks. On the one hand, massive deposit mobilization and on the other hand rapid expansion of money supply caused phenomenal growth in credit supply. After nationalization, there was a remarkable change in the credit policy of the banks. Credit to the priority sectors especially agriculture, small industry and business and small transport operators were given more importance by the policy makers. In addition to, other priority sectors, such as retail trade, professional and self-employed persons, education, housing loans for weaker sections and consumption loans were also included.”

“Low profitability of public sector banks in India was caused due to two factors- (i) declining interest income and (ii) increasing cost of operation for banks. Public sector banks had to keep high proportion of their deposits with RBI in CRR (Cash Reserve Ratio) and SLR (Statutory Liquidity Requirements) and earned relatively low rate of interest. Further, they had to allocate a major portion of their deposits to priority sectors under social banking at a lower rate of interest. Even, at least 1% of the total deposits had to be lent to the weaker sections of the community at a low concessional rate of interest of 4% only. As a result, quantum of income earned by them was lower.”

“Therefore, the Government of India set up a High-Level Committee with Mr. Narasimha, a former Governor of RBI, as chairman to examine all respects relating to the structure, organization, functions and procedures of the financial system. Based on the recommendations of the Narasimham Committee, the first phase of Financial Sector Reforms was initiated in 1991. The second phase of Banking Sector Reforms was initiated in 1998.”

The banking sector will navigate through all the aspects of the banking system in India. It will discuss the problems of the birth of the banking concept in the country for new players who will add their name to this sector in the coming years. Bankers of all banks, 'Reserve Bank of India, Association of Indian Banks (IBA) and top 20 banks like IDBI, HSBC, ICICI, ABN AMRO, etc. They are defined in three different phases dedicated to each bank.

“HOWEVER, in the Introduction part of the entire banking cosmos, the past has been well defined under three segment heads:”

History of the banking in India

Nationalization of bank in India

Scheduled Commercial bank in India

1.1.1 HISTORY OF THE BANKING IN INDIA:

Without a healthy and efficient banking system in India, it is not possible to have a healthy economy, India's banking system should not be without its problems, but it should be able to withstand new challenges, face technology and other external and internal factors. For the past three decades Indian banking system has several outstanding achievements to its credit. In fact Indian banking system has reached even to remote corners of the country, this is the one of the main reason of India growth process. Even though the first bank in India is conservative, even though it was founded in 1786, the journey of the Indian banking system can be divided into three distinct phases, from 1786 to the present day. They are listed below:

First phase from 1786 to 1969 of Indian bank

Nationalization of Indian bank and up to 1991 prior to Indian banking sector Reforms.

New phase of Indian Banking System with the advent of Indian & Banking sectors reforms after 1991.

PHASE I

The Bank of India was established in 1789, Hindustan Bank and the Bank of Bengal is next. East India company had established the Bank of Bengal (1809), Bank of Bombay (1840), Bank of Madras (1843) as Independent unit And called its presidency bank. These three banks were amalgamated in 1920 and imperial bank of India was established which started as a private shareholder bank. The National Bank of Punjab, founded in 1865 by the Allahabad Bank and the

Phase II

The government has taken important steps in these reforms in the Indian banking sector since independence. In 1955, he nationalized the banks of the Indian Empire, with large, large-scale banking structures, especially in rural and suburban areas. He founded the Indian State Bank to serve as the RBI's main agent and manage banking transactions for federal and state governments across the country. July 19, 1969 In 1960, seven banks that make up a subsidiary of the State Bank of India were nationalized and important nationalization procedures were carried out. It was the effort of Indian Prime Minister Indira Gandhi at the time. 14 major commercial banks nationwide have been nationalized. The second phase of nationalization of the Indian banking sector reform was carried out in 1980 with seven other banks. This has resulted in 80% of India's government-owned financial sector. Here are some steps the Indian government has taken to regulate its banking institutions.

Phase II

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• 1949	Enactment of Banking Regulation Act.
• 1955	Nationalization of State Bank of India.
• 1959	Nationalization of SBI subsidiaries.
• 1961	Insurance cover extended to deposits.
• 1969	Nationalization of 14 major banks.
• 1971	Creation of credit guarantee corporation.
• 1975	Creation of regional rural banks.
• 1980	Nationalization of seven banks with deposits over 200crore

Phase III

This phase introduces many different products and services to the banking sector. In 1991, under the chair of M. Narasimha, a committee was established to liberate banking practices. Foreign banks and ATMs abound in this country. We strive to provide satisfactory service to our customers. Phone banking and internet banking are introduced. The system is easier and faster. Time is more important than money. India's financial system has shown great flexibility. It is protected from the crisis due to the external macroeconomic pressures that other countries in East Asia are experiencing. This is all due to flexible exchange rate rules.

1.1.2 SCHEDULED COMMERCIAL BANKS IN INDIA:

The commercial banking structure in India consists of:

- Scheduled Commercial Banks in India
- Unscheduled Banks in India

The Reserve Bank of India is a bank included in the Reserve Second Reserve Reserve Act (RBI) of India in 1934. The RBI only includes banks that meet the criteria set out in section 42 (1) of this list. Act 6 (a). As of June 30, 1999, 300 banks are planned in India with a total of 64,918 branches. India's planned commercial banks include the Bank of India and its affiliates (8), state-owned banks (19), foreign banks (45), private banks (32), cooperative banks and regional rural banks. In India, "Indian bank means that bank established under the subsidiary banks defined in the Indian National Banking Act (23, 1955), Indian National Banking Act (Corporate), 1959 (38, 1959). Business Acquisitions and Transfers), 1970 (May 1970) Article 3 or Banking Corporations Act (Business Acquisitions and Transfers), 1980 (40 years 1980) or other banks 2nd revision of the Reserve Bank Act of India in 1934 (Article 2, 1934)), But the co-operative bank is not a planned bank, but in 1949 (10/1949).

Public Sector Scheduled Bank	Private Sector Scheduled Bank
<ul style="list-style-type: none"> ❖ State Bank of India ❖ State Bank of Indore ❖ State Bank of Mysore ❖ State Bank of Saurashtra ❖ State Bank of Bikaner and Jaipur ❖ State Bank of Hyderabad ❖ State Bank of Travancore ❖ Indian Overseas Bank ❖ Indian Bank ❖ Oriental Bank of Commerce ❖ Punjab National Bank ❖ Punjab and Sind Bank ❖ Syndicate Bank ❖ Union bank of India ❖ Vijaya bank ❖ Bank of Maharashtra ❖ Canara Bank ❖ Central Bank of India ❖ Corporation Bank ❖ Dena Bank ❖ Uco bank ❖ United bank of India ❖ Andhra Bank ❖ Allahabad Bank ❖ Bank of Baroda ❖ Bank of India 	<ul style="list-style-type: none"> ❖ Axis Bank Ltd ❖ ICICI Bank Ltd ❖ IDBI Bank Ltd ❖ HDFC Bank Ltd

1.1.3 Structure of Indian Banking:

According to the 1949 Section 5 (b) of the Banking Regulation Act: “Bank” means a public deposit, redemption or other redemption, inspection, preparation, ordering or otherwise for credit or investment purposes. "All banks included in the 1934 List II of the Reserve Bank Act of India contains target banks. The bank consists of a reserve commercial bank and a reserve cooperative bank. Indian commercial banks are divided into five different categories according to their and / or operational characteristics. These bank groups are:

State Bank of India and its Associates,
Nationalized Banks,
Regional Rural Banks,
Foreign Banks and
Other Indian Scheduled Commercial Banks (in the private sector).

Nationalized banks (most of which is in the government), State Bank (SBI) (most of which is in the Reserve Bank of India) and related SBI banks (most of which are in the State Bank of India). Commercial banks include foreign and Indian private banks. The State Bank of India and its subsidiaries, state-owned banks and regional rural banks are integrated in accordance with relevant parliamentary regulations, but private sector banks are banking companies as defined by the Banking Regulations Act. The bank, together with the regional rural banks, constitutes India's state-owned public sector financial system. India's public sector banks are the backbone of the Indian financial system. Cooperative credit institutions are largely divided into city credit cooperatives and rural credit cooperatives. The planned cooperative bank consists of a planned main cooperative bank and a planned urban cooperative bank.

1.1.4 REGIONAL RURAL BANKS:

Regional Rural Bank (RRB) is a regional banking institution operating in several states of India. They are important banks and financial services that have been created primarily to serve rural India. However, the RRB may establish branches for the operation of cities and may also affect urban areas. RRB units are restricted to areas designated by the Indian government, including one or more constituencies of the state. RRB also performs many other functions.

The following functions of Regional Rural Bank are listed as under:

- Rural provides rural and urban banks. Public works such as the distribution of MGNREGA employee salaries, the distribution of pensions, etc.
- Prepare para-bank banks such as home loans, debit and credit cards.

1.1.5 PRIVATE SECTOR BANKS:

Private sector banks in India are part of the banking sector in India, which consists of public and private sector banks. "Private sector banks" are banks in which much of the property in the state is owned by private stakeholders, not by the government.

Since 1969, public sector banks have dominated banking activities in India, and all large banks have been nationalized by the Indian government. However, after the liberalization of government banking policies in the 1990s, old and new private banks reappeared. Using modern post-liberalization technology, it has grown and developed rapidly for over 20 years, providing modern innovation and financial tools and technologies.

Axis Bank	RBL BankSouth Indian Bank
Bandhan Bank	Yes bank
Catholic Syrian Bank	Nainital Bank
City Union Bank	Citi Bank
Dhanlaxmi Bank	Jammu and Kashmir Bank
DCB Bank	Karur Vysya Bank
Federal Bank	Kotak Mahindra Bank
HDFC Bank	Lakshmi Vilas Bank
HSBC Bank	
ICICI Bank	
IDFC Bank	
Karnataka Bank	
IndusInd Bank	

1.1.6 FOREIGN BANKS:

A foreign branch bank is a type of foreign bank that must comply with regulations in both its home and host countries. Loan limits from foreign branch banks are based on the capital of the major banks, allowing foreign banks to make more loans than subsidiary banks.

1.1.7 GOVERNMENT INITIATIVES:

- The government and regulators are taking many steps to strengthen the Indian banking sector. The Reserve Bank of India (RBI) has published guidelines on sectoral priority financial certificates (PSLC). Based on this, banks can issue 4 types of LDP - corporate and overall loan targets - to achieve loan targets for priority sectors.
- The Reserve Bank of India (RBI) allows valuation reserves relating to assets, including additional reserves such as currency conversion, to be part of the Bank's Tier 1 or core. Postponed deposits and tax assets support state and private bank investments of up to \$ 35,000 (\$ 5.14 billion) and \$ 5,000 (\$ 734 million), respectively.
- Default commercial banks can provide non-fund based services, to partial credit enhancement (PAC), to customers who do not use the funded facilities of any bank in India.
- The Treasury plans to invest \$ 5 billion (\$ 734 million) in public sector banks today to raise capital. To help farmers reduce the weight of debt repayments, the Union Budget provides 15000 crore (\$ 2.2 billion) to reduce interest from 2016 to 2016.
- Under Prime Minister John Dhan Yojana (PMJDY), 217 million accounts! It has also been opened 174.6 million RevPay debit cards have been issued. They deposited around \$ 37,000 (\$ 5.53 billion) in new accounts.
- The Indian government is seeking to establish a special fund to manage stressed activities by the bank under the National Investment and Infrastructure Fund (IFRS). The special fund will put an end to profitable activities, but the promoters who have come to complete the project have no additional updates.

- The Reserve Bank of India (RBI) will soon publish guidelines, such as the General Risk Based Risk Rules (KYC), to enhance consumer protection. Massive government pressure to open bank accounts for all families.
- To support state-owned distribution companies, the Indian government has invited lenders to convert 75% of their loans into government bonds in two phases by March 2017. This will help some banks, especially public sector banks, upload loans from their loan portfolio to state-owned distribution companies to improve the quality of their assets. The Government of India seeks to expand its insurance, pension and credit facilities to exclude from these benefits under Pradhan Mantri Jan Dhan Yojana (PMJDY).
- To facilitate financing for small and medium enterprises (MSEs), the Government / RBI has launched a credit guarantee fund system that provides collateral to MSE's extended free credit facility. A maximum of 1 rupee and 1 claw (US \$ 150,000). In addition, Micro Units Development & Refinance Agency (MUDRA) Ltd. was established to refinance all microfinance institutions (MFIs). 10 rupees (\$ 0.015 million).

1.1.8 KEY INVESTMENTS AND DEVELOPMENTS IN INDIAN BANKING SECTOR:

Highlights of investments and developments in India's banking industry includes

- ❖ The Canadian Pension Planning and Investment Administration (CPPIB), an investment management company, acquired a large stake in Kotak Mahindra Bank from Sumitomo Mitsui Banking Corporation in Japan.
- ❖ India's first small financial bank, known as Capital Small Finance Bank, has started work to open 10 branches in Punjab and aims to increase the number of branches to 29 in the current fiscal year 2016-17.

- ❖ Free Charge, a wallet owned by online retailer Snapdeal, offers Free Charge Go, a virtual card that allows users to pay for goods and services at online and offline retailers in partnership with Yes Bank and MasterCard. I just launched it.
- ❖ India's Eamesim Bank and Andhra Pradesh Government have signed a MoU to facilitate exports to the state.
- ❖ Kodak Mahindra Bank Limited purchased a 19.9% stake in Airtel M Commerce Services Limited (MOSL) for Rs 9.838 billion (\$ 14.34 million).
- ❖ Ujjivan Financial Services Limited, a micro-microfinance services company, raised Rs 312.4. (\$ 45.84 million) is a private placement of 33 domestic investors, including mutual funds, insurance companies, family offices and High NetWorks Individuals (HNIs).
- ❖ State Bank of India (SBI), India's largest public sector bank, has opened its first branch in Bangalore.
- ❖ As a global rating agency, Moody's upgraded its outlook for India's banking system from a negative to a stable one, with a better business environment and more stable asset risk and capital outlook.
- ❖ Lok Capital, a private investment investor funded by the US-based non-profit Rockefeller or Foundation Foundation, is investing \$ 15 million in two proposed small financial banks in India over the next year.
- ❖ India Reserve Bank of India (RBI) has issued a conceptual license to open a small financial bank for 10 applicants. Madhya IDC Bank is the new bank, with operations in 23 branches, including 15 in rural areas of Madhya Pradesh.
- ❖ In principle, RBC has approved the establishment of a paying bank for 11 applicants. They can do this on bank deposits and wire transfers, but cannot increase debt.

- ❖ Japan's financial services group Tokyo-Mitsubishi (BTMU) aims to increase the number of branches in India to more than 10 stores over the next three years. Growth is 10% in the 16th financial year.
- ❖ RBI has allowed third-party automated teller machines (ATMs) to accept international cards, including international prepaid cards, and these white label ATMs now offer free cash to anyone. Can do it.
- ❖ RBI has allowed AIA India to invest abroad to enhance investment opportunities.

1.1.9 Impact of demonetization on the banking sector

Demonetization of rs1000 and 500 notes was announced by prime minister on 8th nov,2018 this has made a great impact on the banking sector. some of the impact are as follows: -

- ❖ Increase in deposit
- ❖ Fall in cost of funds
- ❖ Demand for government bonds
- ❖ Sagging in lending
- ❖ Opening of jan dhan account
- ❖ Push to digital banking
- ❖ Shift in currency demand
- ❖ Detection of suspicious transactions.

1.1 ABOUT PUNJAB NATIONAL BANK:



Punjab National Bank (PNB) is an Indian financial company based in New Delhi, India. PNB is the India 3rd largest commercial bank in India by Assets. It was founded in 1894 and it's currently the second largest state owned bank in India ahead of Bank of Baroda with about 5800 branches across 5800 branches across 764 cities. It serves over 37 million customers. The bank has been ranked 248th biggest bank in the world by the banker's almanac, London. The bank's total assets for financial year 2007 were about US\$60 billion. PNB has a banking subsidiary in the UK, as well as branches in Hong Kong, Dubai and Kabul, and representative offices in Almaty, Dubai, and Oslo and shanghai.

1.2.1 HISTORY:

Punjab National Bank was registered on 19th May 1894 under the Indian Companies Act with its office in Anarkali Bazar, Lahore. The Board is composed of various parts of India with a common purpose of providing the country with national banks, which demand religious and different contexts but which strengthen the economic interests of the country. PNB founders included several leaders of the swadeshi movement such as Dyal Singh Majithia and Lalahar kishenlal, Lala lalchand, Shri Prabhudyal etc.

1.2.1 MANAGEMENT/ BODs:

Managing Director and Chief Executive officer:

Shri. S.S. Mallokarjuna Rao

Executive Director:

Dr. Rajesh Kumar Yadhuvanshi

Shri Sanjay Kumar

Shri Vijay Dube

Shri Agyey kumar Azad

Directors:

Shri Pankaj Jain (Govt. of India Nominee Director)

Shri Vivek Agrawal (Reserve Bank of India Nominee Director)

Shri Sanjay Verma (Shareholder Nominee Director)

Dr. Asha Bhandarkar (Shareholder Nominee Director)

VISION

“To be a leading Global Bank with Pan India footprints and become a household brand in the Indo-Gangetic Plains providing entire range of financial products and service under one roof”.

MISSION

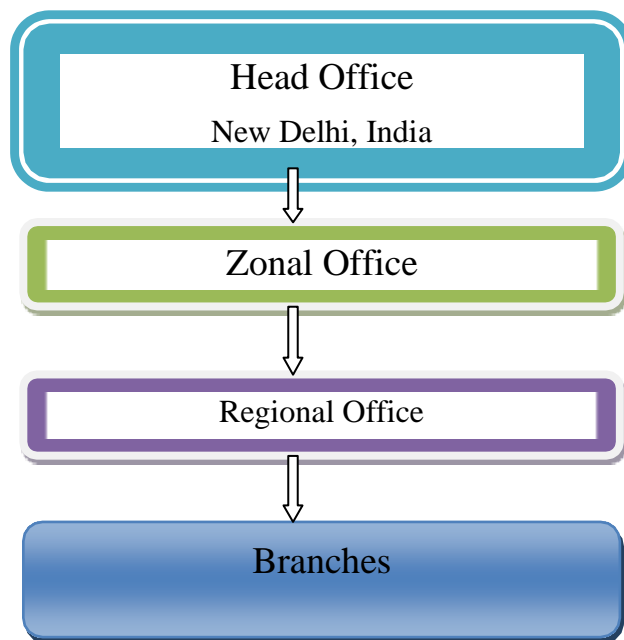
“Banking for the Unbanked”



Founder: Lala Lajpat Rai

Born: 28th April, 1865; Dhudike, Punjab, British India

1.2.2 ORGANISATION STRUCTURE:



1.2.3 PROFILE:

PNB maintains a leading position in state-owned banks with more than 6081 branches, including over 60 million satisfied people and five overseas branches. The bank has a solid foundation, good voting value, and a good brand image. Besides being ranked as one of India's top service brands, PNB has remained fully committed to its guidelines principles of sound and prudent banking. In addition to providing banking products, the bank also participates in credit cards, debit cards, gold bars, life insurance, property insurance, gold coins and wealth management activities. Provide assistance on corporate social responsibility (CSR), transparent governance, optimal use of technology and talent management.

Unlike Indian Capital and Swadesi Banks, which was first established in early 1895, PNB experienced modest growth of Rs.80066 cr at the end of March 2014. Points, trades and many other variables.

Bank has a strong capital base with capital adequacy ratio of 12.29% as on March 2014 as per Basel II with Tier I and Tier II capital ratio at 8.44% and 3.98% respectively. As on March 2014 the bank has gross and net NPA ratio of 1.79% and 0.85% respectively. During the financial year, its ratio of priority sector credit to Adjusted Net bank credit at 40.67% & agriculture credit to adjusted net bank credit at 19.30% was also higher than the stipulated requirement of 40% & 18% respectively.

Punjab National Bank continues to maintain its frontline position in the Indian banking sector. In particular, the Bank maintained the NUMBER ONE position among national banks in terms of the number of branches, deposits, advances, total transactions, activities, operations and revenues in 2015-2016. Excellent operational and financial performances have been achieved since the Bank focuses on client companies with particular attention to the progress of CASA, retail, small and medium-sized enterprises and agriculture. more inclusive approach to banking; better asset liability management; improved margin improvement; thrust on recovery and increased efficiency in core operations of the bank.

1.2.4 SUBSIDIARIES AND JOINT VENTURES:

Punjab National Bank (international) Limited (PNBIL) is a wholly owned UK subsidiary of Punjab national Bank, India. PNBIL was incorporated in UK on 13th April 2006 and registered with the companies House in England NS WALES UNDER NO. 57812326. PNBIL was authorized by the financial business in UK under (FSA) on 13th April, 2007 to conduct banking business in UK on 10th of May 2007 from two locations. The corporate office of PNBIL is located at 87 Gresham Street, London in UK

International Subsidiaries’:

➤ DRUK PNB Bank Ltd.

Druk PNB Bank Ltd. Our (DPNBL) subsidiary in Bhutan has 51% interest. It came into force on January 27, 2010 and has three branches in Thimphu, Fentsoling and Wangduephodhodrang.

➤ **JSC (SB) PNB Kazakhstan**

Punjab National Bank has acquired 80.95% stake in JSC (SB) PNB, Kazakhstan. The bank has its headquarters in Almaty. It has five branches at Almaty, Pavlador, Karganda, Astana & Traz.

➤ **Everest Bank Ltd, Kathmandu, Nepal**

Everest Bank Limited (EBL) is our joint venture with equity participation of 20%. Under a technical services agreement, our Bank is providing Top Management Support from our Bank started in January, 1997. EBL had totally a network of 107 branches in Nepal.

Domestic Subsidiaries:

➤ **PNB GILTS LTD**

The bank's subsidiary, PNB Gilts Ltd., is listed on Govt. securities, treasury bills and non-SLR investments. It also engaged in dealing in Money Instruments and Mutual Fund Distributions. The company is listed in BSE and NSE.

➤ **PNB HOUSING FIANACE LTD.**

PNB Housing Finance Ltd provides non-performing loans for the purchase, construction and strengthening of homes. Companies provide loans to developers for the construction or purchase of inns, as well as private buildings / group housing, as well as renovations / repairs. The proposed company will also fund the construction of housing projects. Loans to NRIs are also provided for purchase/flat along with a resident/ non-resident co-borrower.

1.2.5 PNB INVESTMENT SERVICES LTD.

The bank established PNB Investment Services Ltd, a land management company, to engage in commercial banking. It provides project evaluation, investment, debt management and IPO / FPO operations. PNBISL has registered as a Group I merchant with SEBI.

➤ **PNB LIFE INSURANCE Co. Ltd.**

The Punjab National Bank is holding majority stake in above two companies, jointly with Vijaya Bank, minor shareholder.

Domestic Joint Ventures

The bank has the following Joint Ventures: -

- Principal PNB Asset Management Company
- Pvt. Ltd. Principal Trustee Company Pvt. Ltd.
- Assets Care Enterprises Ltd.
- IndiaFactoring & Finance Solutions Pvt. Ltd.

SERVICES PROVIDED

- **Agriculture Banking**

Credit scheme

Farmers welfare central sector scheme

- **CORPORATE BANKING**

Cash Management.

Exporter's Gold card scheme

- **FINANCIAL SERVICES**

Life Insurance

Merchant banking

Online trading

NRI Banking

Gold Loan Scheme

Letter of Guarantee

1.2.6 SWOT ANALYSIS OF PNB:

STRENGTHS

- Strong growth in business.
- Good branch network.
- Adequate capital.
- Proactive in technology front
- Highest Current Account & Saving Account (CASA) among PSU.

WEAKNESS

- No development on insurance venture.
- Slower growth on international front.
- Higher provisions deterring growth in net profits.
- Slow down in treasury profits.

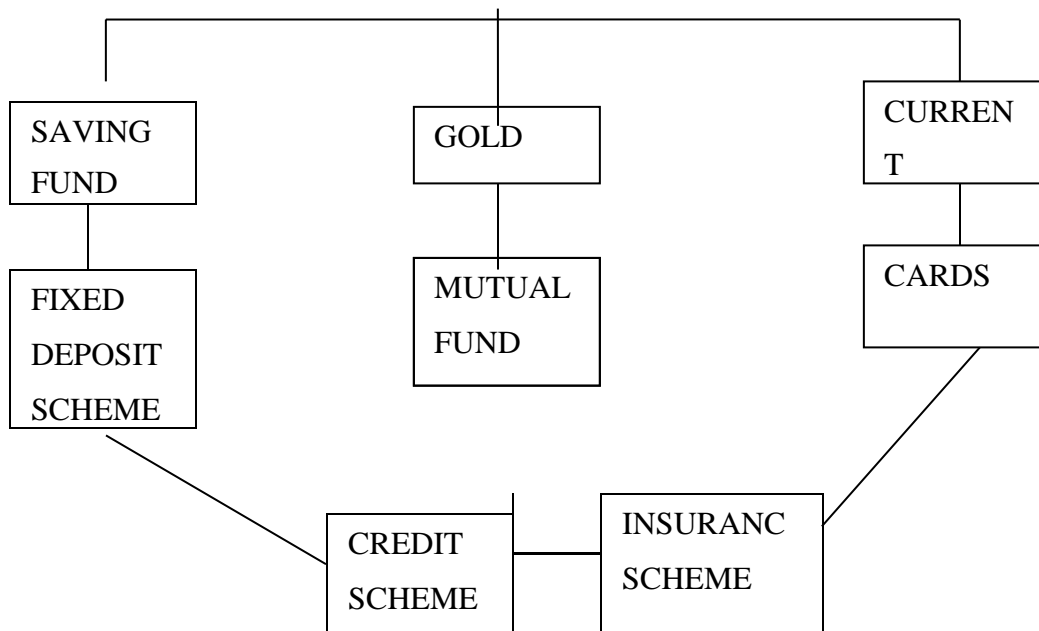
OPPORTUNITIES

- Expansion on international front.
- Growth in Insurance and Mutual fund limited.
- Ample opportunity to expand business as the economy is doing well.

THREATS

- Entry of foreign banks.
- Regulatory amendments.
- Implementation of Basel II requires higher capital.
- Downturn in agriculture growth.

1.2.7 **PRODUCTS OFFERED:**



1.2.8 **Initiative under agricultural advance:**

- ❖ Online mode for generation of business through R-SETI (rural self-employment training institute)
- ❖ Online loan application facility and lending automation facility processing system to increase business and reduce TAT.

1.2.9 **Focus for the FY19:**

- ❖ Recovery in NPA account
- ❖ Capital conservation and optimization of RAWS
- ❖ Sale of non-core assets

1.3 ABOUT HDFC BANK:

Housing Development Finance Corporation (HDFC) Bank is an Indian banking and financial services company headquartered in Mumbai, Maharashtra. It has more than 100,000 employees all over the country and has a presence in Bahrain, Hong Kong and Dubai. HDFC Bank is India's largest private sector bank lender by assets. It is the largest bank in India by market capitalization as of February 2018. It was ranked 69th in 2018 BrandZ™ Top 100 Most Valuable Global Brands



1.3.1 HISTORY:

In 1994, HDFC Bank was established with a registered office in Mumbai, India. The first full-service sister company office at Sands House in Wally was opened by then Federal Monetary Minister Manmohan Singh.

As of December 31, 2016, our distribution network consisted of 4,555 branches and 12,087 ATMs in 2,597 cities.

1.3.2 PRODUCT AND SERVICES:

HDFC Bank, the market leader in e-commerce, offers a range of digital services, including 10-second personal loans, Chillr, PaiZapp, SME Bank, Vatch Banking, 30-minute car loans, 15-minute motorcycle loans and gateway payments. , Digital wallet, etc.

HDFC Bank offers a wide range of products and services, including wholesale banking, retail banking, treasury, auto (auto) loans, two-wheeled loans, personal loans, real estate loans and credit cards.

The latest issue is "Project AI" obsolete, and HDFC Bank will be rolling out robots to selected bank branches in the coming weeks. These robots offer options such as lock and depot withdrawals, forex, temporary depot and over-the-counter display functions for those who come to the mission.

1.2.10 AWARDS AND ACHIEVEMENT- BANKING SERVICES:

HDFC Bank started in 1995 with a simple mission to become a "world-class Indian bank". We understand that focusing on product quality and service improvement will not help. We are proud to say that today we are moving towards that goal. We welcome our efforts to make it convenient for our customers at the national and international levels.

In Year 2017 HDFC gets various awards:

IBA BANKING Technology Awards 2017	Best IT risk and cyber security initiative
Dun & Bradstreet - India's Leading BFSI Companies & Awards 2017	India's leading bank –private sector
Business Today - KPMG India's Best Banks 2016	Bank of the year
The Asset Triple A Country Awards 2016	Best IPO, India

1.2.11 SWOT ANALYSIS OF HDFC BANK:

STRENGTH

- ❖ Acquisition has boosted the operation of the bank
- ❖ Huge employee base more than 1,00,000+ employees all over the country
- ❖ HDFC is responsible for numerous CSR services and has won numerous banking awards
- ❖ HDFC is one of the leading new age private sector bank
- ❖ It offers several online banking, app, mobile banking, NRI services

WEAKNESS

- ❖ Rural penetration is low for HDFC compared to nationalized bank
- ❖ Competition from public sector and private sector and public sector banks means limited market share growth

OPPORTUNITIES

- ❖ Venturing more into rural areas can be done by HDFC
- ❖ Mobile banking, internet banking etc. can be a huge boon for HDFC business

TREAT

- ❖ Foreign bank that offer complex products
- ❖ New banking licenses and regulations can impact operations
- ❖ Competitors increasing their business can adversely effect HDFC business

1.3 INTRODUCTION TO THE TOPIC:

Financial analysis (also known as balance analysis or accounting analysis or financial analysis) refers to the sustainability, profitability assessment of a company, subdivision or project.

This is done by report writing professionals using reports that use information gleaned from financial and other reports. These reports are usually presented to management as one of the bases in corporate decision making. Financial analysis will determine whether your business is proceeding as follows:

- Continue or discontinue a core business or part of a business. Purchase or purchase specific products when manufacturing products.
- Build or rent / lease equipment used to manufacture specific equipment and products. Bank loan stock or mortgage loan to increase working capital.
- Make decisions on capital investments or loans.
- Make different decisions to help regulators make wise choices for a variety of alternatives to business performance.

Financial analysts generally compare financial ratios such as solvency, profitability and growth:

Past Performance – Historical data is generally used to compare the past performance (we can take data of 4 or 5 year data of same industry to compare the data.

Future Performance - Using historical statistics and some mathematical and statistical methods, including current and future values, this extrapolation method is a major source of errors in financial analysis because past statistics can have poor predictions about the future.

Comparative Performance – Compared with other similar companies. Comparison with the financial statements is the only way to conduct financial audits. Legal Issues:

- They have an understanding of the company's future. The idea of doing things for them takes the time of other people or similar entities.
- One aspect is of little importance. As a ratio indicator, it logically counts in two ways. This problem can be solved by combining several relevant rates to get a complete picture of the company's performance...
- Seasonal factors may not represent year-end figures. Starting from the accounting period, the index price may change due to changes in the account balance. Use the average price of this account whenever possible.
- The financial ratio is no more objective than the accounting method used. Changes in accounting policies or options may produce significantly different ratio values.

1.3.1 FUNDAMENTAL ANALYSIS:

Financial analysts can also use percentage analysis, in which a series of numbers is reduced to a percentage of certain base amounts. For example, a group of items can be expressed as a percentage of net income. If the proportional change over a given period in the same graph is expressed as a percentage, this is called a horizontal analysis. Analyzing vertical or universal dimensions reduces all elements of the report to a certain default value, such as "universal size," which helps you compare to other companies of different sizes. Consequently, all income statement items are allocated to sales and balance sheet items are allocated to all assets.

The second method, the analysis is conclusive. This is a great way to get to know each other. Benchmarking also takes the same amount of information over two or more seasons and is followed by simple analyzes.

1.2.12 CLASSIFICATION OF FINANCIAL RATIOS:

A. ON THE BASIS OF FUNCTIONS:

Financial ratios are usually determined on the basis of a function or test, financial statements and an important basis. The three categories are briefly described below:

a. Liquidity Ratios:

The liquidity ratio measures the suitability of working capital and liquidity and helps to evaluate the company's ability to repay short-term debts. A company's ability to pay off its short-term debt is often called a short-term subsidy or liquidity position.

In general, companies with working capital and sufficient liquid assets to repay capital liabilities are considered to have a strong liquidity position, and transactions with inadequate working capital and liquid assets are considered to have a weak liquidity position.

Four commonly used liquidity ratios are given below:

- Current ratio or working capital ratio
- Quick ratio or acid test ratio
- Absolute liquid ratio

Unfortunately, the liquidity ratio is not a real measure of liquidity, as they speak volumes, but not the quality of current assets, so should be used with caution. For useful liquidity analysis, this ratio is used in conjunction with the Actuation Ratio (also known as the Current Ratio of Asset Movements). Examples of operating ratios are the Acceptance Turnover Ratio, Debt Turnover Ratio, and Storage Turnover Ratio.

b. Profitability ratios:

The main goal of every business is profit. To survive and grow, every business must continue to increase profits. Businesses with permanent losses cannot last long.

Profitability ratios measure the efficiency of business resources for profitability. This ratio shows the success or failure of a business for a certain period of time. Profitability ratios are used by almost all the parties connected with the business. Some important profitability ratios

are given below:

- Net profit (NP) ratio Gross profit (GP) ratio
- Operating ratio
- Expense ratio
- Price earnings ratio (P/E ratio)
- Return on capital employed ratio Earnings per share (EPS) ratio
- Dividend yield ratio Dividend payout ratio

c. Solvency ratios:

The solvency ratio (also known as the long-term solvency ratio) measures the life of a company. This relationship is very important for shareholders and creditors.

Solvency ratios are normally used to:

- ❖ Analyze the capital structure of the company
- ❖ Evaluate the ability of the company to pay interest on long term borrowings
- ❖ Evaluate the ability of the company to repay principal amount of the long term loans (debentures, bonds, medium and long term loans etc.).
- ❖ Evaluate whether the internal equities (stockholders' funds) and external equities (creditors' funds) are in right proportion.

Some of the long-term solvency ratios are given below:

- ❖ Capital gearing ratio
- ❖ Debt to equity ratio
- ❖ Current assets to equity ratio
- ❖ Fixed assets to equity ratio
- ❖ Times interest earned (TIE) ratio Proprietary ratio

d. Activity ratios:

A measure of performance (called inflation) measures how much an employer or company generates revenue by converting it into cash or sales. Generally, currencies increase revenue and investment.

A return on how long the property will be in cash or available for sale. That is, it is used in cases where the theory of the study is based on theory.

Some important activity ratios are:

- ❖ Receivables turnover ratio
- ❖ Inventory turnover ratio
- ❖ Accounts payable turnover ratio
- ❖ Average collection period
- ❖ Average payment period
- ❖ Working capital turnover ratio
- ❖ Fixed assets turnover ratio
- ❖ Asset turnover ratio

B. ON THE BASIS OF FINANCIAL STATEMENTS:

a. Income statement/profit and loss ratios:

An income statement / income statement is a ratio that is calculated using the items in the profit / benefit account for a specified period only. Examples of income statement / income statement reports include net profit ratios, gross profit ratios, working reports and multiple interest ratios.

b. Balance sheet ratios:

The balance sheet ratio is a ratio calculated using only balance sheet statistics. The figures should be used on the same balance sheet. Examples of balance sheet ratios are current ratio, current ratio and debt ratio.

a. Composite ratios:

This ratio is considered to be the simultaneous use of the income statement and the balance sheet items. Therefore, compound ratios are also called mix ratios and internal statement ratios. Many comprehensive ratios were calculated according to the analyst's requirements. For example, inventory turnover, account recovery, debt repayment and capital turnover.

A. ON THE BASIS OF IMPORTANCE:

According to importance, the sequence is divided into primary and secondary characters. These values are important as the first matrix (ratio), but these values are called the second matrix. The second most commonly used factor is the description of structural variables.

The main drivers of these income changes are the formation of basic rates for commercial income and profit business activities. The importance of statistics varies widely in the industry, so each industry has a large and small scale. An important number in one industry can be second to none.

1.2.13 SIGNIFICANCE AND USEFULNESS OF RATIO ANALYSIS:

As a financial analysis tool, indices can provide symptoms and any analyst can use them to diagnose the department's financial situation. The financial analysis can be compared with the biopsy performed by the doctor on the patient to diagnose the cause, so that the patient can receive treatment prescriptions to help him recover. As it was implied that different people are interested in the business of any commercial entity, the importance of proportion analysis for different people is different, which can be discussed as follows:

Usefulness to the Management:

1. Decision Making:

The information contained in the financial statements is understandable and misleading. The index helps highlight areas that need to be addressed and actions that justify decisions.

2. Financial Forecasting and Planning:

Planning and forecasting are possible only when it comes to the past and the present. The ratio helps management to understand the past and present of the unit. These also provide useful ideas about the strengths and weaknesses of the organization. This knowledge is essential for management to plan and forecast the future of the organization.

3. Communication:

Manufacturers will have the opportunity to provide the information they need to the people they are dealing with, so that their understanding will be clear.

4. Co-ordination is Facilitated:

The reference to specific, laconic and practical directions leads to a more accurate understanding and resolution of all problems, leading to better cooperation in all areas of governance.

5. Control is more Effective:

The planning and forecasting system sets budgets, develops forecasts and sets standards. The beads provide real ground. The reality can be compared to standards. Analyze, calculate reasons and options for people. Thus, it helps greatly to create an effective control system.

6. Usefulness to the Owners/Shareholders:

Existing owners and operators are particularly concerned about (a) long-term release controls and (b) the benefits of use. Rowan's research can help them by analyzing and interpreting both sides.

7. Usefulness to the Creditors:

Lending can be divided into short-term and long-term. Short-term creditors are those who pay taxes, loans, etc. Commercial creditors interested in analyzing the liabilities of the payer, the unit. The long-term loans of the institution include financial institutions, beneficiaries, mortgage loans, etc., which are being studied in order to assess the possibility of repayment and repayment of financial loans. includes. The analysis provides a summary of the answers to the questions of both types of creditors.

8. Usefulness to Employees:

Employees care about fair pay. Advantages and disadvantages and disadvantages. Evaluation analysis provides information related to innovative performance and profitability. This information will provide you with payments, benefits and more. It helps you get in touch with managing development needs.

9. Usefulness to the Government:

The government. is interested in the financial information of both the macro and the macro. University production, sales and profit information is required for share tax, turnover tax and tax. Knowledge of industry groups is required to formulate national legislation and planning. If there is no reliable information, Govt. plans and instructions may not achieve the desired result.

CHAPTER - 2

LITERATURE REVIEW

2. REVIEW OF LITERATURE:

Manish Mittal and Arunna Dhademane (2005), “From the point of view of shareholders, they found that the only key parameter for the performance assessment of the banking industry was high profitability. Banks need to strike a balance between business and social goals. They found that public sector banks had lower profits than private sector banks. Foreign banks top the list of income requirements. Private banks offer higher interest rates, but no interest rates, than public banks, as these banks have more paid services in the real estate sector or in business. Public banks need these services to compete with private banks.”

I.M. Pandey (2005), An efficient allocation of capital is the most important financial function in modern times. This includes the decision to spend company resources on long-term assets. The value of a company increases when investments are profitable and contribute to equity. Financial decisions are important to influence the growth of your company and invest large sums of money. Types of investment decisions - expansion of existing activities, expansion of new activities, replacement and modernization. The capital budgeting decisions of a firm has to decide the way in which the capital project will be financed. The financing or capital structure decision. The assets of a company can be financed either by increasing the owners claims on the creditors' claims. The various means of financing represent the financial structure of an enterprise.

Medhat Tarawneh (2006), “financial performance is a dependent variable and measured by Return on Assets (ROA) and the intent income size. Independent variables are total bank assets, asset management, bank size calculated using the asset (operating profit divided by total assets), and realized operating efficiency. custom. It is measured by the operating efficiency factor (total operating cost divided by net income).”

Vasant desai (2007), “The Reserve Bank of India plays a very vital role. It is known as the banker's bank. The Reserve Bank of India is the head of all banks. All the money formulations of commercial banks are done under the Reserve Bank of India. The RBI is included in the National Economic Plan, which complements all normal functions of the Central Bank. The main function

of the RBI is to monitor loan assistance. Banks need to maintain the external value of the rupee. The main function is to manage money.”

K. C. Sharma (2007), “Banking has entered the electronic era. This has been due to reforms introduced under the WTO compliances. Banks of private sector are allowed to open stores in the country. These banks offer foreign partners to foreign or domestic banks. Some of them were developed to accept the concept of banks being developed in developed countries. The private sector on the other hand have begun their high-tech operations from the initial stage and made the elite of the country to taste the best banking practices that happens in the western countries. They have foreseen the digital world and have seen the emerging electronic market, which has encouraged them to have a better customer service strategy that would be able to deliver the things as per customer’s requirement.”

Hr Machirajn international publishers (2009), “Efficiency can be considered from technical, economical or empirical considerations. Technical efficiency implies increase in output. Banks are difficult to estimate their contribution and results, so measuring a bank's success uses a specific amount of its asset or income cost.. In the Indian context public sector banks accounts for a major portion of banking assets, it is necessary to evaluate the financial decisions of these banks and compare them with private sector banks to know the quality of financial decisions on its impact or performance of banks in terms of efficiency, profitability, competitiveness and other economic variables.”

NutanTroke and P K Pachorkar (2012), “the study related that the private sector bank the percentage of other income in the total income is higher than public sector bank. Public banks rely on the results of their intentions in terms of efficiency and performance. The efficiency of private sector banks is better than that of the public sector. Private banks use better asset quality than public sector banks.”

Dr.Dhanabhakya & M.kavitha (2012), “In their study, important relationships in the analysis of financial performance of selected banks, such as prepayment-to-asset ratio, capital-to-deposit ratio, capital-to-labor fund ratio, demand-to-total deposit ratio, and credit-deposit ratio. Was used. Progress and asset balances, such as average net yields, liquid assets and labor fund ratios, show most public sector growth trends. It shows the bank's aggressiveness in terms of lending, leading to higher profitability. The capital to deposit ratio also shows the trend of bank capital growth. This report allows banks to deal with unexpected repayment events. The ratio of capital to deposits decreased. The capital-asset ratio also shows the overall efficiency of selected banks in the public sector. On the other hand, the ratio between demand and total deposits decreases. This shows that the bank's liquidity position is good. Most of the ratio of bank credit deposits increased. This shows the profitability of state banks. The average return on equity also shows an upward trend.”

Dr. Anurag B Singh and Ms.Priyanka Tandon (2012), “The researchers noted the importance of the banking sector in the country's economic development. In India, the banking system is represented by a large network of bank branches offering various public financial services. The research method it uses is a comparative analysis of two banks based on average growth rate and composite growth rate (CGR). This study is based on secondary data collected from journals, journals, and other published documents. This is a limitation, as it is difficult to prove a data genius.”

Pawankumar Avdhanam and Srinivas Kolluru, Ramkrishne Fonnd (2013), “In their study, state-owned banking agencies as well as SBI Home Finance performed better during the study period. Although PAT decreased in 2000/01, PAT continued to increase. Most public sector banks perform well throughout the year.”

Vasant Desai, (2013), “The performance of a bank can be assessed in their broad dimension viz. business development, customer service and housekeeping. Organization of the government buildings, the supply of the general counsel's ratio of the advances of the rod, is the norm. Though many are strong, the balance, that the intellect is one of the three things is there one of them do their work effectively is to measure the parameters.”

William George A J and Dr. Manoj P K (2013), “This research paper is a study of the modern management philosophy of customer relationship management (CRM) which deals with the maintenance of a sound relationship with the customers. This study can be done by a Kerala based bank. CRM from both public and private banks in the same region contributed to the study. Kerala has been very conducive and of great benefit for the development of banking sector. The Indian banking sector is undergoing many changes and the banks are facing many challenges. Reviews Customers who changed into some other banks, the banks to serve them, and retaining the best, armed ones of the old customers.”

MS. Foiza (2013), “The development of electronic commerce is growing at a fast pace because of advancing global infrastructure. To meet these demands businesses, need innovative ways to create value such as different IT infrastructure, different enterprise architectures and different ways of thinking about doing business. By using technology in the bank, he has to use different technology tools in the bank. Which enables bank to reduce transaction cost, saving money and also saving time’s E-Banking refers to deploying banking services over electronic and communication networks directly to customers. Internet banking offers benefits such as cost savings for new residents, efficiency, better banking image and better customer service.”

Cheenu Goel, Chitwan Bhutani Rekhi, (2013), “The commercial banking system provides most of the medium of exchange for a particular country and is a key instrument through which monetary policy is implemented. Commercial banks make the productive utilization of idle finds and thus assist the society to produce wealth.”

Berry, Kehoe and Lindgreen’s study (1980), “The lack of management support, the lack of inter-ministerial cooperation, crisis management and government intervention appear to be the most disappointing aspects of banking marketing. It shows that in the past period the marketing of financial services marketing was not too focused. There was hardly any marketing done by banks but after 1991 there are tremendous changes in the banking sector in India competition among banks emerged due to entry of private sector banks and foreign banks.”

CHAPTER - 3

RESEARCH METHODOLOGY

3.1 Research Methodology:

Research in layman's language refers to a search for knowledge. Research is a scientific and systematic search for pertinent data on a particular topic. In fact, lookup is an act of scientific investigation. Research methodology is a systematic way to remedy lookup problems. It may additionally be understood as a science of studying how lookup is executed scientifically. In it we study the number steps that are usually adopted by way of a researcher in reading his lookup problem. It is crucial for the researchers to be aware of no longer solely research methods/techniques however also the methodology. The scope of Research Methodology is wider than that of research methods.

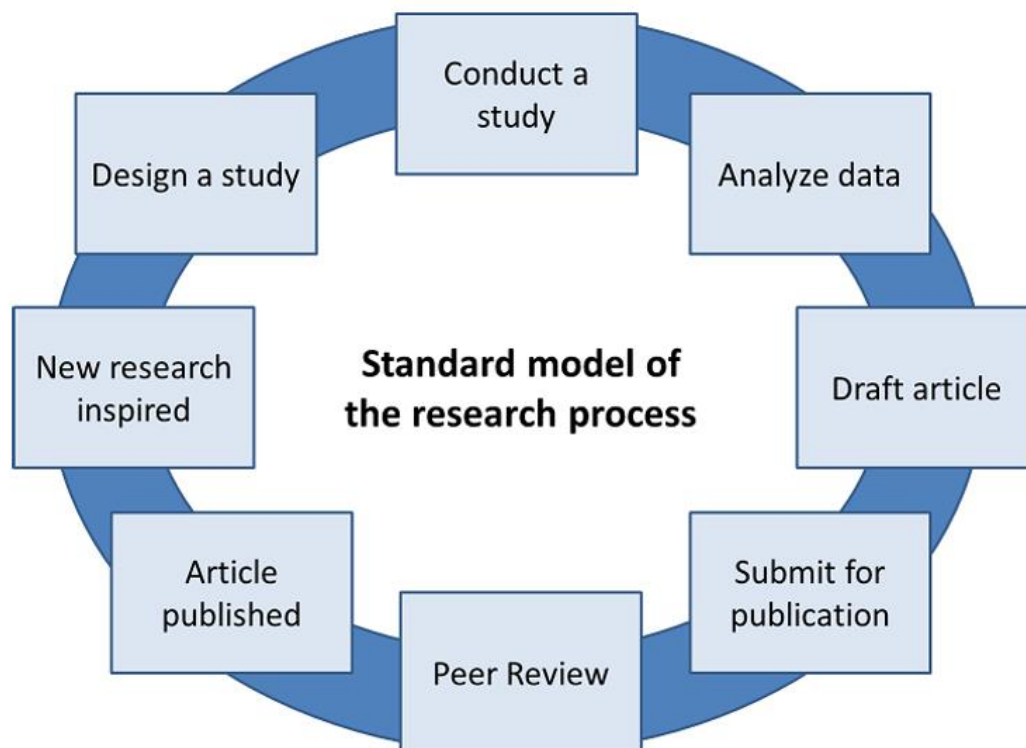


Fig. 3.1 Standard Model of Research Process

The research technique consists of a series of the inter-related activities. At times, the first step determines the nature of the final step to be undertaken. Why a lookup learn about has been undertaken, how the research hassle has been defined, in what why and why the speculation has been formulated, what data has been gathered and what precise strategies have been adopted and a host of comparable other questions are normally answered when we speak of the lookup

methodology regarding a lookup trouble or the study. The system is used to acquire statistics and records for the purpose of making business decisions. The methodology may additionally consist of publication research, interviews, surveys and other research techniques, and ought to encompass both current and historical information. In Research Methodology, researcher mostly tries to search the given question systematically in our personal way and discover out all the answers until conclusion. If lookup does now not work systematically on problem, there would be much less opportunity to locate out the remaining result. For discovering or exploring lookup questions, a researcher faces lot of troubles that can be effortlessly resolved with the usage of right lookup methodology.

In the present study, an attempt has been made to measure; evaluate the financial performance of Punjab National Bank (PNB) and HDFC bank. The study is based on secondary data that has been collected from annual reports of the respective company, RBI, Indian Bank Association, documents, online database and other published information. The study covers the period of 4 years of data i.e. from year 2015-6 to 2018-19. To analyze the data the standard tool ratio analysis is applied for the study for evaluating the financial performance and better controlling the activities of the company.

It has been defined also as follows:

"The evaluation of the standards of methods, rules, and postulates employed via a discipline"

"The systematic study of strategies that are, can be, or have been applied inside a research design"

"The study or description of methods"

3.1.1 RESEARCH DESIGN:

Descriptive research design is a distinctive blue print used to guide a lookup study toward its objective. The method of designing a research learn about entails many interrelated decisions. The most giant is the desire of lookup approach, because it determines how the data will be obtained. The choice of the research strategy depends upon the nature of the lookup that one favor to do.

Descriptive research design is used in this study.

Descriptive research includes surveys and fact-finding enquiries of exceptional kinds. The predominant cause of this descriptive lookup is description of the nation of affairs as it exists.

3.1.2 Scope of the Study:

Ratio analysis is perhaps the first financial tools developed to analyze and interpret the financial statements and still widely used for this purpose. Financial performance analysis is a well-researched area and innumerable studies have proved the utility and usefulness of this analytical technique. Ratios have predictor value and they are helpful in forecasting and planning the business activities for a future period

3.2 OBJECTIVE OF THE STUDY:

- ❖ To analyses and conduct deep study the concept of the ratios.
- ❖ To assess the performance of Punjab National Bank and HDFC Bank.
- ❖ The analysis and to find out the overall as well as department-wise efficiency of the firm on the basis for available financial information. The management can easily discover the areas of efficiency or inefficiency.
- ❖ The solvency of the firm-short and long term-can be determined with the help of financial statements analysis. Short-term solvency position is useful to trade creditors while debenture holders etc. benefit from the analysis for long-term solvency.
- ❖ To give constructive suggestions to the management.

3.3 Significance of the Study:

To identify the relationship between the two accounting numbers, statistical analysis is required to provide important information to managers or employers who can specifically analyze the nature of the business and monitor their performance.

- The output of the Ratio analysis can be used as a basis for making Investment Decision.
- Manager Through Ratio analysis can find a trend and based on that trend project into foreseeable Future what an item of Financial statement would most likely be.
- Ratio analysis is an effective tool for measuring the various activities results of the enterprises.
- Effective cooperation can be achieved through ratio analysis.
- It provides the necessary information to management to take prompt decision relating to business.
- Ratio analysis is important if you are a company that evaluates long-term cash flow capacity.
- Ratios is a useful tool for administrators to evaluate a firm's performance over a period of time by comparing the current rate with the future rate.

3.4 COLLECTION OF DATA:

Data collection is the systematic process of gathering and measuring information about changes for different purposes, allowing people to answer questions and evaluate results. Statistics of ratio analysis and various ratios is studied in order to determine the financial position of the bank. A preliminary study focused on two groups:

- ❖ Experts working in banks loan or credit or advances section.
- ❖ Researchers in banking provide input which is used to improve the research problem.

3.5 SOURCES OF DATA:

This research used secondary sources in order to explain the financial and the liquidity position of the bank. These are as follows: -

Secondary Data:

is data collected by someone other than the user. The second level of sociology includes data from general censuses, data collected by government agencies, corporate records, and other research purposes.”

A. Source of Secondary data:

- Financial Statements of the Company
- Website
- Financial statements of company

3.6 TOOLS FOR ANALYSIS:

The tools used for analyzing the collected data are: -

▪ LINE DIAGRAM AND CHARTS

A Line graph is a chart that uses either horizontal or vertical bars to show comparisons among categories. One axis of the chart shows the specific categories being compared, and the other axis represents a discrete value.

▪ MICROSOFT EXCEL

Microsoft excel tool is used to analyze the financial performance of the bank. All the relevant data from March, 2014 to March, 2016 are put in the excel sheet in order to frame the charts, diagrams, graphs.

CHAPTER - 4

DATA ANALYSIS AND INTERPRETATION

DATA ANALYSIS AND INTERPRETATION LIQUIDITY RATIOS:

A. LIQUIDITY RATIO:

1. CURRENT RATIOS:

“Current ratio is a ratio of current assets to current liabilities, It is calculated by dividing total current assets by to total of current liabilities. Potential creditors use the current ratio to measure a company's liquidity or ability to pay off short-term debts”.

Current ratio= Current Assets/ Current liability.

Table -1: Data of Current Ratios

	MARCH'19	MARCH'18	MARCH'17	MARCH'16
PNB	0.05	0.05	0.03	0.03
HDFC	0.05	0.04	0.06	0.07

Source: <https://www.moneycontrol.com/>

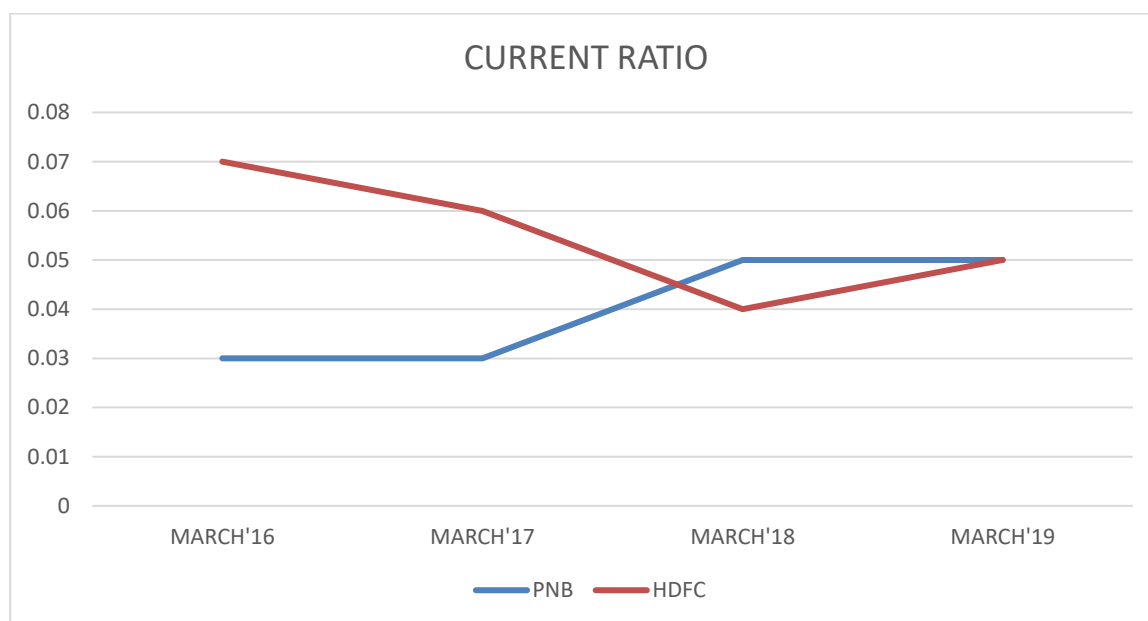


Fig: Plot of 4-year Current Ratio

Source: Plotted the table data into graphs

INTERPRETATION:

The above chart shows the increase in current ratio of the Punjab National bank from financial year 2016 to 2018 and in 2019 it remains the same and there is a decreasing trend in the current ratio of HDFC bank.

2. QUICK RATIO

“The quick ratio is a financial ratio used evaluate the company ability to pay the short-term liabilities from short term assets. It is also called acid test ratio”. The quick ratio is calculated by **total amount of cash + marketable securities + accounts receivable to the amount of current liabilities.**

Table -2: Data of Quick Ratio

	MARCH'19	MARCH'18	MARCH'17	MARCH'16
PNB	35.77	22.72	28.98	28.09
HDFC	16.61	17.28	11.19	14.51

Source: <https://www.moneycontrol.com/>

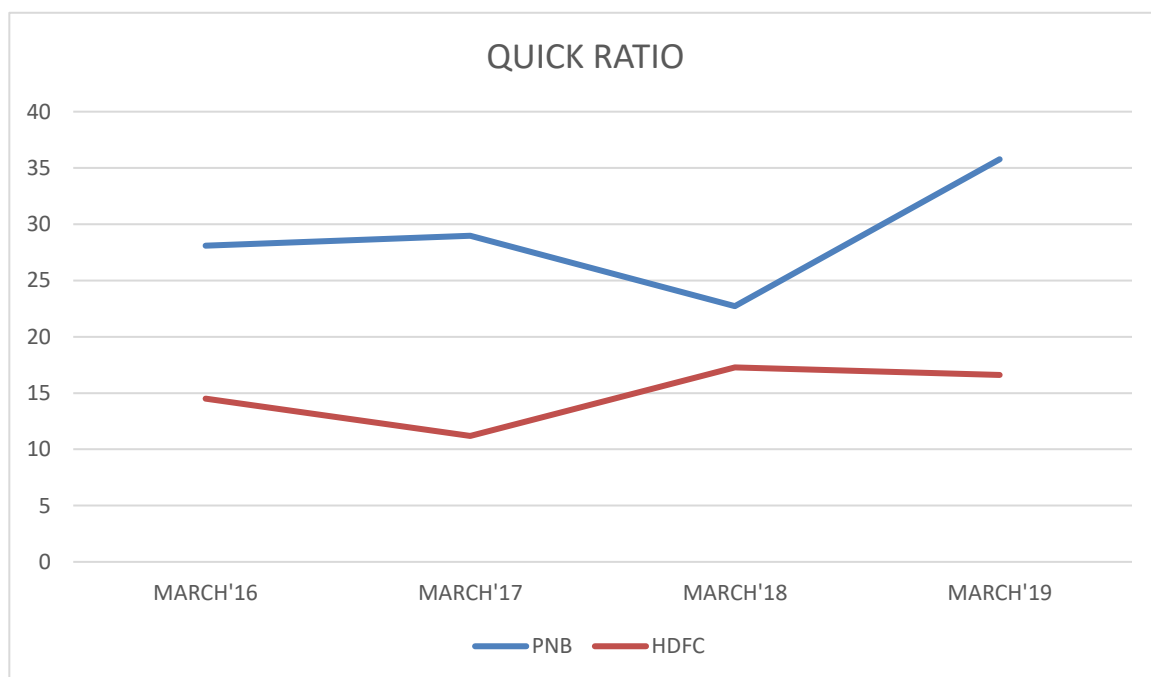


Fig: Plot of 4-year Quick Ratio

Source: Plotted the table data into graphs

INTERPRETATION:

The above chart indicates that there is decrease and increase in quick ratio of PNB bank. The ratio decreases from 28.09 to 22.72 in FY-2018 and to 35.77 in FY 2019. The trend in quick ratio of HDFC is increasing up to 2018 and again declines in 2019.

3. CASH DEPOSIT RATIO:

“Cash Deposit ratio (CDR) is the ratio of how much a bank lends out of the total deposits it has mobilized. It indicates how much of a bank’s core funds are being used for lending, the main banking operation activity”. **It can also be defined as Total of Cash in hand and Balances with RBI divided by Total deposits.**

Table – 3: Data of Cash Deposit Ratio

	MARCH'19	MARCH'18	MARCH'17	MARCH'16
PNB	4.62	4.27	4.40	4.81
HDFC	8.85	9.95	5.71	5.77

Source: <https://www.moneycontrol.com/>

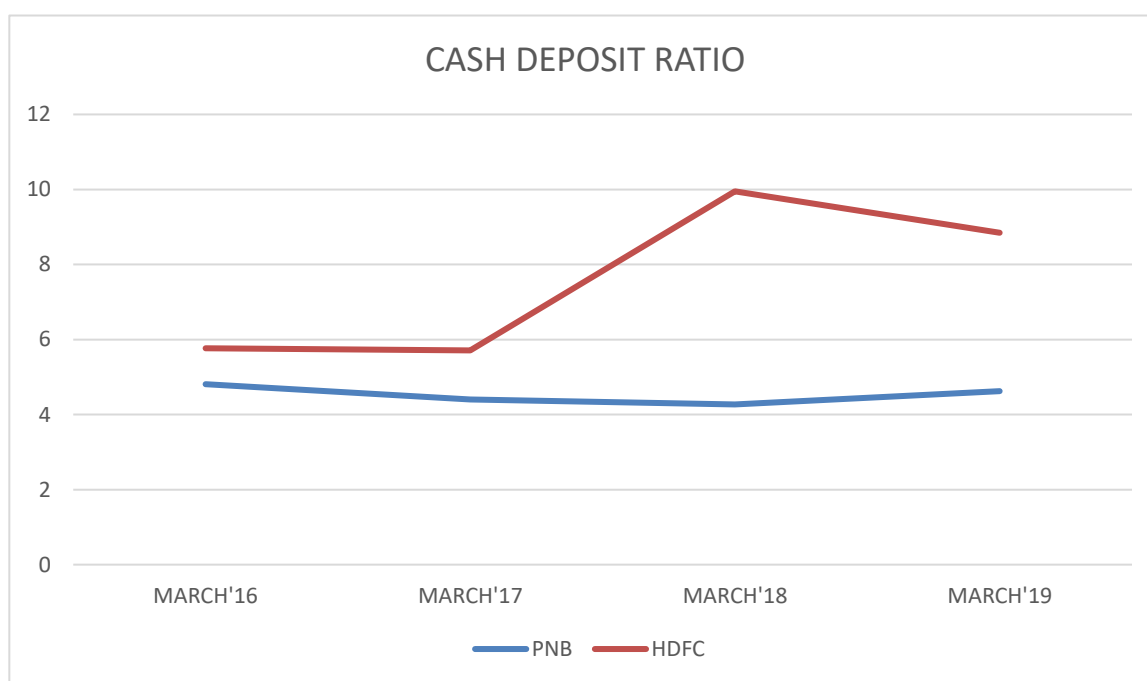


Fig: Plot of 4-year Cash Deposit Ratio

Source: Plotted the table data into graphs

INTERPRETATION:

The above chart indicates that there is decrease and in cash deposit Ratio of PNB bank. The ratio has decreased from 2016 to 4.27 in FY-2018 and again it increases to 4.62 in FY 2019. The Cash Deposit ratio of HDFC tends to increase last 4 years.

B. PROFITABILITY RATIOS:

4. NET PROFIT RATIO:

“Net profit percentage is the ratio of profit after tax paid to net sales. It reveals the remaining profit after all costs of production, administration, and financing have been deducted from sales, and income taxes recognized”.

$$\text{Net profit (NP) ratio} = \frac{\text{Net profit after tax}}{\text{Net sales}}$$

TABLE – 4: Data of Net Profit Ratio

	MARCH'19	MARCH'18	MARCH'17	MARCH'16
PNB	-19.44	-25.59	2.80	-8.08
HDFC	21.29	21.79	20.99	20.41

Source: <https://www.moneycontrol.com/>

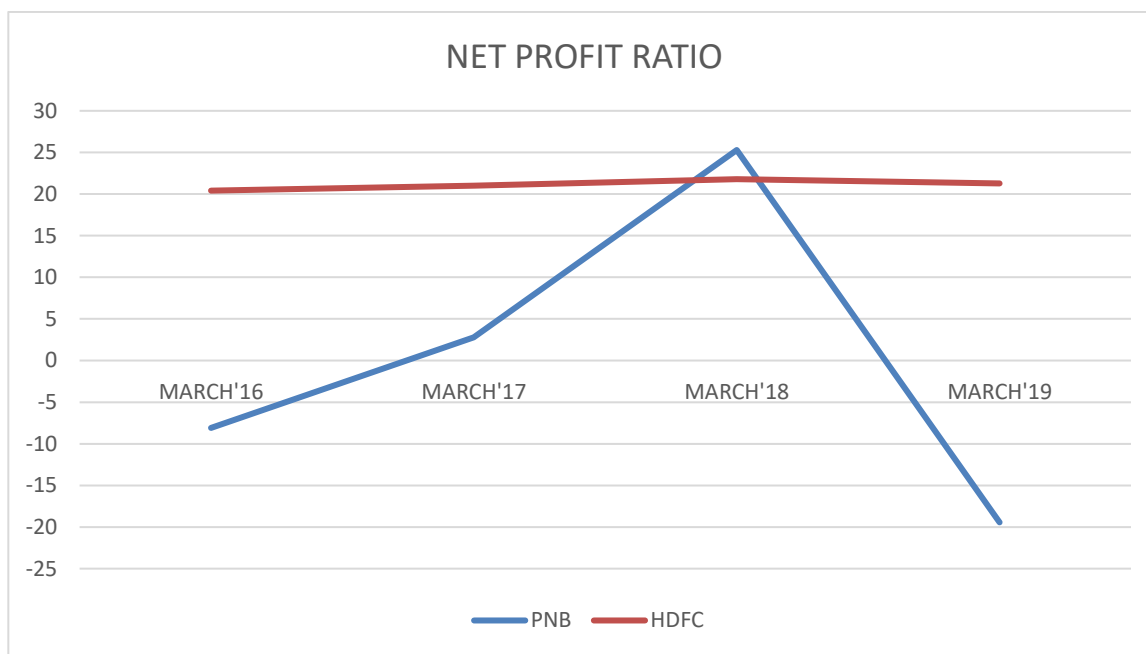


Fig: Plot of 4-year Net Profit Ratio

Source: Plotted the table data into graphs

INTERPRETATION:

The Net Profit of PNB continuously decreasing in last 4 years. In last 4 years it only become profitable in FY 2017. The profitability index of HDFC bank is also increasing as per the past 4 Year data.

5. EARNING PER SHARE (EPS):

“EPS is calculated by dividing the profit after tax and preference dividend by total number of outstanding shares. If a company earning \$3 million in one year had 3 million common shares of stock outstanding, its EPS would be \$1 per share. In calculating EPS, the company Generally uses a weighted average of shares outstanding over the prescribed period of time”.

Table – 5: Data of Earning Per Share

	MARCH'19	MARCH'18	MARCH'17	MARCH'16
PNB	-83.22	-152.69	-52.77	-111.68
HDFC	49.68	65.88	56.53	37.86

Source: <https://www.moneycontrol.com/>

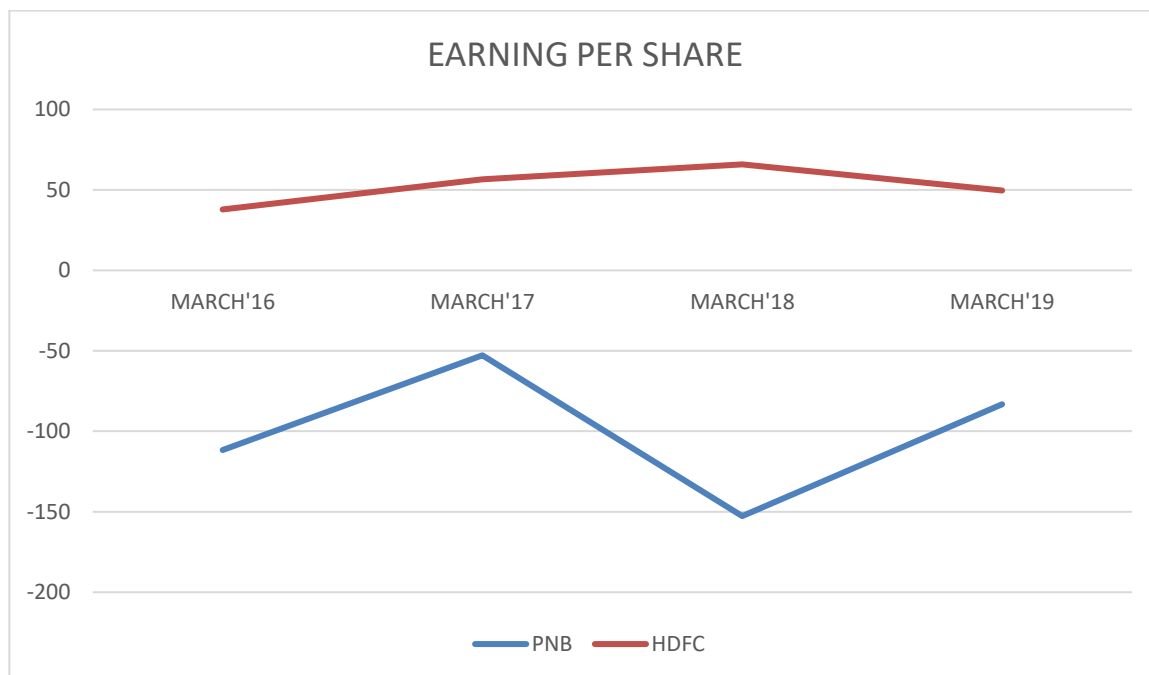


Fig: Plot of 4-year Earning Per Share

Source: Plotted the table data into graphs

INTERPRETATION:

The earnings per share of PNB is negative through all the four years. Earnings per share ratio are very important for every company or an organization. The EPS of HDFC bank were also increasing from last 4 years.

6. RETURN ON NET WORTH:

“Return on equity (ROE) is the amount of total profit available to the shareholder as a percentage of shareholders equity”. Return on equity measures a company profitability by how much profit a company generates with the money shareholders have invested.

$ROE = \text{Net Income} / \text{Shareholders}$

Table – 6: Data of Return on Net Worth

	MARCH'19	MARCH'18	MARCH'17	MARCH'16
PNB	-24.20	-32.85	3.47	-11.20
HDFC	14.12	16.45	16.26	16.91

Source: <https://www.moneycontrol.com/>

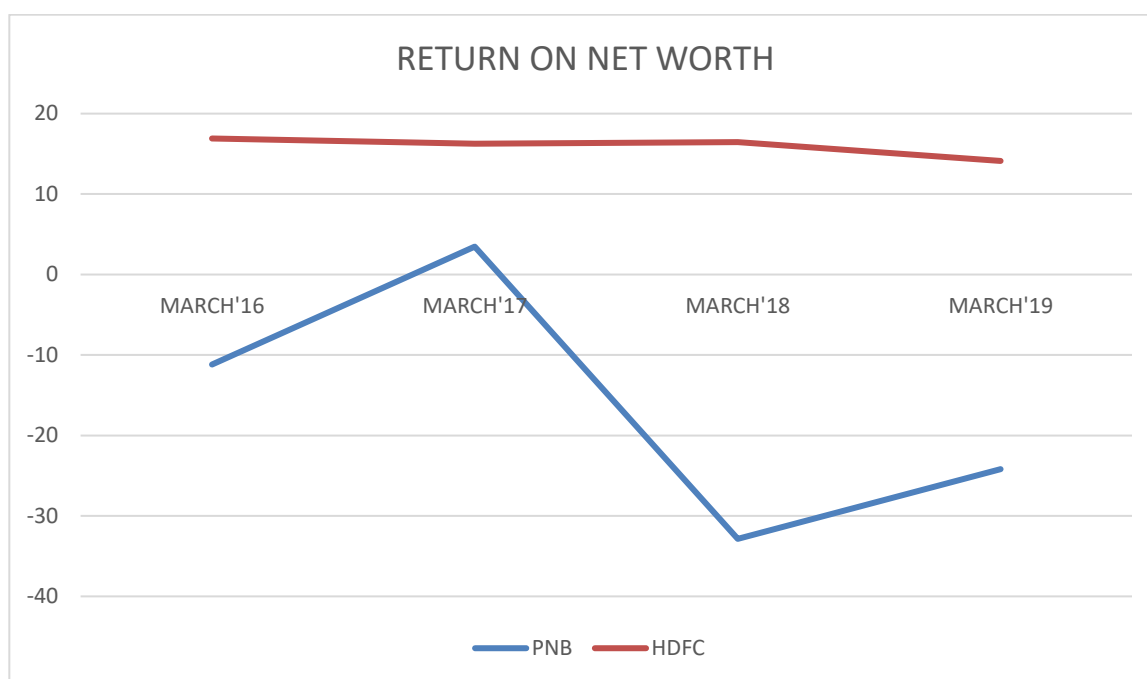


Fig: Plot of 4-year Return on Net Worth Source: Plotted the table data into graphs

INTERPRETATION:

Return on net worth describes how much company generates profit with the money that shareholders have invested. The ratio of return on net worth of PNB is negative except for the FY'17, whereas the return on net worth of HDFC fluctuates with a small margin but remains profitable in all four years.

7. EARNING RETENTION RATIO:

Retention ratio means that part of the company's earnings are credited to retained earnings, even if it is not distributed as a dividend. This violates the payout ratio and is also known as the retention rate. Dividend pay-out ratio is the dividend paid out by the company divided by the net result.

Table – 7: Data of Earning Retention Ratio

	MARCH'19	MARCH'18	MARCH'17	MARCH'16
PNB	100	100	100	100
HDFC	80.78	100	100	80.47

Source: <https://www.moneycontrol.com/>

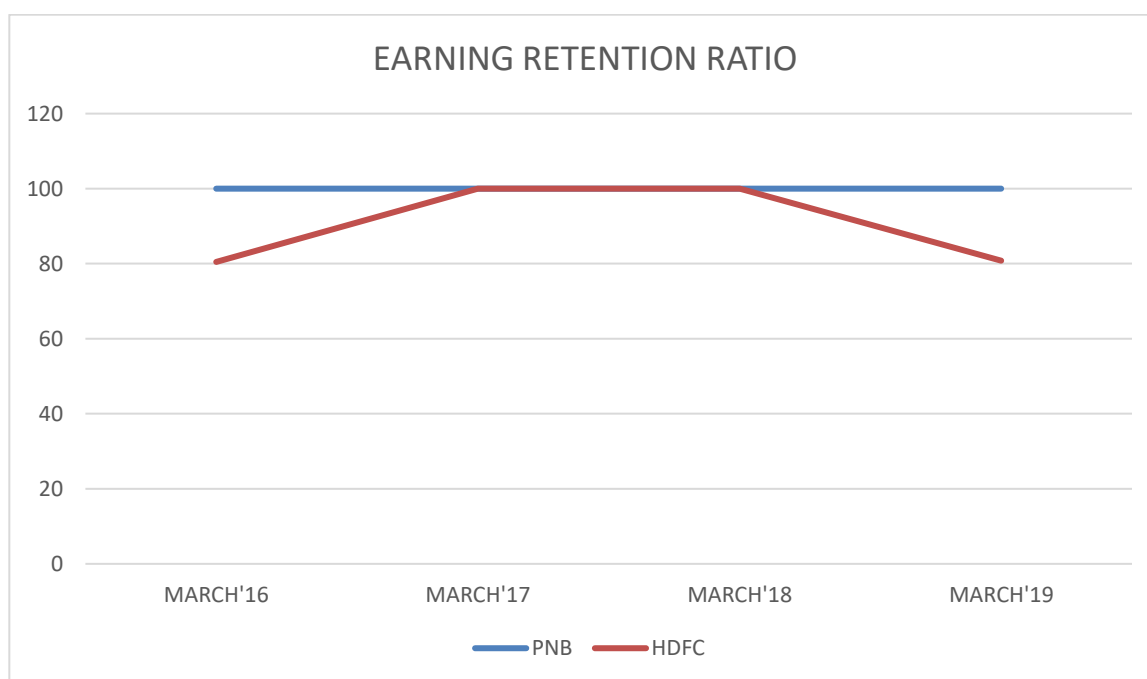


Fig: Plot of 4-year Earnings Retention Ratio Source: Plotted the table data into graphs

INTERPRETATION:

Earning retention ratio is opposite to the dividend payout ratio and it is also called retention rate. There is increase in earnings per share retention ratio of PNB bank in last 4 years. Earning retention ratio 100% in all four year whereas for HDFC the retention ratio in FY'16 was 80.47% and 100% in FY'17 & 18 and 80.78% in FY 19.

C. LEVERAGE RATIOS:

8. **FIXED ASSET TURNOVER RATIO:**

The factory asset turn over ratios is the ratio of sales (on the income statement) to the value of the fixed assets (on the balance sheet). It shows how well the company uses its factory assets to generate sales. Fixed Assets Turnover Ratio

$$\begin{aligned} & \frac{\text{Net Revenue}}{\text{Average Fixed Assets}} \\ \text{Net Revenue} &= \text{Gross Revenue} - \text{sales returns} \end{aligned}$$

Table -8: Data of Fixed Assets Turnover Ratio:

	MARCH'19	MARCH'18	MARCH'17	MARCH'16
PNB	---	0.07	0.07	0.08
HDFC	0.09	0.09	0.09	0.10

Source: <https://www.moneycontrol.com/>

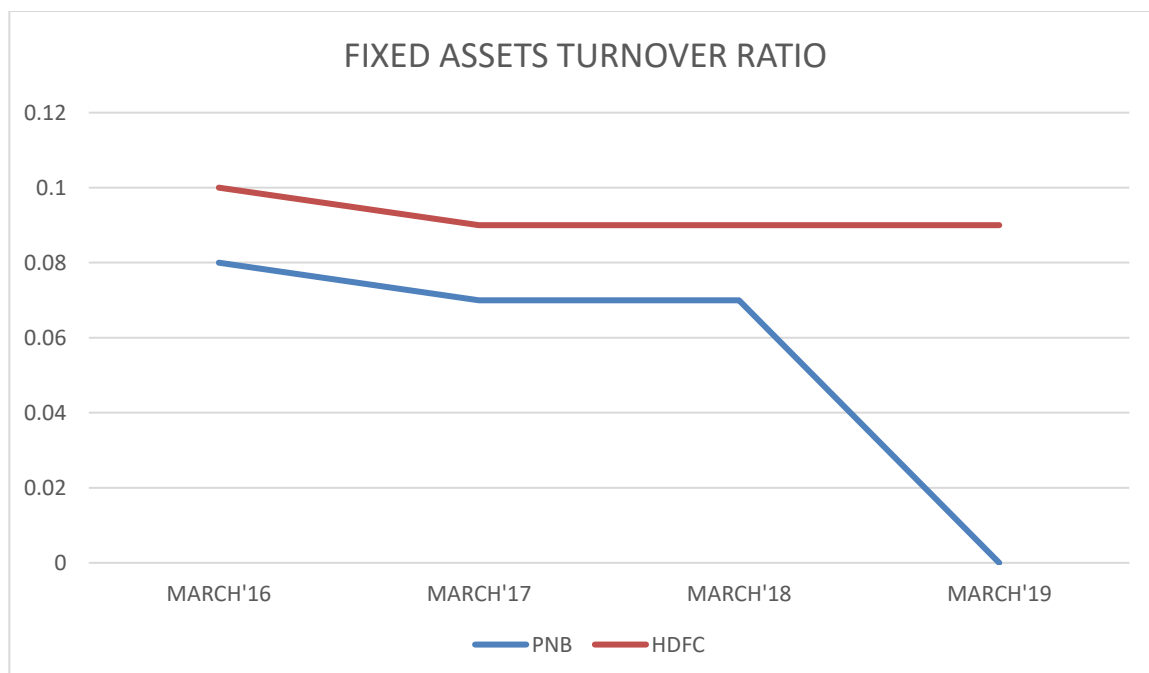


Fig: Plot of 4-year Fixed Assets Turnover Ratio Source: Plotted the table data into graphs

INTERPRETATION: Above graph shows that the fixed asset turnover ratio of the PNB bank is constant in from F.Y.2017 and 2018. but it decreased to 0.00 in Mar'19 and the fixed assets turnover ratio of the HDFC bank is constant for last 3 years and at 0.09 at current.

D. BALANCE SHEET RATIOS:

9. CAPITAL ADEQUACY RATIO:

Capital adequacy ratios (CAR), also known as risk assets (weights) to equity Ratio is the ratio of bank capital to risk. National regulators ensure that the bank can absorb the fair loss of the CARs and comply with its Statutory capital requirements.

$$\text{Capital Adequacy Ratio} = \frac{\text{Tier 1 Capital} + \text{Tier 2 Capital}}{\text{Risk-weighted Exposures}}$$

Table – 9: Data of Capital Adequacy Ratio

	MARCH'19	MARCH'18	MARCH'17	MARCH'16
PNB	9.73	9.20	11.66	11.28
HDFC	17.11	14.82	14.55	15.53

Source: <https://www.moneycontrol.com/>

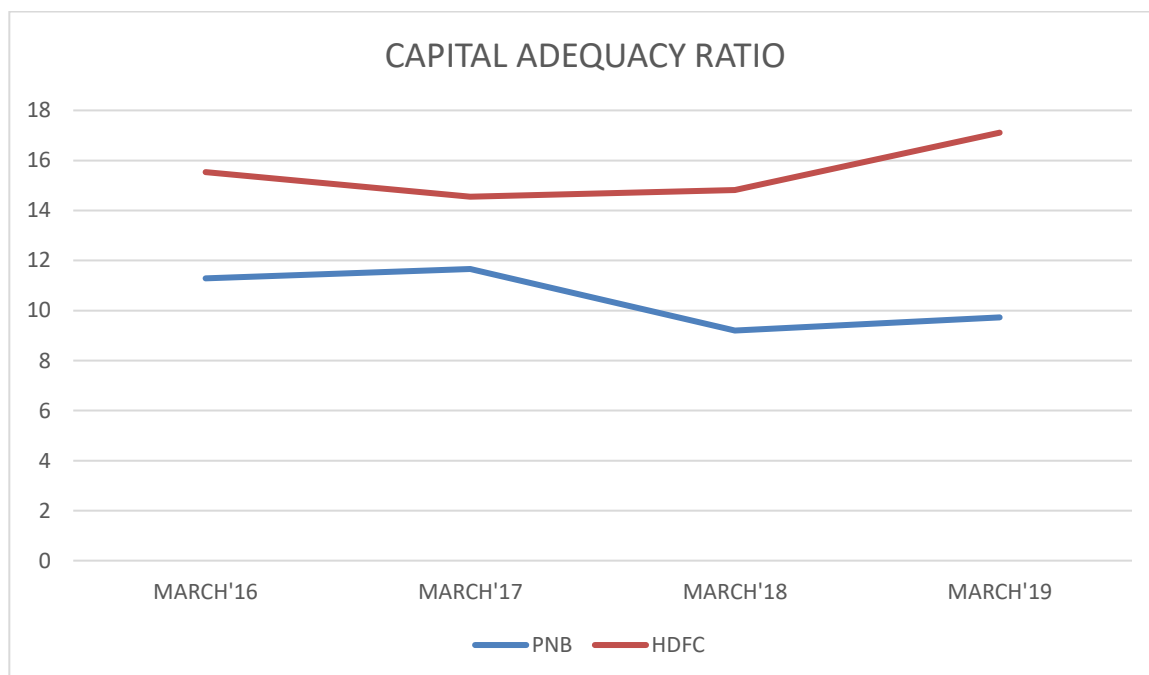


Fig: Plot of 4-year Data of Capital Adequacy Ratio Source: Plotted the table data into graphs

Interpretation:

Punjab national bank had 11.28 in FY 2016 which increased to 11.66 in 2017 but continues to decline in FY 18 & 19 to 9.20 & 9.72. HDFC bank capital adequacy ratio for FY 2016 is 15.53 and decline in FY 2017 to 14.55. For three years from FY 2017 - 19 is increasing.

1. ADVANCES/LOANS FUNDS (%):

“Loans that bank loan funds invest in have rates which are tied to a measure of short-term term interest rates (for example LIBOR). The loan typically calls for the borrower to pay a variable short-term interest rate, plus a fixed interest rate”. The short-term interest rate component is usually reset every 90 days.

Table -10: Data of Advances/Loans Funds

	MARCH'19	MARCH'18	MARCH'17	MARCH'16
PNB	65.49	63.53	65.79	71.10
HDFC	83.95	80.80	84.21	84.82

Source: <https://www.moneycontrol.com/>

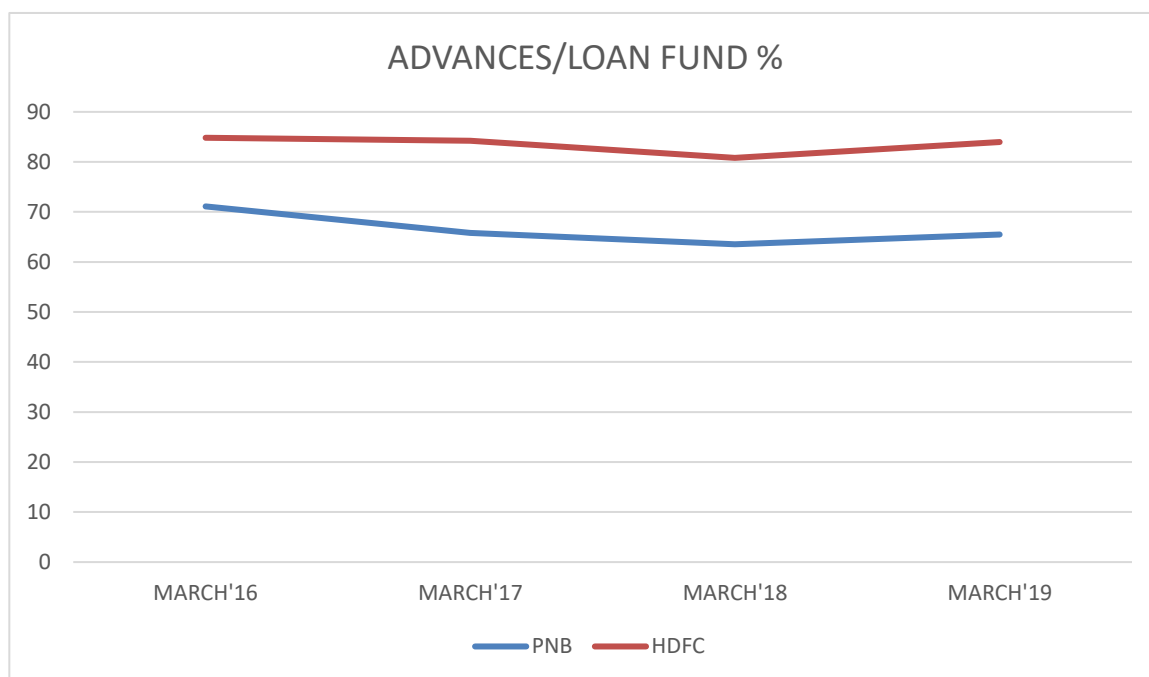


Fig: Plot of 4-year Advance/Loan Funds Source: Plotted the table data into graphs

INTERPRETATION:

The advances or loan fund ratio is also fluctuating from last 4 years for both of the bank at changes a small margin rate but the loan and advances percentage is higher in the case of HDFC bank.

E. DEBT COVERAGE RATIOS:

11. CREDIT DEPOSIT RATIO:

“It is the ratio of how much a bank lends out of the deposits it has mobilized. It indicates how much of a bank's core funds are being used for lending, the main banking activity”. A higher ratio indicates more reliance on deposits for lending and vice-versa.

$$\text{Loan to Deposit Ratio} = \frac{\text{Loans}}{\text{Deposits}}$$

Table -11: Data of Credit Deposit Ratio

	MARCH'19	MARCH'18	MARCH'17	MARCH'16
PNB	68.14	67.51	70.81	75.18
HDFC	86.32	84.68	85.64	83.24

Source: <https://www.moneycontrol.com/>

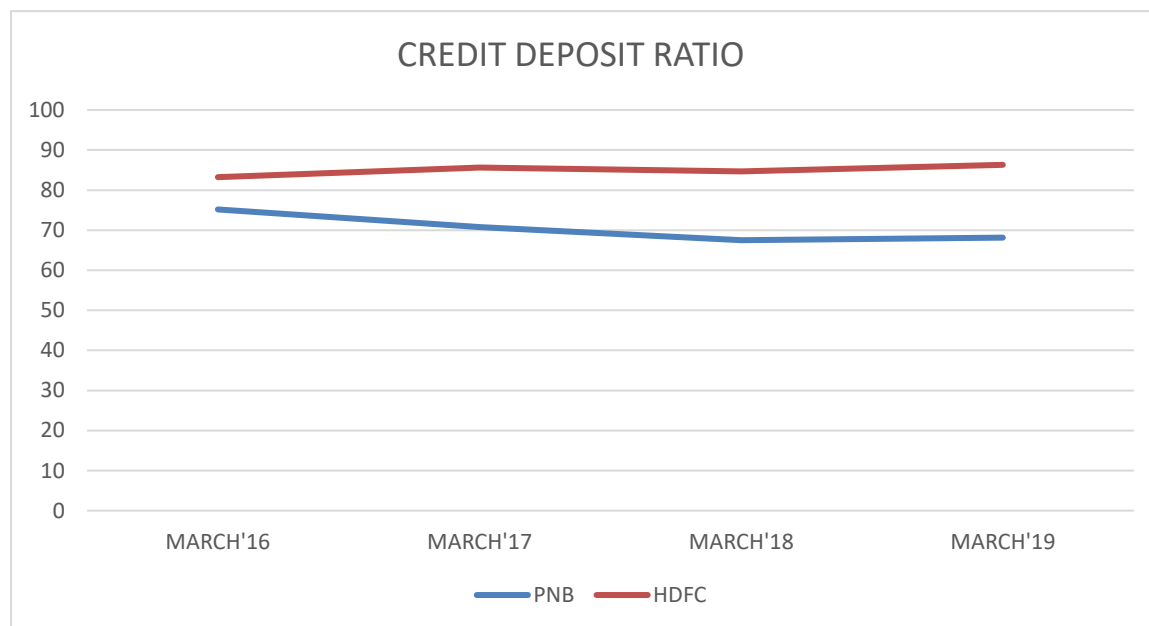


Fig: Plot of 4-year Credit Deposit Ratio Source: Plotted the table data into graphs

INTERPRETATION:

Credit deposit ratio describes how much a bank lends out of the deposits. Credit ratio is continuously reducing from last 4 years. The credit deposit ratio in Mar'16 was 75.18 and reduced to 68.14 in Mar'19 and as well as the credit deposit ratio of HDFC bank was Increase from from small margin . Currently it is increased in 2019 from 84.68 to 86.32.

12. INVESTMENT DEPOSIT RATIO:

“Loan-to-deposit ratio (LTD) is a commonly used statistic for assessing a bank's liquidity by dividing the bank's total loans by its total deposits”. This number is expressed as a percentage. Following table indicates the Investment Deposit Ratio:

Investment Deposit Ratio = Total Investment / Total Deposit

Table – 12: Data of Investment Deposit ratio

	MARCH'19	MARCH'18	MARCH'17	MARCH'16
PNB	30.53	30.62	29.33	29.32
HDFC	31.12	31.88	31.79	33.13

Source: <https://www.moneycontrol.com/>

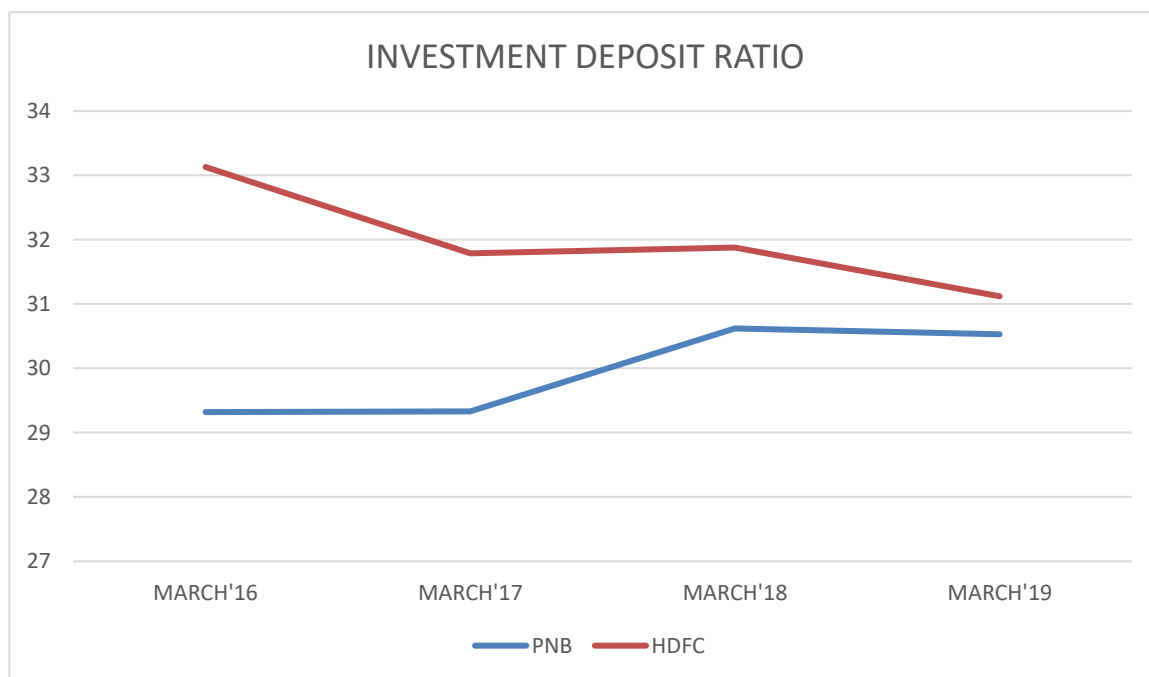


Fig: Plot of 4-year Investment Deposit Ratio Source: Plotted the table data into graphs

INTERPRETATION:

Investment deposit ratio describes the liquidity position of banks. The investment deposit ratio of the PNB bank was continuously increasing from Mar'16 to Mar'19 at a rate of small margin and currently it is 30.62 in 2018. HDFC bank liquidity position fluctuates at a small rate.

13. TOTAL DEBT TO OWNER FUND:

“A company’s debt-to-capital ratio or D/C ratio is the ratio of its total debt to its total capital, its debt and equity combined”. The ratio measures a company’s capital structure, financial solvency, and degree of leverage, at a particular point in time.

Debt-to-Capital Ratio = Interest-bearing Debt / Interest-bearing Debt + Shareholders’ Equity

Table -13: Data of Debt to Ownership Fund

	MARCH'19	MARCH'18	MARCH'17	MARCH'16
PNB	17.36	18.80	17.39	17.28
HDFC	6.97	8.58	8.02	8.25

Source: <https://www.moneycontrol.com/>

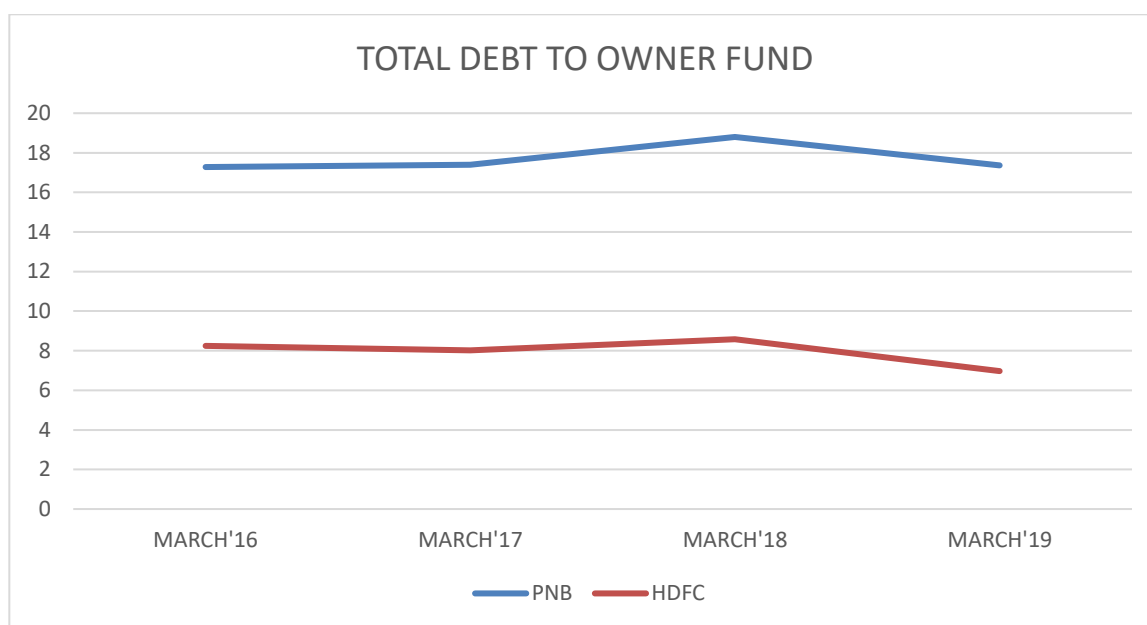


Fig: Plot of 4-year Debt to Ownership Fund Source: Plotted the table data into graphs

INTERPRETATION:

Total debt to owner fund of the PNB bank is continuously increases from Mar'16 to Mar'18. It measures the financial solvency and degree of leverage. The ratio the PNB bank in Mar'16 was 17.28 and increased in Mar'17 & 18 to 17.39 and 18.80 and currently it is decreased to 17.36. and as well as the ratio of the HDFC bank fluctuating in FY Mar'16- Mar'18 to 8.25, 8.02 to 8.58 whereas it is decreased to 6.97 in FY Mar'19. Hence, we can say that the total debt to ownership ratio is more in the case of PNB Bank than HDFC Bank.

F. INVESTMENT VALUATION RATIOS:

14. DIVIDEND PER SHARE:

Dividend per share is the sum of declared dividends issued by a company for every ordinary share outstanding. “Dividend per share is the total dividends paid out by a business including interim dividends, divided by the number of outstanding ordinary shares issued”.

$$DPS = \frac{\text{Dividends}}{\text{Number of Shares}}$$

Table – 14: Data of Dividend Per Share

	MARCH'19	MARCH'18	MARCH'17	MARCH'16
PNB	-	-	-	-
HDFC	15.00	13.00	11.00	9.50

Source: <https://www.moneycontrol.com/>

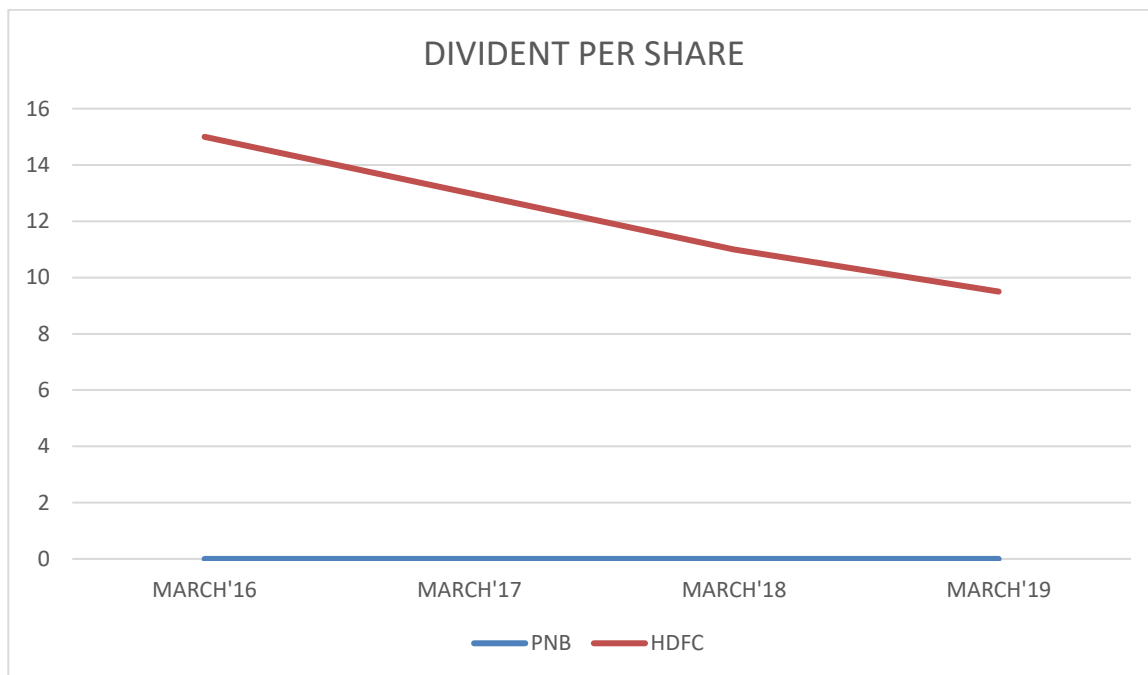


Fig: Plot of 4-year Dividend Per Share Source: Plotted the table data into graphs

INTERPRETATION:

Dividend per share of the PNB bank was continuously not paid from Mar'16 to Mar'19. Dividend and as well as the dividend per share of the HDFC bank was increasing from last 4 years to 9.50, 11, 13, 15, in the financial year Mar'16 to Mar'19 consequently.

15. CAPITAL EMPLOYED:

“Capital employed, also known as funds employed, is the total amount of capital used for the acquisition of profits”. It is the value of all the assets employed in a business and can be calculated by adding fixed assets to working capital or subtracting current liabilities from total assets.

Capital employed= Total Assets- Current Liabilities

Table – 15: Data of Capital Employed Ratio

	MARCH'19	MARCH'18	MARCH'17	MARCH'16
PNB	4.45	4.47	4.67	5.07
HDFC	4.40	4.17	4.60	5.02

Source: <https://www.moneycontrol.com/>

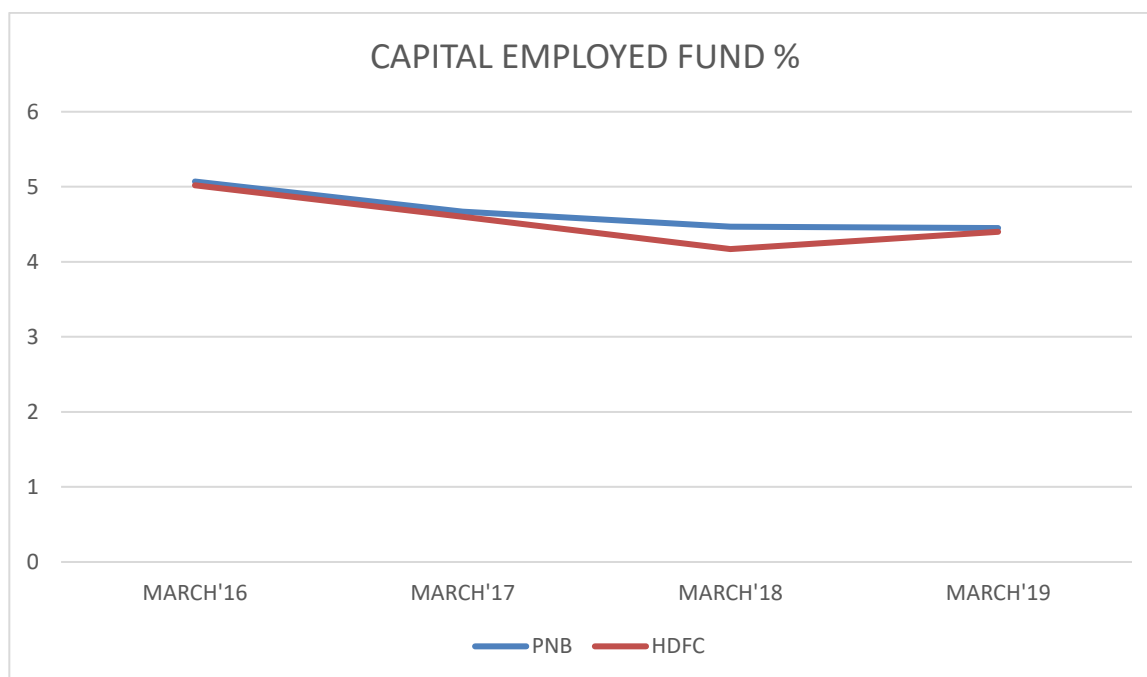


Fig: Plot of 4-year Capital Employed Ratio Source: Plotted the table data into graphs

INTERPRETATION: Capital employed is the difference between total asset and current liabilities. The capital employed of the PNB bank in Mar'16 was 5.07 and reduced to 4.67 in Mar'17 to 4.47 in Mar'18 and currently it is 4.45 in Mar'19 and the capital employed ratio of the HDFC bank is increasing or decreasing from last 4 years.

15. Return on long term fund:

“It is a hypothetical measure providing investors with an estimated expectation for the return they can expect over the life of an investment. It is most often quoted in investments with fixed income securities and a fixed duration.”

Table – 16: Data of Return on Long Term Fund

	MARCH'19	MARCH'18	MARCH'17	MARCH'16
PNB	45.64	36.10	90.10	74.36
HDFC	55.57	62.88	65.17	70.54

Source: <https://www.moneycontrol.com/>

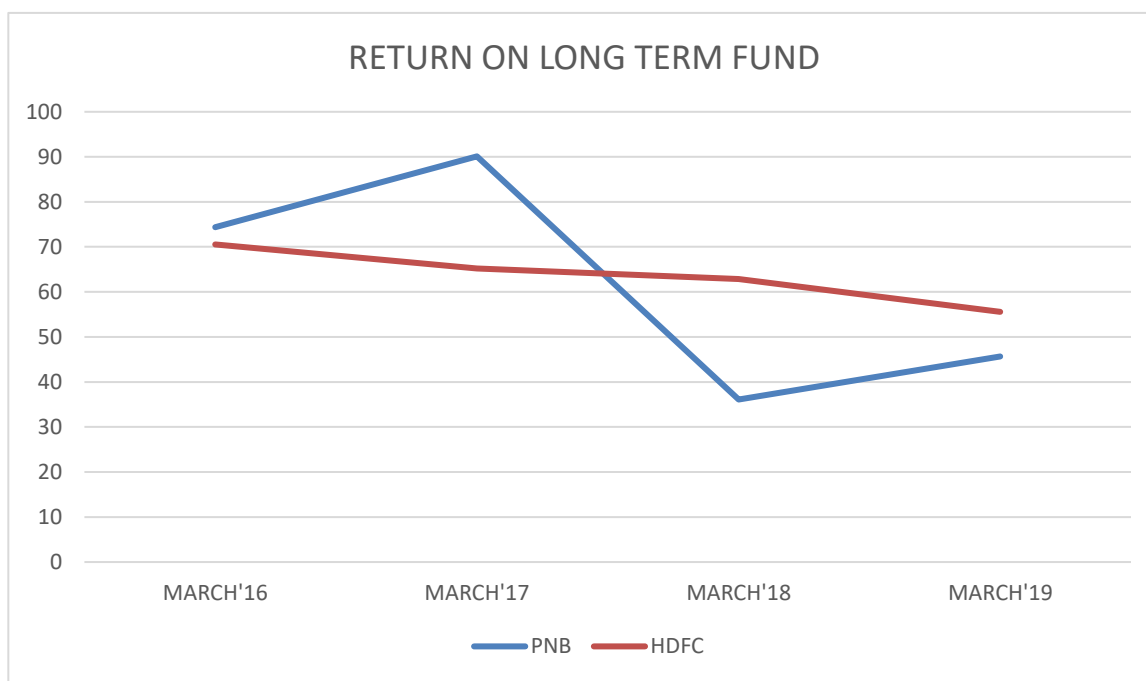


Fig: Plot of 4-year Return on Long Term Fund Source: Plotted the table data into graphs

Interpretation:

The PNB has decreasing and increasing rate both in these 4 years in FY 20156 it is 74.36 which is increased to 90.10 in FY 17 and again decreased to 36.10 and currently it is 45.64. HDFC bank rate also decrease in all four consecutives year to 70.54 in FY Mar'16 to 65.17, 62.88, 55.57 in FY Mar' 17, 18, & 19 respectively.

16. INTREST SPREAD:

“Net interest spread refers to the difference in borrowing and lending rates of financial institutions in nominal terms. It is considered analogous to the gross margin of non-financial companies. Net interest spread is expressed as interest yield on earning assets minus interest rates paid on borrowed funds.”

TABLE – 17: Data of Interest Spread

	MARCH'19	MARCH'18	MARCH'17	MARCH'16
PNB	6.20	6.36	6.39	6.26
HDFC	7.20	7.78	7.46	7.52

Source: <https://www.moneycontrol.com/>

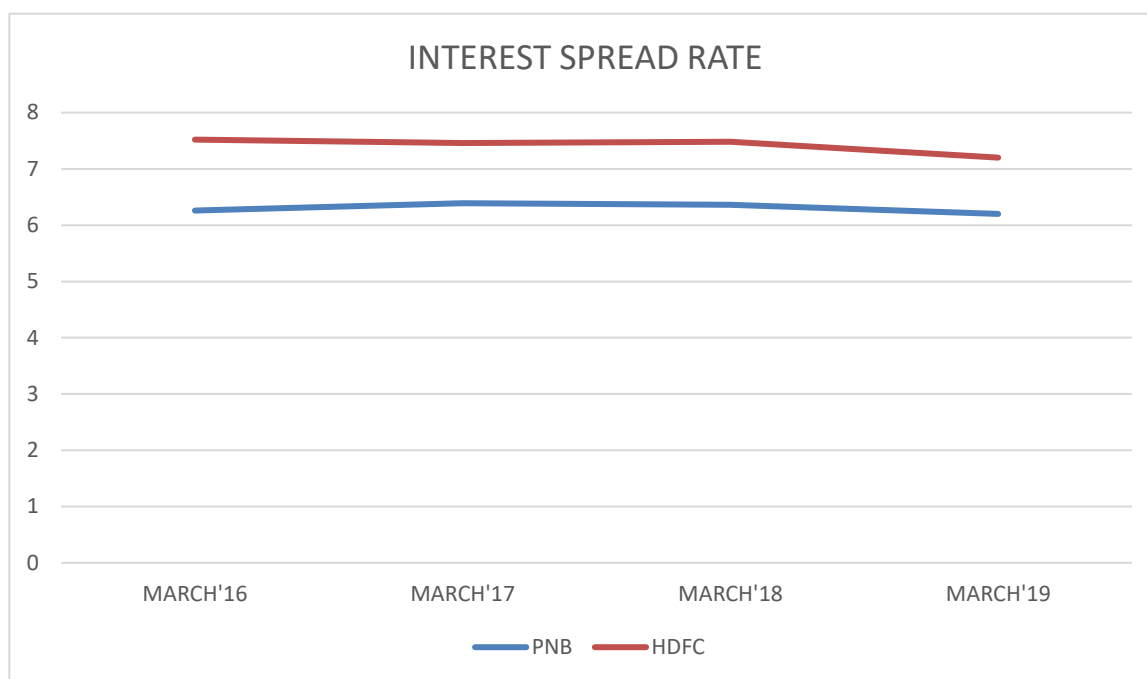


Fig: Plot of 4-year Interest Spread Source: Plotted the table data into graphs

Interpretation:

The interest spread of PNB is 6.26 in 2016 and it has growth I FY Mar'17 and it is decreased to 6.36 and 6.20 in FY Mar'18 &18 .HDFC same decreasing rate for FY Mar'16 &17 and increases in FY Mar'18 currently it is increased to 7.20 in FY Mar'19.

CHAPTER - 5

FINDINGS, SUGGESTION LIMITATION & CONCLUSION

A. FINDINGS:

- ❖ Current ratio of PNB and HDFC bank is 0.5 for both of the bank. We can say that both of the bank is financially stable in the scenario of Current ratio.
- ❖ Quick ratio of PNB is increased i.e. 35.77 in FY 2019 but HDFC quick ratio had been seen decreased to 16.67 in comparison of last year which shows the good position of HDFC in present time.
- ❖ Cash deposit ratio of PNB is lowered than the HDFC at present time. currently cash deposit ratio of PNB is 4.62 which is very less than HDFC i.e. 8.85.
- ❖ The net profit ratio of the PNB is negative which shows that company have declining profit or it is in loss. Whereas HDFC has positive net profit ratio which is in increasing trends and currently it is 21.29 in 2019.
- ❖ Earning per share of the PNB declining and negative i.e.-83.22 currently. HDFC has got positive earnings per share i.e 49.68. earning of the shareholders of HDFC is good in comparison to the that of the PNB.
- ❖ Return on net worth of the PNB is in negative i.e.-24.20 currently. HDFC has got increasing net worth currently it is 14.12 which shows the HDFC equity shareholders are getting good return on their shares.
- ❖ PNB bank has got 100 percent retention ratio which means that PNB is not paying dividend and using the whole money in the best available investment opportunities where as for HDFC retention ration is 80.78%
- ❖ The fixed assets turnover ratio of PNB has decrease in the trend and currently it is 0.00 in FY 2019. HDFC has constant ration and currently it is 0.09.so HDFC is able to create more positive use of the fixed assets to create revenue than the Punjab national bank.

- ❖ Capital adequacy ratio of PNB is less than HDFC. PNB has currently 9.73 in FY 2019 whereas in FY 2019 HDFC has 17.11
- ❖ Advance /loan fund % pf the HDFC is 83.95 currently and PNB is 65.49 currently.
- ❖ The current credit deposit ratio of PNB is 68.14 and HDFC is 86.32 which indicates the HDFC is able to mobilize its deposit in loan to people in better way than the Punjab national bank.
- ❖ The investment deposit ratio of PNB is 30.53 and HDFC is 31.12 both have increasing trend in last four years.
- ❖ PNB has more total debt to owner fund i.e. 18.80 in 2018 which is in increasing trend.
- ❖ The four-year trends of the of the Punjab national bank is null. But HDFC is paying DPS 15.00 which indicates the more value of the share of the HDFC bank than the Punjab national bank.
- ❖ The capital employed of the Punjab national bank is 4.45 in FY 2019 which is more than the HDFC bank i.e. 4.40 in the FY 2019.
- ❖ The Punjab national bank has less return on its long term fund than the HDFC. it shows that the HDFC shareholders have been getting good return on their equity than Punjab national bank.
- ❖ Interest spread ratio of HDFC in 2019 is 7.20 which has increasing trends in last four years but decreasing i.e. 6.20 of the Punjab national bank in 2019.

B. SUGGESTIONS:

- PNB also has to focus on the profitability in order to fight with competition with other banks.
- Balance sheet ratios also play an important role in the liquidity position like capital adequacy ratio, loan funds etc.
- Mainly focus on current ratio in order to maintain level i.e. 2:1.
- 'Bank has to improve the management efficiency ratio like asset turnover ratio, loan turnover etc.
- Reduces losses in order to make financial position strong i.e. reduce NPA.
- The current liabilities should be met at short notice and the company should try to cover it as soon as possible.
- PNB should recover its NPA as soon as possible to gain good position
- The profit should be made enough in order to pay dividend and earn on the per share
- Should have to improve the liquidity position.

C. LIMITATIONS OF THE STUDY:

The limitations of the study are:

- 1) Comparisons are also made difficult due to differences of the terms like gross profit, operating profit, net profit etc
- 2) The time of study is short during the period. Financial statements are based upon part performance and part events which can only be guides to the extent they can reasonably be considered as dues to the future.
- 3) Ratios do not provide a definite answer to financial problems.
- 4) When the two companies are of substantially different size, age and diversified products, comparison between them will be more difficult.
- 5) The study is based on the secondary data and the limitation of using secondary data may affect the results.
- 6) The secondary data was taken from the annual reports of the company. It may be possible that the data shown in the annual reports may be window dressed which does not show the actual position of the company.
- 7) Data may be outdated.
- 8) It is always a challenging job to find an adequate standard.

C. CHALLENGES FACED BY BANKS:

The main challenge facing banks today is how to overcome competition and strengthen their balance sheet. Today, banks are complaining about the burden of the NPA. It is strongly believed that contaminated debt, if it cannot be recovered, will be used on the part of the bank. Another important thing for the banking sector is the high transaction costs of bringing defective goods to the books. Larger corporate responsibility, more disclosure if unsuccessful, an efficient system for sharing credit information, and a legal framework relevant to the banking system are needed to address postal code issues. Yes, you can speed up the court process. And the recovery is real. Made in a predictable time frame. The banking sector cannot maintain the highest level of NPA, so it "lends, but lends, and its purpose is to be a slogan of relief.

Indian banks have suffered greatly because they have survived. Information technology (IT) plays an important role in the banking industry as it not only ensures transparent transactions related to the electricity sector but also facilitates cooperation and development of financial products. The banking system has received applications from IT and electronic banking to the agenda of promoting virtual banking.

As an extreme example of e-banking, you can see the World Wide Banking (WWB) model of the World Wide Web (WWW). This means that all banks are interrelated and are actually customers, not individual bank IDs. You do not have to have a physical, branching bank. No human interaction or physical connection is required. Customers can perform all banking operations by sitting in their office or home and working on the Internet. This is the case for bank employees reaching customers.

The landscape is changing rapidly. Many new players with different strengths enter the market. To encourage them to move to best international banking practices, the Reserve Bank will strengthen prudential rules and strengthen supervisory mechanisms. There is more transparency and disclosure. Banks are expected to play a role in economic development in the near future, and emerging markets will offer many opportunities for businesses. Human resource management is becoming increasingly important. With increasing support for

banking activities in India, human capital will be the best resource of the banking system. Finally, banking is people, not just numbers.

The Indian banking sector has made rapid progress in transforming and balancing a new competitive business environment. The Indian banking industry is at the center of the IT revolution. The technological infrastructure is now an integral part of the process of reforming the banking system with the progressive development of sophisticated methods and innovations of market practices.

D. CONCLUSION:

Comparative analysis is a yardstick for measuring the financial statement of a bank. It provides significant information about organization strength and weakness to various individual and groups such as investors.

The results indicate that the overall bank performance in terms of profitability, liquidity, and credit quality. Although the banks aggressively increased their loan portfolios, sound and effective credit risk management policies have been in place so that the lending behavior could still be contained. However, bank performance deteriorated during 2017- 2018 as the banks' operating environment deteriorated due to the global financial crisis and a slowing economy. The results indicate that profitability deteriorated during the later period. There might be several reasons for the significant deterioration in profitability.

One of the reasons could be increasing bank operating costs and reduced incomes amid the global financial crisis. In contrast, no statistically significant differences were observed between bank performance during the two periods in terms of liquidity and credit quality. The comparable performance results in terms of liquidity and credit quality between these two periods may be as a result of the fact that bank entered the downturn with a sound macro/fiscal position.

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Attachments of Punjab National Bank Profit & Loss Account

4/1/2020

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Punjab National Bank

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Standalone Profit & Loss account

	----- in Rs. Cr. -----				
	Mar '19	Mar '18	Mar '17	Mar '16	Mar '15
	12 mths	12 mths	12 mths	12 mths	12 mths
Income					
Interest Earned	51,310.25	47,995.77	47,275.99	47,424.35	46,315.36
Other Income	7,377.41	8,880.87	8,951.37	6,877.02	5,890.73
Total Income	58,687.66	56,876.64	56,227.36	54,301.37	52,206.09
Expenditure					
Interest expended	34,153.94	33,073.36	32,282.82	32,112.57	29,759.79
Employee Cost	6,963.16	9,168.80	5,420.72	6,425.95	7,336.91
Selling, Admin & Misc Expenses	55,309.04	56,210.41	29,327.61	37,295.75	19,675.08
Depreciation	578.02	576.17	425.04	395.73	370.23
Operating Expenses	39,879.48	43,378.36	21,933.01	27,926.69	18,489.05
Provisions & Contingencies	22,970.74	22,577.02	13,240.36	16,190.74	8,893.17
Total Expenses	97,004.16	99,028.74	67,456.19	76,230.00	57,142.01
	Mar '19	Mar '18	Mar '17	Mar '16	Mar '15
	12 mths	12 mths	12 mths	12 mths	12 mths
Net Profit for the Year	-38,316.50	-42,152.10	-11,228.82	-21,928.63	-4,935.92
Total	-38,316.50	-42,152.10	-11,228.82	-21,928.63	-4,935.92
Equity Dividend	0.00	0.00	0.00	0.00	627.98
Corporate Dividend Tax	0.00	0.00	0.00	0.00	106.72
Per share data (annualised)					
Earning Per Share (Rs)	-83.22	-152.69	-52.77	-111.68	-26.62
Equity Dividend (%)	0.00	0.00	0.00	0.00	165.00
Book Value (Rs)	89.50	135.44	179.03	180.61	203.24
Appropriations					
Transfer to Statutory Reserves	-48.19	-12,282.82	1,324.80	-3,974.40	2,326.88
Proposed Dividend/Transfer to Govt	0.00	0.00	0.00	0.00	734.70
Balance c/f to Balance Sheet	-9,927.30	0.00	0.00	0.00	0.00
Total	-9,975.49	-12,282.82	1,324.80	-3,974.40	3,061.58

Source : **Dion Global Solutions Limited**

Attachments of Punjab National Bank Balance sheet

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Punjab National Bank

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Consolidated Balance Sheet

	----- in Rs. Cr. -----				
	Mar 19	Mar 18	Mar 18	Mar 17	Mar 16
	12 mths	12 mths	12 mths	12 mths	12 mths
EQUITIES AND LIABILITIES					
SHAREHOLDER'S FUNDS					
Equity Share Capital	920.81	0.00	552.11	425.59	392.72
Total Share Capital	920.81	0.00	552.11	425.59	392.72
Revaluation Reserve	3,582.23	0.00	3,683.82	3,807.30	2,844.78
Reserves and Surplus	41,015.09	0.00	38,249.21	38,931.97	38,566.75
Total Reserves and Surplus	44,597.32	0.00	41,933.03	42,739.27	41,411.53
Total ShareHolders Funds	45,518.13	0.00	42,485.14	43,164.86	41,804.25
Minority Interest	0.00	0.00	799.42	780.63	728.65
Deposits	681,874.18	0.00	648,439.02	629,650.86	570,382.64
Borrowings	46,827.98	0.00	65,329.66	43,336.01	81,673.74
Other Liabilities and Provisions	15,045.50	0.00	21,941.67	16,378.55	18,203.68
Total Capital and Liabilities	789,265.79	0.00	778,994.91	733,310.91	712,792.96
ASSETS					
Cash and Balances with Reserve Bank of India	32,338.32	0.00	29,028.91	25,410.36	26,492.19
Balances with Banks Money at Call and Short Notice	44,957.65	0.00	68,459.24	65,968.73	50,557.19
Investments	209,723.01	0.00	205,910.18	191,527.16	165,126.48
Advances	462,416.23	0.00	438,798.00	424,230.49	446,083.03
Fixed Assets	6,247.55	0.00	6,374.31	6,297.76	5,308.12
Other Assets	33,583.03	0.00	30,424.27	19,876.41	19,225.95
Total Assets	789,265.79	0.00	778,994.91	733,310.91	712,792.96
CONTINGENT LIABILITIES, COMMITMENTS					
Bills for Collection	27,866.28	0.00	27,898.25	25,805.94	54,633.11
Contingent Liabilities	307,895.89	0.00	308,790.19	338,851.04	307,790.60

Source : Dion Global Solutions Limited

Attachments of Punjab National Bank Key Financial Ratios

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Punjab National Bank

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Key Financial Ratios

----- in Rs. Cr. -----

	Mar '19	Mar '18	Mar '17	Mar '16	Mar '15
Investment Valuation Ratios					
Face Value	2.00	2.00	2.00	2.00	2.00
Dividend Per Share	--	--	--	--	3.30
Operating Profit Per Share (Rs)	-48.10	-100.99	-30.62	-62.23	-8.43
Net Operating Profit Per Share (Rs)	111.45	173.86	222.16	241.52	249.74
Free Reserves Per Share (Rs)	--	--	--	--	--
Bonus in Equity Capital	--	--	--	--	--
Profitability Ratios					
Interest Spread	6.27	6.36	6.39	6.26	6.73
Adjusted Cash Margin(%)	-16.01	-20.58	3.11	-6.59	6.57
Net Profit Margin	-19.44	-25.59	2.80	-8.38	6.61
Return on Long Term Fund(%)	45.64	36.10	90.01	74.36	89.45
Return on Net Worth(%)	-24.20	-32.85	3.47	-11.20	8.12
Adjusted Return on Net Worth(%)	-24.20	-32.85	3.47	-11.20	8.12
Return on Assets Excluding Revaluations	89.50	135.44	179.03	180.61	203.24
Return on Assets Including Revaluations	97.28	148.79	196.65	195.10	210.72
Management Efficiency Ratios					
Interest Income / Total Funds	6.69	6.49	6.85	7.49	8.05
Net Interest Income / Total Funds	2.24	2.02	2.17	2.42	2.88
Non Interest Income / Total Funds	0.96	1.20	1.30	1.09	1.02
Interest Expended / Total Funds	4.45	4.47	4.67	5.07	5.17
Operating Expense / Total Funds	5.13	5.79	3.11	4.35	3.15
Profit Before Provisions / Total Funds	-2.00	-2.65	0.29	-0.91	0.69
Net Profit / Total Funds	-5.00	-5.70	-1.63	-3.46	-0.86
Loans Turnover	0.11	0.11	0.11	0.12	0.13
Total Income / Capital Employed(%)	7.65	7.69	8.14	8.58	9.07
Interest Expended / Capital Employed(%)	4.45	4.47	4.67	5.07	5.17
Total Assets Turnover Ratios	0.07	0.06	0.07	0.07	0.08
Asset Turnover Ratio	--	0.07	0.07	0.08	0.08
Profit And Loss Account Ratios					
Interest Expended / Interest Earned	66.56	68.91	68.29	67.71	64.25
Other Income / Total Income	12.57	15.61	15.92	12.66	11.28
Operating Expense / Total Income	66.97	75.25	38.25	50.70	34.71
Selling Distribution Cost Composition	0.09	0.09	0.11	0.11	--
Balance Sheet Ratios					
Capital Adequacy Ratio	9.73	9.20	11.66	11.28	12.89
Advances / Loans Funds(%)	65.49	63.53	65.79	71.10	72.73
Debt Coverage Ratios					

Credit Deposit Ratio	68.14	67.51	70.81	75.19	76.60
Investment Deposit Ratio	30.53	30.62	29.33	29.32	30.97
Cash Deposit Ratio	4.62	4.27	4.40	4.81	4.88
Total Debt to Owners Fund	17.36	18.80	17.39	17.28	14.51
Financial Charges Coverage Ratio	1.40	1.33	1.46	1.39	1.41
Financial Charges Coverage Ratio Post Tax	0.72	0.65	1.05	0.89	1.12
Leverage Ratios					
Current Ratio	0.05	0.05	0.03	0.03	0.02
Quick Ratio	35.77	22.72	28.98	28.09	24.23
Cash Flow Indicator Ratios					
Dividend Payout Ratio Net Profit	--	--	--	--	20.51
Dividend Payout Ratio Cash Profit	--	--	--	--	18.29
Earning Retention Ratio	100.00	100.00	100.00	100.00	79.49
Cash Earning Retention Ratio	--	--	100.00	--	81.71
AdjustedCash Flow Times	--	--	355.29	--	146.10

Source : Dion Global Solutions Limited

Attachments of Housing Development Finance Corporation Bank Profit & Loss Account

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HDFC Bank

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Standalone Profit & Loss account

----- in Rs. Cr. -----

	Mar '19	Mar '18	Mar '17	Mar '16	Mar '15
	12 mths	12 mths	12 mths	12 mths	12 mths
Income					
Interest Earned	98,972.05	80,241.36	69,305.96	60,221.45	48,469.90
Other Income	17,625.88	15,220.30	12,296.50	10,751.72	8,996.35
Total Income	116,597.93	95,461.66	81,602.46	70,973.17	57,466.25
Expenditure					
Interest expended	50,728.83	40,146.49	36,166.73	32,629.93	26,074.24
Employee Cost	7,761.76	6,805.74	6,483.66	5,702.20	4,750.96
Selling, Admin & Misc Expenses	43,439.16	30,505.53	23,632.76	22,364.60	15,827.85
Depreciation	1,140.10	906.34	833.12	705.84	656.30
Operating Expenses	33,669.45	23,079.55	19,766.80	19,705.32	14,046.55
Provisions & Contingencies	18,671.57	15,138.06	11,182.74	9,067.32	7,188.56
Total Expenses	103,069.85	78,364.10	67,116.27	61,402.57	47,309.35
	Mar '19	Mar '18	Mar '17	Mar '16	Mar '15
	12 mths	12 mths	12 mths	12 mths	12 mths
Net Profit for the Year	13,528.08	17,097.55	14,486.17	9,570.60	10,156.92
Profit brought forward	40,453.42	32,668.94	23,527.69	18,627.79	14,654.15
Total	53,981.50	49,766.49	38,013.86	28,198.39	24,811.07
Equity Dividend	4,052.59	0.00	0.00	2,401.78	2,005.20
Corporate Dividend Tax	0.00	0.00	0.00	488.95	408.21
Per share data (annualised)					
Earning Per Share (Rs)	49.68	65.88	56.53	37.86	40.52
Equity Dividend (%)	750.00	650.00	550.00	475.00	400.00
Book Value (Rs)	547.89	409.60	349.12	287.47	247.39
Appropriations					
Transfer to Statutory Reserves	6,147.88	7,953.58	3,953.42	3,275.97	2,807.28
Transfer to Other Reserves	2,107.81	1,748.68	1,454.97	1,229.62	1,021.59
Proposed Dividend/Transfer to Govt	4,052.59	0.00	0.00	2,890.73	2,413.41
Balance c/f to Balance Sheet	49,223.30	40,453.42	32,668.94	23,527.69	18,627.79
Total	61,531.58	50,155.68	38,077.33	30,924.01	24,870.07

Source : **Dion Global Solutions Limited**

Attachments of Housing Development Finance Corporation Bank Balance sheet

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Consolidated Balance Sheet

	----- in Rs. Cr. -----				
	Mar 19	Mar 19	Mar 18	Mar 17	Mar 16
	12 mths	12 mths	12 mths	12 mths	12 mths
EQUITIES AND LIABILITIES					
SHAREHOLDER'S FUNDS					
Equity Share Capital	544.66	0.00	519.02	512.51	505.64
Total Share Capital	544.66	0.00	519.02	512.51	505.64
Reserves and Surplus	153,128.00	0.00	109,080.11	91,281.44	73,798.49
Total Reserves and Surplus	153,128.00	0.00	109,080.11	91,281.44	73,798.49
Total ShareHolders Funds	153,672.66	0.00	109,599.12	91,793.95	74,304.12
Minority Interest	501.79	0.00	356.33	291.44	180.62
Deposits	922,502.68	0.00	788,375.14	643,134.25	545,873.29
Borrowings	157,732.78	0.00	156,442.08	98,415.64	71,763.45
Other Liabilities and Provisions	58,395.80	0.00	48,413.49	58,708.88	38,140.33
Total Capital and Liabilities	1,292,805.71	0.00	1,103,186.17	892,344.16	730,261.82
ASSETS					
Cash and Balances with Reserve Bank of India	46,804.59	0.00	104,688.21	37,910.55	30,076.58
Balances with Banks Money at Call and Short Notice	35,013.05	0.00	18,373.35	11,400.57	8,992.30
Investments	286,917.68	0.00	238,460.92	210,777.11	161,683.34
Advances	869,222.66	0.00	700,033.84	585,480.99	487,290.42
Fixed Assets	4,219.84	0.00	3,810.56	3,814.70	3,479.70
Other Assets	50,627.89	0.00	37,819.29	42,960.24	38,739.48
Total Assets	1,292,805.71	0.00	1,103,186.17	892,344.16	730,261.82
CONTINGENT LIABILITIES, COMMITMENTS					
Bills for Collection	49,952.80	0.00	82,299.09	30,848.04	55,242.58
Contingent Liabilities	1,025,125.31	0.00	836,231.70	818,284.29	821,774.81

Source : Dion Global Solutions Limited

Attachments of Housing Development Finance Corporation Bank Financial Ratios

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HDFC Bank

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Key Financial Ratios

----- in Rs. Cr. -----

	Mar '19	Mar '18	Mar '17	Mar '16	Mar '15
Investment Valuation Ratios					
Face Value	2.00	2.00	2.00	2.00	2.00
Dividend Per Share	15.00	13.00	11.00	9.50	8.00
Operating Profit Per Share (Rs)	57.70	69.06	55.44	33.98	35.93
Net Operating Profit Per Share (Rs)	363.43	309.20	270.46	238.20	193.38
Free Reserves Per Share (Rs)	--	--	--	--	--
Bonus in Equity Capital	--	--	--	--	--
Profitability Ratios					
Interest Spread	7.20	7.78	7.46	7.52	8.01
Adjusted Cash Margin(%)	19.05	19.26	18.85	18.31	18.91
Net Profit Margin	21.29	21.79	20.99	20.41	21.07
Return on Long Term Fund(%)	55.57	62.88	65.17	70.54	66.77
Return on Net Worth(%)	14.12	16.45	16.26	16.91	16.47
Adjusted Return on Net Worth(%)	14.12	16.45	16.26	16.91	16.47
Return on Assets Excluding Revaluations	547.89	409.60	349.12	287.47	247.39
Return on Assets Including Revaluations	547.89	409.60	349.12	287.47	247.39
Management Efficiency Ratios					
Interest Income / Total Funds	8.57	8.32	8.81	9.27	8.96
Net Interest Income / Total Funds	4.18	4.16	4.21	4.25	4.14
Non Interest Income / Total Funds	1.53	1.58	1.56	1.65	1.66
Interest Expended / Total Funds	4.40	4.17	4.60	5.02	4.82
Operating Expense / Total Funds	2.82	2.30	2.41	2.92	2.47
Profit Before Provisions / Total Funds	2.79	3.34	3.26	2.87	3.21
Net Profit / Total Funds	1.17	1.77	1.84	1.47	1.88
Loans Turnover	0.13	0.13	0.14	0.15	0.15
Total Income / Capital Employed(%)	10.10	9.90	10.38	10.92	10.62
Interest Expended / Capital Employed(%)	4.40	4.17	4.60	5.02	4.82
Total Assets Turnover Ratios	0.09	0.08	0.09	0.09	0.09
Asset Turnover Ratio	0.09	0.09	0.09	0.10	0.10
Profit And Loss Account Ratios					
Interest Expended / Interest Earned	51.26	50.03	52.18	54.18	53.79
Other Income / Total Income	15.12	15.94	15.07	15.15	15.66
Operating Expense / Total Income	27.90	23.23	23.20	26.77	23.30
Selling Distribution Cost Composition	0.15	0.20	0.21	0.41	--
Balance Sheet Ratios					
Capital Adequacy Ratio	17.11	14.82	14.55	15.53	16.79
Advances / Loans Funds(%)	83.95	80.80	84.21	84.82	80.97
Debt Coverage Ratios					

Credit Deposit Ratio	86.32	84.68	85.64	83.24	81.71
Investment Deposit Ratio	31.12	31.88	31.79	33.13	35.13
Cash Deposit Ratio	8.85	9.95	5.71	5.77	6.46
Total Debt to Owners Fund	6.97	8.58	8.02	8.25	8.00
Financial Charges Coverage Ratio	1.81	1.84	1.73	1.68	1.69
Financial Charges Coverage Ratio Post Tax	1.44	1.46	1.43	1.40	1.42
Leverage Ratios					
Current Ratio	0.05	0.04	0.06	0.07	0.04
Quick Ratio	16.61	17.48	11.19	14.51	12.69
Cash Flow Indicator Ratios					
Dividend Payout Ratio Net Profit	19.22	--	--	19.53	19.62
Dividend Payout Ratio Cash Profit	18.23	--	--	18.47	18.44
Earning Retention Ratio	80.78	100.00	100.00	80.47	80.38
Cash Earning Retention Ratio	81.77	100.00	100.00	81.53	81.56
AdjustedCash Flow Times	41.55	42.88	41.84	42.03	41.46

Source : Dion Global Solutions Limited