A PROJECT REPORT ON

FINANCIAL STATEMENT ANALYSIS OF HDFCBANK

SUBMITTED TO

Department of Commerce

I Year (2021-2022)

Under the Faculty of commerce

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CERTIFICATE

This is to certify that the project work entitled

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Of Dr. BRR. Govt Degree College Jadcherla has duly completed their project under my supervision. The entire work has been done under my guidance and that no part of it has been submitted previously for any degree or diploma of any University. It is their own work and facts reported by their personal findings and investigation.

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DECLARATION

THE PROJECT WORK ENTITLED ON **"FINANCIAL STATEMENT ANALYSIS ON HDFC BANK"** IS A RECORD OF INDEPENDENT AND BONAFIDE WORK CARRIED OUT BY US UNDER THE SUPERVISION AND GUIDANCE OF

Dr.K.MANJULA(LECTURER) DEPT. OF COMMERCE, Dr.B.R.R GOVT DEGREE COLLEGE, JADCHERLA.THE INFORMATION AND DATA GIVEN IN THE REPORT IS AUTHENTIC TO THE BEST OF OUR KNOWLEDGE.THE REPOR THAS NOT BEEN PREVIOUSLY SUBMITTED FOR THE AWARD OF ANY DEGREE,DIPLOMA.

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ABSTRACT

The main purpose of this study is to determine, forecast and evaluate the best of economic conditions and company’s performance in the future. The other purpose of this study is to analyze the financial statement and then give information for financial managers to make through decisions about their business.

The financial statement applies tools, analytical techniques and required methods for business analysis. It is a diagnostic tool for evaluating financing activities, investment activities and operational activities as well as an assessment tool for management decisions and other business decisions.

The analysis of financial statements, respectively the analysis of the financial reports are used by managers, shareholders, investors and all other interested parties regarding the company's state.

Managers use financial reports to see the situation in which the company stands and then provide information to shareholders, to see how reasonable are the investments made in the company.

To potential investors. The analysis of the financial statements of the company is very important, because, first they want to know the actual state of the company and then decide whether to invest or not.

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SUMMARY OF THE REPORT

The Report is about the Financial Statement Analysis, so it suggests the comparison of the income and expenses of the particular company during a financial year on a YOY basis. For example here HDFC bank shows the income statement and the financial position of the company statement. Income statement shows the income source and from the revenue is generated and where we have to decrease the expenses. Balancesheet shows the current position in the market Goodwill. Also the loans which was taken by the bank and how much given to the customer. And this all comparison has done from FY2014toFY2018.

Chapter1: Introduction:-

The introduction part suggests that how the financial statement is to be analyzed. Also it shows the different financial products and also the various styles. It usually consist the balance sheet, P&LA/C, cash flow etc.

Chapter2: Literature Review:-

It consists the different well known authors who gave their different opinions about the financial statement analysis. Because of that the others get help to understand that statements and how to use it in future also. The authors like K.CSharma, Dr.SGuruswamy etc.

Chapter3: Company Profile:-

The company is Crisis; it is a one of the best credit rating company in India. The main work of the Crisis is to rate the different sector companies on the basis of their financial statements of the latest financial years.

Chapter4: Research Methodology:-

It shows the research techniques of the study. And also here the main three objectives of the are included. How the research is made through primary data or secondary all are included in chapter4.

Chapter5: Data Analysis &Interpretation:-

After collecting all the data from the research methodology, all are interpreted by various

Methods

Chapter6:-Findings, Suggestions &Conclusions:-

Here the finding is made after the data analysis and interpretation. Also according to the three main objectives their findings is mentioned in detail. Also the suggestion is there for future betterment .Conclusion is forth ending of the study.

Annexure:-

Appendix A, B and C shows the Limitations of the study, Cost of the study and the Mapped the Company respectively.

CHAPTER 1
INTRODUCTION

CHAPTER-1: INTRODUCTION

INTRODUCTION OF THE TOPIC:

Development of accounting standards involves a process, and the implementation of any processed quire safe w guide lines. Taking this into perspective, the Accounting Standards Board (ASB) of Institute of **Charted Accountants of India** (ICAI), which is the nation's most accomplished accounting body, came up with a frame work which provides the fundamental basis for the development of new standards and appraisal of the existing ones. In this article, we review some of the fundamental concepts based on which financial statements are prepared and presented.

Components of Financial Statements

Financial statements usually consist of the following:

1. **Balance Sheet**–A balance sheet depicts the value of economic resources controlled by an enterprise, as well as the liquidity and solvency of an enterprise. This is used to estimate the ability of the enterprise in meeting its financial commitments.
2. **Statement of Profit and Loss-** Portrays the outcome of the functioning of the organization.
3. **Cash Flow Statement**– Outlines the way of determination of income, as well as its usage.
4. **Notes and Schedules**– Provides supplementary information explaining different modules of financial statements. A few examples can be risks and uncertainties affecting an enterprise, accounting policies etc.

Financial Statement Analysis is a method of reviewing and analyzing a company' s accounting reports (financial statements) in order to gauge its past, present or projected future performance. This process of reviewing the financial statements allows for better economic decision making.

Globally, publicly listed companies are required by law to file their financial statements with their Levant authorities. For example, publicly listed firms in America are required to submit their financial statements to the Securities and Exchange Commission (SEC). Firms are also obligated to provide their financial statements in the annual report that they share with their stakeholders. As financial

Statements are prepared in order to meet requirements, the second step-in the process is to analyze them effectively so that future profitability and cash flows can before casted.
Another important purpose of the analysis of financial statements is to identify potential problem areas and troubleshoot those.

USERS OF FINANCIAL STATEMENT ANALYSIS

There are different users of financial statement analysis. These can be classified into internal and external users. Internal users refer to the management of the company who analyzes financial statements in order to make decisions related to the operations of the company. On the other hand, external users do not necessarily belong to the company but still hold some sort of financial interest .These include owners, investors, creditors, government, employees, customers, and the general public. These users are laborite done below:

1. Management

The managers of the company use their financial statement analysis to make intelligent decisions about their performance. For instance, they may gauge costper distribution channel, or how much cash they have left, from their accounting report sand make decisions from these analyst is results.

2. Owners

Small business owners need financial information from their operations to determine whether the business is profitable. It helps in making decisions like whether to continue operating the business, whether to improve business strategies or whether to give up on the business altogether.

3. Investors

People who have purchased stock or shares in a company need financial information to analyze the way the company is performing. They use financial statement analysis to determine what to do with their investments in the company. Side pending on how the company is doing, they will either hold onto their stock, selector buy more.

4. **Creditors**

Credit or sale interested in knowing if a company will be able to honor its payments as they become due. They use cash flow analysis of the company's accounting records to measure the company's liquidity, or its ability to make short –term payments.

5. **Government**

Governing and regulating bodies of the state look at financial statement analysis to determine how the economy is performing in general so they complain their financial and industrial policies .T authorities also analysis company' statements to calculate that as burden that the company hast opal.

6. **Employees**

Employees need to know if their employment insecure and if there is a possibility of a pay raise. They want to be abreast of their company's profitability and stability. Employees may also be interested in knowing the company's financial position to see whether there may be plans for expansion and hence, career prospects for them.

7. **Customers**

Customers need to know about the ability of the company to service its clients into the future. Then to know about the company' stability of operations is heightened if the customer (i.e. a distributor or procurer of specialized products) is dependent wholly on the company for its supplies.

8. **General Public**

Anyone in the general public, like students, analysts and researchers, may be interested in using a company's financial statement analysis. They may wish to evaluate the effects of the firm on the environment, or the economy or even the local community. For instance, if the company is running corporate social responsibility programs for improving the community, the public may want to be aware of the future operations of the company.

FINANCIALPRODUCTS:

Types of financial products

- **Shares:** These represent ownership of a company. While shares are initially issued by corporations to finance their business needs, they are subsequently bought and sold by individuals in the share market. They are associated with high risk and high returns. Returns on shares can be in the form of dividend payouts by the company or profits on the sale of shares in the stock market. Shares, stocks, equities and securities are words that are generally used inter changeably.

- **Bonds:** These are issued by companies to finance their business operations and by governments to fund budget expenses like infrastructure and social programs .Bonds have a fixed interest rate, making the risk associated with them lower than that with shares. The principal or face value of bonds is recovered at the time of maturity.
- **Treasury Bills:** These are instruments issued by the government for financing its short term needs. They are issue data discount to the face value. The profit earnedBy the investor is the difference between the face or maturity value and the price at which the Treasury bill was issued.

- **Options:** Options are rights to buy and sell shares. An option holder does not actually purchase shares. Instead, he purchases the rights on the shares.

- **Mutual Funds:** These are professionally managed financial instruments that involve the diversification of investment into a number of financial products, such as shares, bonds and government securities. This helps to reduce an investor's risk exposure, while increasing the profit potential.

- **Certificate of Deposit:** Certificates of deposit (or CDs) are issued by banks, thrift institutions and credit unions. They usually have a fixed term and fixed interstate.

- **Annuities:** These are contracts between individual investors and insurance companies, where investors agree to pay an allocated amount of premium and at the end of a pre-determined fixed term, the insurer will guarantee a series of payments to the insured party.

OBJECTIVE OF THE FINANCIAL STATEMENTS

1. **Knowing the Profitability of Business**
2. **Knowing the Solvency of the Business**
3. **Judging the Growth of the Business**

CHAPTER:

2.LITERATURE REVIEW

CHAPTER-2: LITERATURE REVIEW

1. **ManishMittalan ArunnaDhademade (2005)** they found that higher profitability is the only major parameter for evaluating banking sector performance from the share holder's point of view. It is for the banks to strike a balance between commercial and social objectives. They found that public sector banks are less profitable than private sector banks. Foreign banks top the list in terms of net profitability. Private sector banks earn higher non-interest income than public sector banks, because these banks offer more and more fee based services to business houses or corporate sector. Thus there is urgent need for public sector banks to provide such services to stand in competition with private sector banks

2. **I.M. Pander (2005):** An efficient allocation of capital is the most important financial function in modern times. It involves decision to commit the firm's funds to the long term assets. The firm's value will increase if investments are profitable and add to the shareholders wealth. Financial decisions are important to influence the firm's growth and to involve commitment of large amount of funds. The types of investment decisions are expansion of existing business, expansion of new business sand
Replacement and modernization. The capital budgeting decisions of a firm hastodecidethewayinwhichthecapitalprojectwillbefinanced.Thefinancingor 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.

3. **MedhatTarawneh (2006)** financial performance is a dependent variable andmeasuredbyReturnonAssets(ROA)andtheintentincomesize.Theindependent variables are the size of banks as measured by total assets ofbanks,assetsmanagementmeasuredbyassetutilizationratio(Operatingincomedividedbytotalassets)operationalefficiencymeasuredbytheoperatingefficiencyratio(totaloperatingexpensesdividedbynetincome)

4. **Vasantdesai (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 performs all the typical functions of a good central bank as it is involved in planning the economy of the country. The main function is that the RBI should control their credit. It is mandatory for the

Bank to maintain the external value of the rupee. Major function is that it should also control the currency.

5. **K. C. Sharma (2007)**

Banking has entered the electronic era. This has been due to reforms introduced under the WTO compliances. Private sector banks have been permitted to open their shops in the country. These banks are either foreign or domestic banks with foreign partnerships. Some of them have been set up by Development Financial Institutions in order to embrace concept of universal banking, as practiced in advanced countries. The private sector on the other hand have began their high tech operations from the initial stage and made the late 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.

6. **Hr Michigan international publishers (2009):**

Efficiency can be considered from technical, economical or empirical considerations. Technical efficiency implies increase in output. In the case of banks defining inputs and output is difficult and hence certain ratios of costs to assets or operating revenues are used to measure banks efficiency. 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.

7. **DR.S. Gurusamy (2009):**

One of the key elements of importance for shaping the financial system of a country is the pension fund. The fund contributes to the development of social security systems of a country is the pension fund. The fund contributes to the development of social security system of a country. A fund is established by private employers, governments, or unions for the payment of retirement benefits. Pension funds are designed to provide for poverty relief, consumption smoothing etc. Pension funds not only provide compensation for the loyal service rendered in the past, but in a broader significance.

8. **Dangwaland kapok (2010)**

Also undertook the study on financial performance of nationalized banks in India and assessed the growth index value of various parameters through overall profitability indices. They found that out of 19 banks, four banks had excellent performance; five banks had good performance and six bank shad poor performance. Thus the performance of nationalized banks differs widely.

CHAPTER:3

COMPANY PROFILE

CHAPTER-3: COMPANY PROFILE

3.1. COMPANY BACKGROUND:

NAME: "CRISIL. LTD"LOCATION: "MAHABUBNAGAR".CRISIL (Formerly Credit Rating Information Services of India Limited) is a

Global analytical company providing ratings, research, and risk and policy advisory services CRISIL's majority shareholder is Standard &Poor's, a division of Mc Graw Hill Financial and provider of financial market intelligence.

CRISIL Lt Disa global analytical company providing ratings, research, and risk and policy advisory services. The company is India's leading ratings agency. They are also the fore most provider of high-end research to the world's largest banks and leading corporations. CRISIL is majority owned by S&P Global Inc., a leading provider of transparent and independent ratings, bench marks, analytics and data to the capital and commodity markets worldwide.

CRISIL operates through two segments: Ratings and Research. Rating services include credit ratings for corporates, banks, small and medium enterprises (SME), training in the credit rating field, credit analysis services, grading services and global analytical services. Research segment provides equity research, industry reports, customized research assignments, subscription to data services and initial public offer grading. It operates from seven research centers worldwide.

CRISIL was incorporated in the year 1987 with the name Credit Rating

Information Services of India Ltd. The company was promoted by leading financial institutions, nationalized banks, foreign banks and private sector banks.

During the year1995-96, they formed as trategicalliance with Standard &Poor's

Rating group, New York. They also made a tie up with International Information Vendors for dissemination of CRISIL Ratings. The company launched CRISIL500 equity index during the year.

During the year 1996-97, the company introduced the ratings on mutual funds, bank loan ratings and public finance ratings. During the next year, they developed

And launched municipal bond ratings and also launched financial strength rating for insurance companies. The company with National Stock Exchange set up a joint venture company with the name IISL for undertaking index business and related activities. They also launched Crisil MNC Index and Crisil Indian Business Groups Index during the year.

During the year 1999-2000, the company acquired the business of Information Products and Research Services (India) Put Ltd, along with their brand INFAC. During the next year, they introduced mutual fund ranking service for the domestic mutual fund market. They also launched Crisil-Norelco ratings initiative for the real estate sector.

During the year 2001-02, the company launched Crisil Market Wire which is a real time financial news service. During the year 2002-03, they set up Investment and Risk Management Services which is an independent division and also offer evaluation services for film and TV software producers.

During the year 2003-04, the company name was changed from Credit Rating Information Services of India Ltd to Crisil Ltd. They acquired Gas strategies Group Ltd, a London based company, engaged in as consulting, information and training/ conferences. Also, hey made an equity investment in the Caribbean Information &Credit Rating Services Ltd which is the first regional rating agency in the world.

During the year 2004-05, Irena group of companies was acquired by the company. The company transferred the Advisory Business of the company to Crisil Market Wire Ltd with effect from April 01, 2007. Crisil Research& Information Services Ltd, Global Data Services of India Ltd and Irena Research Service Ltd merged with the company with effect from April1, 2007.

In February 2008, the company reached a preliminary understanding with Equifax Inc, USA and Tata Capital Ltd for setting up a Credit Information Company in India. They also proposed to set up as subsidiary in Poland and Dubai through their

Wholly owned subsidiary, Irena Ltd, UK.

In the year 2008, CRISIL Infrastructure Advisory was reorganized with this operation of business development and delivery functions. They completed a large number of international engagements. The company divested 90% of their equity in their UK subsidiary, Gas Strategies Group Ltd (GSG), to the GSG management team. The company now has a10% share holding in the company.

In the year 2009, the company launched a first-of-its-kind publication, India's Top 50 Micro finance Institutions, profiling the leading micro finance institutions in India. They assigned India's first-ever rating for securitization of micro finance receivables. They introduced Credit Alerts to provide Insights to market participant son trends in specific sectors. They extended operations at Global Analytical Centre to 24/6 to provide real- time support to Standard & Poor's during Usmarkethour.

In the year 2010, the company launched Real Estate Star Ratings, a first-of-its-kind service for retail investors in the real-estate sector. They expanded operations At Global Analytical Centre (GAC) to support standard & poor’s (S&P). In September 22, 2010, the company signed agreements for the acquisition of the assets of Papal Research Corporation (PRC) including 100% of the share capital of Papal Research Analytics and Information Services India Put Ltd. After

Completion of all conditions precedent, the transaction was completed with effect from December3, 2010.

In the year 2011, the company launched Education Grading, Solar Grading and, Gold and Gilt Index. CRISIL Global Research & Analytics received NASSCOM Exemplary Talent Practices Award.

In 2012, CRISIL achieved a landmark of assigning its 10,000th bank loan rating. In 2013, Mc Graw Hill Financial Increased Stake in CRISILto67.8%.During the year, CRISIL launched CRISIL Incuse, India's most comprehensive financial inclusion index which accurately measures the extent of financial inclusion in the country, right down to each of the 632 districts.

In 2014, CRISIL assigned rating for India's first Commercial Mortgage Backed Securities. During the year, CRISIL introduced Fund Management Capability Ratings for the mutual fund industry.

In 2015, CRISIL approved the proposal to invest in financial technology companies in areas/sectors that are deemed strategic for CRISIL. CRISIL Ltd. Has approved the Scheme of Amalgamation of its three wholly owned subsidiary companies, with the Company. During the year, CRISIL assigned rating to an innovative partially guaranteed debenture issue of a passive infrastructure SPV backed by first-loss partial guarantee from IIFCL.
In 2016, CRISIL launched the first hybrid issuance ratings in the insurance sector. During the year, CRISIL launched first Infrastructure Rating on the Expected Loss' scale.

In 2017, CRISIL launched same first, an online platform that allows SMEs easy access to ratings and other related services. During the year, CRISIL acquired 8.9% stake in rival credit rating agency CARER ratings. During the year, CRISIL launched India's first infrastructure invest ability index. Small Industries Development Bank of India (SIDBI) and CRISIL signed a Moue to launch India's first MSME Sentiment index named Crusade. During the year, CRISIL launched rankings for unit linked insurance plans (ULIPs).Also during the year, CRISIL entered into a definitive agreement to acquire100% stake in Pragmatic Services Private Limited, a data analytics company. Head quartered in Mumbai, Pragmatic provides analytics and solutions to retail and commercial banks, financial institutions, asset managers, insurers and telecom companies. Pragmatic provides solutions across the risk, sales, and finance domains in India, Middle East and North America. Pragmatic’s intellectual property includes proprietary enterprise at a analytics platform with pre-configured data models, KPI sand algorithms that offer accelerated business solutions.

In 2018,CRISIL launched India's first index to bench mark performance o investments of foreign portfolio investors(FPI) in the fixed-income market, in both rupee and dollar versions.

On 21 May 2018, CRISIL announced that it has assigned India's first rating for road projects based on the toll-operate- transfer (TOT) model. The rating, Provisional CRISIL AA-(SO)/Stable1', was assigned to the bank facilities of nine special purpose vehicles (SPVs) sponsored by Macquarie Asia Infrastructure Fund 2(MAIF2) under the TOT model.

3.2FINANCIAL STATEMENT AND ANALYSIS:

A:-STUDY OF BALANCE SHEET MEANING:-
The balance sheet is one of the three fundamental financial statements and is key to both financial modeling and accounting. The balance sheet displays the company's total assets, and how these assets are financed, through either debtor equity. It can also sometimes be referred to as a statement of net worth, or a statement of financial position. The balance sheet is based on the fundamental equation: **Assets =Liabilities+Equity**.

7 Tips for Reading a Balance Sheet

Reading the Balance Sheet

A balance sheet, also known as a" statement of financial position," reveals a company's assets, liabilities and owners' equity (net worth). The balance sheet, together with the income statement and cash flow statement, make up the corner one of any company's financial statements. If you are a shareholder of a company, it is important that you understand how the balance sheet is structured, how to analyze it and how to read it.

The Balance Sheet Equation

The main formula behind balance sheets is: **Assets = Liabilities + Shareholders' Equity**

A company has to pay for all the things it owns (assets) by either borrowing money (taking on liabilities) or taking it from investors (issuing shareholders' equity).Total assets must equal the liabilities plus the equity of the company.

Know the Current Assets

Current assets have a life span of one year or less, meaning they can be converted easily into cash. Such asset classes include cash and cash equivalents, accounts receivable and inventory. Cash, the most fundamental of current assets, also includes non-restricted bank accounts and checks. Cash equivalents are very safe assets that can be readily converted into cash; U.S. Treasuries are one such example. Accounts receivables consist of the short-term obligations owed to the company by its clients. Companies often sell products or services to customers on credit; these obligations are considered as *current assets.* When a client pays, there' a transaction from accounts receivables to *cash.*

Non-Current Assets

Noncurrent assets are company long-term investments where the full value will not be realized within the accounting year. They can refer to tangible assets such as machinery, computers, buildings and land. Non-current assets can also be intangible, such as good will, patents or copyright. While these assets are not physical in nature, they are often there sources that can make or break a company — For example the value of a brand name. Depreciation is calculated and deducted from most of these assets, which represents the economic cost of the asset over its useful life.

Different Liabilities

On the other side of the balance sheet equation are the liabilities. These are the financial obligations a company owes to outside parties. Like assets, they can be both current and long-term. Long-term liabilities are debts and other non-debt financial obligations which are due after a period of at least one year from the date of the balance sheet. Current liabilities are the company's liabilities which will come due, or must be paid, within one year. This includes both shorter-term borrowings, such as accounts payables, along with the current portion of longer-term borrowing, such as the latest interestpaymentona10-yearloan.

Shareholder s 'Equity

Shareholders' equity is the initial amount of money invested into a business. If, at the end of the fiscal year, a company decides to reinvest its net earnings into the company (after taxes), these retained earnings will be transferred from the incomestatementontothebalancesheetintotheshareholder'sequityaccount.Thisaccou nt represents a company's total net worth. In order for the balance sheet to balance, total assets on one side have to equal total liabilities plus share holders' equity on the other.

Analyze With Ratios

Financial ratio analysis uses formulas to gain insight into the company and its operations. For the balance sheet, using financial ratios (like the debt-to-equity ratio) cans how you a better idea of the company's financial condition along with its operational efficiency. It is important to note that some ratios will need information from more than one financial statement, such as from the balance sheet and the income statement.

CURRENTASSETS:-

The term current assets represents all the assets of a company that are expected to be conveniently sold, consumed, utilized or exhausted through the standard business operations which can lead to their conversion to the next one year.
The term contrasts with long-term assets, which represent the assets that cannot be feasibly turned into cash in the space of a year. They generally include land, facilities, equipment, copyrights, and other illiquid investments.

Key Components of Current Assets

While cash, cash equivalents and liquid investments in marketable securities (like interest bearing short term Treasury bills or bonds) remain the obvious

Accounts receivable

Which represents the money due to a company for goods or services delivered roused but not yet paid for by customers, are considered current assets as long as they can be expected to be paid within a year. If a business is making sales by offering longer terms of credit may not qualify for inclusion in current assets. It is also possible that some accounts may never be paid in full. This consideration is reflected in

Inventory

This represents raw materials, components and finished products, is included as current assets, but the consideration for this item may need some careful thought. Different accounting methods can be used to inflate inventory, and at times it may not be as liquid as other current assets depending on the product and the industry sector. For example, there is little or no guarantee that a dozen unit sofa high-cost heavy earth moving equipment may be sold for sure over the next year, but there is relatively higher chance of successful sale of a thousand umbrellas in the coming rainy season. Inventory may not be as liquid as accounts receivable, and it blocks the working capital. If the demand shifts unexpectedly, which is more common in some industries than others, inventory can become back logged.

Prepaid expenses

Which represent advance payments made by a company for goods and services to be received in the future, are considered current assets? Though they cannot be converted into cash, they are the payments which are already taken care of. Such components free up the capital for other uses.

Current Assets Formula and Example

The current assets formula is a simple summation of all the assets that can be converted to cash within one year:

CurrentAssets=Cash+CashEquivalents+Inventory+AccountsReceivables +MarketableSecurities+PrepaidExpenses+OtherLiquidAssets

Ratios using Current Assets or their Components

The following ratios are commonly used to measure a company’s liquidity position with each one using a different number of asset components against the current liabilities of a company.
The current ratio measures a company's ability to pay short-term and long-term obligations and takes into account the current total assets (both liquid and illiquid) of a company relative to the current liabilities.

The quick ratio measures a company's ability to meet its short-term obligations with its most liquid assets. It considers cash and equivalents, marketable Securities and accounts receivable (but not the inventory) against the current liabilities.

The cash ratio measures the ability of a company to pay off all of its short- immediately, and is calculated by dividing the cash and cash
While the cash ratio is the most conservative one as it takes only cash and cash equivalents into consideration, the current ratio is the most accommodating and includes a wide variety of components for consideration as assets. These various measures are used to assess the company’s ability to pay outstanding debts and cover liabilities and expenses without having to sell fixed assets.

NONCURRENTASSETS:-

Noncurrent assets are company long-term investments where the full value will not be realized within the accounting year. Examples of noncurrent assets

Other Noncurrent Assets

Other noncurrent assets include the cash surrender value of life insurance. A bond

Sinking fund established for the future repayment.

LIABILITY:-

A liability is defined as a company's legal financial debts or obligations that arise during the course of business operations. Liabilities are settled over time through the transfer of economic benefits including money, goods or services. Recorded on the right side of the balance sheet, liabilities include loans, accounts payable, mortgages, and deferred revenues and accrued expenses.

Current versus Long-Term Liabilities

Businesses sort their liabilities into two categories: current and long-term. Current liabilities are debts payable within one year, while liabilities are debts payable over a longer period. For example, if a business takes out a mortgage payable over 15-year period, that is a long-term liability. However, the mortgage payments that are due during the current year are considered the current portion of long-termdebtandare recorded in the short-term liabilities section of the balance sheet.

Ideally, analysts want to see that a company can pay current liabilities, which are due within a year, with cash. Some examples of short-term liabilities include payroll expenses and accounts payable, which includes money owed to vendors, monthly utilities, and similar expenses. In contrast, analysts want to see that long-term liabilities can be paid with assets derived from future earnings or financing transactions. Debt is not the only long-term liability companies incur. Items like rent, deferred taxes, payroll, and pension obligations can also be listed under long-term liabilities.

The Relationship between Liabilities and Assets

Assets are the things a company owns, and they include tangible items such as buildings, machinery, and equipment as well as intangible items such as accounts receivable, patents or intellectual property. If a business subtracts its liabilities from its assets, the difference is its owner's or stock holders' equity. This relationship can be expressed as assets - liabilities = owner's equity. However, in most cases, this equation is commonly presented as liabilities + equity=assets.

B:-STUDY OF PROFIT & LOSS ACCOUNT:

MEANING:-

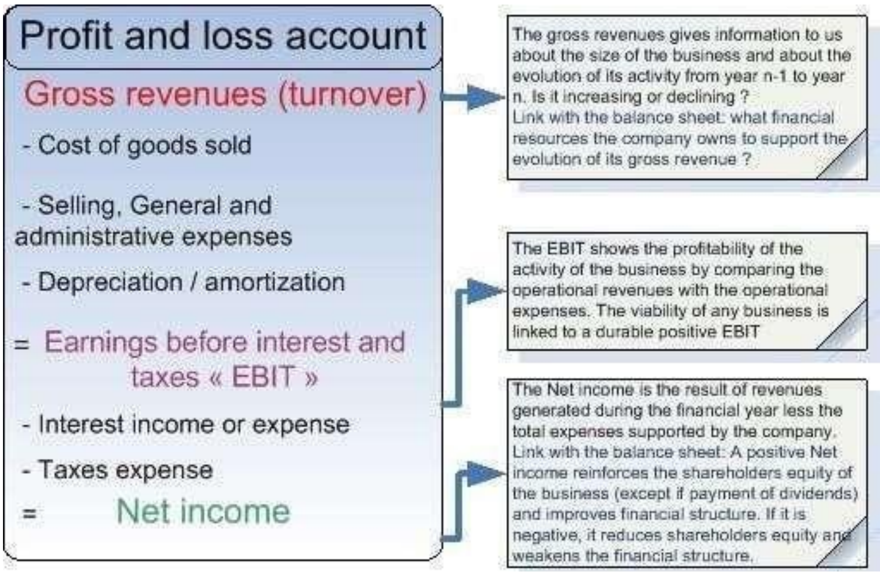
The account, through which annual net profit or loss of a business is ascertained, is called **profit and loss account**. Gross profit or loss of a business is ascertained through trading account and net profit is determined by deducting all indirect expenses (business operating expenses) from the gross profit through profit and loss account. Thus profit and loss account starts with the result provided by trading account.

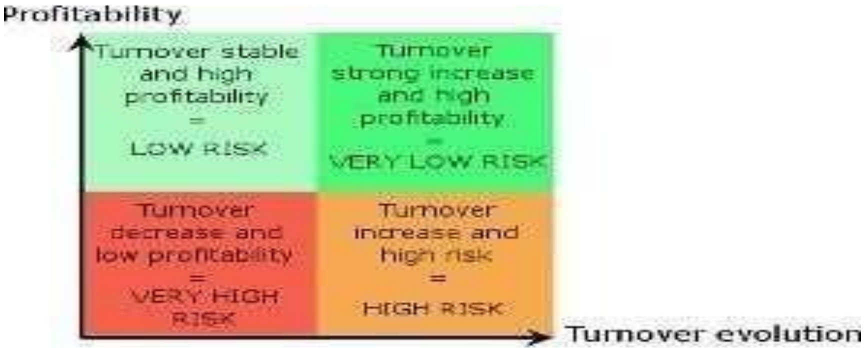
The particulars required for the preparation of profit and loss account are available from the trial balance. Only indirect expenses and indirect revenues are considered in it. This account starts from the result of trading account (gross profit or gross loss). Gross profit is shown on the credit side of the profit and loss account and gross loss is shown on the debit side of this account. All indirect expenses are transferred on the debit side of this account and all indirect revenues on credit side. If the total of the credit side exceeds the debit side, the result is "net profit" and if the total of the debit side exceeds the total of the credit side, the result is net loss.

HOW TO UNDERSTAND P&L A/C?

The profit and loss account highlights the turnover accomplished over period given (usually1year) from which it subtracts expense supported by the business during the same period. The result of this subtraction shows the benefit or the loss made by the company at the end of the financial year.

Figure1





Turnoverandprofitabilityaretwokeyindicatorsforanybusiness,second one

Even more than the first one. As long as a business is profitable the risk of insolvency is low. A turnover increase without profitability or strengthening of shareholders equity weakens the business.

Why?

Simply because the need in cash rises with the increase of the turnover while financial resources do not increase. Consequently, problems of financing of growth and cash difficulties can appear which can be controlled only with thirds contributions (banks, factoring, credit given by suppliers etc).

These indicators help to determine if the company is profitable and to understand what are the main factors contributing to the net result (positive or negative). Is the company's business is profitable or not? Is she burdened by financial costs or is her net income improved temporarily by an exceptional profit?
This analysis will help you not to get fooled by an "artificial" positive result or to not stop your analysis to a net loss but based on an intrinsically profitable and viable business.

Table:B1

Intermediate balance	**Calculation**	**Interpretation**
Trade margin	Ales of goods- purchases of goods+ Goods inventory change	Relevant indicator to determine the gross margin of an activity of reselling such distribution or Trading.
Value added	Trade marring +Production – purchases of raw material – other purchases and external charges	Represents the creation of value the at the company provides to goods and services purchased from third parties. The value added must be sufficiently high to absorb all other expenses of The company.
Operating profit before	Value added-tax- Wages and salaries-	Remaining amount after Deduction of operating expenses

depreciation and amortization(EBITDA)	Payroll taxes	To value added. It is a key indicator of profitability and business performance as it is independent of the financial policy of the company. EBITDA should maintain and develop the means of production and pay the capital invested.
Operating profit	EBITDA-depreciations and provisions	Operating profit includes the amortization of fixed assets and provisions for risk(egaccrualofbad Debts).
Financial result	Financial income - financial charges	This purely financial result is often negative because firms are generally consumers of financial products (lines of bank overdrafts, bank loans, factoring etc ...). A significant negative financial result often reflects a weak financial structure and an excessive course to banks. Warning!
Result before tax	Operating profit +financial result	Final result calculated from operating income and expenses .It is independent of taxation and exceptional income and expenses.
Exception a result	Exceptional income-Exceptional expenses	This result relates to un usual activity. For example, a capital structure transaction can create an exceptional result. Be careful because it can distort the true profitability of the business and distort an analysis that would be Based solelyonnet income.
Net income(profitorloss)	Result before tax +exceptional result -incometax	The net income represents the profit or loss at the end of the year (the difference between total revenue and total expenditure). It is increasing (if positive) or decreasing (if negative) the equity. If positive, it can remain invested in the company or be partially distributed to shareholders as dividends.

C:-FINANCIAL STATEMENT ANALYSIS:

Financial statement analysis (or financial analysis) is the process of reviewing and analyzing a company's financial statements to make better economic decisions. These statements include the income statement, balance sheet, statement of cash flows, and a statement of changes inequity. Financial statement analysis is a method or process involving specific techniques for evaluating risks, performance, financial health, and future prospects of an organization.

It is used by a variety of stakeholders, such as credit and equity investors, the government, the public,anddecision-makerswithintheorganization.Thesestakeholders have different interests and apply a variety of different techniques to meet their needs. For example, equity investors are interested in the long- term earnings power of the organization and perhaps the sustainability and growth of dividend payments. Creditors want to ensure the interest and principal is paid on the organizations debt securities (e.g., bonds) when due.

Common methods of financial statement analysis include fundamental analysis, DuPont analysis, horizontal and vertical analysis and the use of financial ratios. Historical information combined with a series of assumptions and adjustments to the financial information may be used to project future performance.The Chartered Financial Analyst designation is available for professional financial analysts.

HORIZONTAL AND VERTICAL ANALYSIS:

- Horizontal analysis compares financial information overtime, typically from past quarters or years. Horizontal analysis is performed by comparing financial data from a past statement, such as the income statement. When comparing this past information one will want to look for variations such as higher or lower earnings.
- Vertical analysis is a percentage analysis of financial statements. Each line it enlisted in the financial statement is listed as the percentage of another line item. For example, on an income statement each line item will be listed as a percentage of gross sales. This technique is also referred to as normalization or common-sizing.

A: MANAGEMENT DISCUSSION &ANALYSIS:

- **Macroeconomic and Industry Developments**

India's economy recorded a growth rate of 7.6 per cent in terms of real Gross Domestic Product (GDP) in 2015-16. This was the highest in five years despite the continued slowdown in global growth and two consecutive years of deficient monsoons in India. Inflation moderated, with the average level of Consumer Price Inflation declining to 5 per cent in 2015-16 from 6 per cent in 2014-15. Domestic manufacturing growth improved to a robust9.5percent compared to 5.5percent in financial year 2014-15. It reflects stronger value addition due to subdued input prices, which was a result of the declining global commodity cycle. Foreign Direct Investment inflows (FDI) increased by 40 per cent in the April-December period of2015 over the corresponding period of the previous year.

Arrange of supply side measures, including prudent food stock management, appropriate monetary policy action and subdued global commodity price sided the decline in inflation. Meanwhile, initiatives such as 'Make in India, power sector reforms, the liberalization of FDI rules and higher government capital expenditure spending indicate an incipient revival in domestic investment activity. Going forward, weakness in private investment cycle and asset quality strain in the banking sector could prevent a full-fledged recovery, though some improvement in the growth rate is quite likely. Risks on the external front continue to loom in the form of a wider emerging market slowdown, especially on account of China and the like volatility in global financial markets.

The growth in lotion mix should improve for 2016-17 as the Government is expected to undertake more structural reforms and the RBI is likely to be more accommodative in its monetary policy. Going by the Union Budget, the focus of fiscal policy in the coming year will be the revival of rural economy and sustained increase in capital expenditure. Besides, higher outlay on various social sector programmers and implementation of Seventh Central Pay Commission recommendations should boost consumption spending. Going forward, headline GDP growth should increase to 7.8 percent in 2016-17 from 7.6 per cent in 2015-16.

Mission, Business Strategy and Approach to Business

Your Banks mission is to be a "World Class Indian Bank" benchmarking itself against international standards and best practices in terms of product Offerings, technology, customer service levels, risk management, audit and compliance. The objective is to continue building sound customer franchises across distinct businesses so as to be a preferred provider of banking services for

It stage retail and whole sale customer segments and to achieve a healthy growth in profitability, consistent with the Banks risk appetite. Your Banks business philosophy is based on five core values: Customer Focus, Operational Excellence, Product Leadership, People and Sustainability. Based on these corner stones, it is your Banks aim to meet the financial needs of customers while ensuring service of the highest quality. Your Bank is committed to do this while ensuring the highest level so ethical standards, professional integrity, corporate governance and regulatory compliance. The Bank understands and respects its fiduciary role and responsibility to all stakeholders and strives to meet their expectations. The cardinal principles of independence, accountability, responsibility, transparency, air and timely disclosures serve as the basis of your Banks approach to corporate governance.

Your Bank believes that diversity and independence of the Board, transparent disclosures, shareholder communication and effective regulatory compliance are necessary for creating and sustaining shareholder value. Your Bank has infused these principles into a llitsactivities.

Your Bank also has a well-documented Code of Ethics/ Conduct which defines the high business responsibility and ethical standards to be ad hard to while conducting the business of the Bank and mandates compliance with legal and regulatory requirements. All employees, including senior management have to affirm manually that they have adhered to the Code of Conduct rules.

Consistent with the mission and approach, your Banks business strategy emphasizes the following:

Increase market share subject to striking an optimal balance between risk and margin, in India’s expanding banking and financial services industry

Increase geographical reach

Cross-sell broad financial product portfolio across customer base

Continue investments in technology to support digital strategy

Maintain strong asset quality through disciplined credit risk management

Maintain a low cost of funds

Integrating activities in community development, social responsibility and environmental responsibility with business practices and operations

Financial Performance

The financial performance of your Bank during the year ended March 31, 2016remained healthy with total net revenues (net interest income plus other income) increasing by 22.1 per cent to 38,343.2 core from 31,392 core in the previous financial year. Revenue growth was driven by an increase in both Net Interest Income and Other Income. Net Interest Income grew by 23.2 per cent due to acceleration in loan growth coupled with a Net Interest Margin (NIM) of 4.3 percent for the year ended March31,2016.

Other Income grew 19.5 per cent over that of the previous year to 10,751.7 core during the year ended March 31, 2016. The largest component of Other Income was fees and commissions, which increased by17.8 percentto7,759 cores with the primary drivers being commissions on debit and credit cards, transactional charges, fees on deposit accounts, fees on retail assets and commission on distribution of mutual funds and insurance products. Foreign exchange and derivatives revenue was 1,227.7 core, gain on revaluation and sale of investments was 731.8 core and recoveries from written-off accounts were 808 cores in theyearendedMarch31, 2016.

Operating (Non-Interest) expenses increased to 16,979.7 core for the year under review from 13,987.6 core in the previous year. During the year, your Bank opened 506 new branches and 234 ATMs coupled with strong growth in retail asset and card products, which resulted in higher in restructure and staffing expenses. Staff expenses also increased on account of annual wage revisions. Despite the addition to the infrastructure, your Bank maintained its Cost to Income ratio at 44.3 per cent for the year ended March 31, 2016, as against 44.6 percent for the previous year.

Total Provisions and Contingencies were 2,725.6 core for the year ended March31, 2016 as comparedto2, 075. 8croreduring the previous year. Your Banks provisioning policies remain higher than regulatory requirements. The coverage ratio based on specific provisions alone excluding write-offs was around 70 percent and including general and floating provisions was around 146 per cent as on March 31, 2016. Your Bank made General Provisions of 440 core during the yearendedMarch31, 2016.

You’re Banks Profit before Tax was18, 637. 9crore, an increase of 21.6per cent over the year ended March 31, 2015.After providing for Income Tax of 6,341.7crore,the Net Profit for year ended March 31, 2016 was1 2,296.2 crore, up 20.4 per cent over the year ended March 31,2015. Return on Average Net worth was 18 percent while the Basic Earnings per Share increased from 42.1to 48.8perequityshare.

As on March 31, 2016, your Banks total balance sheet stood at 708,846 cores, an increase of 20 per cent over 590,503 cores in the previous year. Total Deposits increased by 21.2 per cent to 546,424 cores as on March 31, 2016 from 450,796croreasonMarch31, 2015.

Savings Account Deposits grew by 18.4 per cent to 147,886 cores while Current Account Deposits grew by 20.2 per cent to 88,425 cores as on March 31, 2016. The proportion of Current and Savings Deposits to total deposits was at 43 percentasonMarch31, 2016.

During the financial year under review, Net Advances grew by 27.1 percent to464, 594 cores. The Bank had a market share of approximately 5.4percentand 5.8 per cent in total Domestic System Deposits and Advances respectively. Your Banks Credit Deposit (CD) Ratio was 85 per cent as on March 31, 2016.

Business Segments Update

Consistent with its past performance, your Bank has achieved healthy growth across various operating and financial parameters in the last financial year. franchises - retail banking, wholesale banking and treasury and of its disciplined approach to risk-reward management.

In addition to the aforementioned products, the Bank operates in the home loan business in conjunction with HDFC Limited. Under this arrangement, the BanksellsloansprovidedbyHDFCLimitedthroughitsbranches.HDFCLimitedapproves and disburses the loans, with the Bank receiving a sourcing fee for these loans. The Bank has the option to purchase up to 70 per cent of the fully disbursed home loans sourced under this arrangement either through the issue of mortgage backed pass through certificates (PTCs) or by a direct assignment of loans. The balance is retained by HDFC Limited. A fee is paid to HDFC Limited for the administration and servicing of the loans. Your Bank originated, on an average, approximately 1,300 crore of home loans every month in the year under review. During the same period, the Bank purchased from HDFC Limited home loansworth12,773 crore under the "loan assignment" route.

Your Bank also distributes Life Insurance, General Insurance and Mutual Fund products through its tie-ups with insurance companies and mutual fund houses .Third Party Distribution Income contributed approximately 14 per cent of total fee income for the year ended March 31, 2016, compared to 15 percent of the total fee income for the previous year.

The Banks data warehouse, customer relationship management (CRM)and analytics solutions have helped it target existing and potential customers in a cost-effective manner and offer them products appropriate to their profile and needs.Apartfromreducingcostsofacquisition,thishasalsohelpedindeepeningcustomerrelationshipsandgreaterefficiencyinfraudcontrolandcollectionactivities resulting in lower credit losses. The Bank is committed to investing in advanced technology in this area which will provide a cutting edge to its product and service offerings.

Working Capital, Term Finance, Trade Services, Cash Management, Investment Banking services, Foreign Exchange and Electronic Banking requirements.

You're Banks Financial Institutions and Government Business Group (FIG) offers commercial and transaction banking products to financial institutions, mutual funds, insurance companies, public sector undertakings, central and state government departments. The main focus for this segment remained the offering of various deposit and transaction banking products besides deepening these relationships by offering Funded, Non-Funded, Treasury and Foreign Exchange products. Your Bank is authorized to collect Direct Taxes. It made at oat collection of nearly 1, 90, 000 core during the year and was ranked second in terms of total collections made by any Bank. Your Bank is also authorized to collect Excise as well as Service Tax and collected over 97,000 core, during the year. Governments of 13 States have authorized your Bank to collect State Taxes /Duties. These mandates enable a greater convenience to customers and help the exchequer in mobilizing resources in a seamless manner.

The Bank continues to be the market leader in cash settlement services for major stock and commodity exchanges in the country.

Your Banks Investment Banking Group has established itself as a leading player in Debt Capital Markets and Project Finance. In recognition of the strong position enjoyed by the Bank in the Debt Capital Market, Bloomberg ranked it No. 2amongst book runnersinINRbondsforCalendarYear2015.

Your Bank has executed a well thought out strategy of offering a full range of banking products under one roof to the commercial vehicle and in restructure equipment market. It has, in a short span of time, established itself as one of the preferred and trusted brands in this segment with an enviable list of Mo Us and Programmers with the leading commercial vehicles and Original Equipment Manufacturers(OEMs).Your Bank offers under one roof,

Commercial Vehicle and Equipment Working Capital Loans, Bank Guarantee, Tax Payments, Cash Management Services and other banking services enable ingot to cut down on transaction time and costs for customers. Your Banks Cash

Management Business (CMS) (including all outstation collection, disbursement tandem l tectonic fund transfer products across its various customer segments) registered volumes of over 39 laky core. The Bank is one of the front runner's in making significant progress in web-enabling its CMS business.

CHAPTER: 4

RESEARCH METHODOLOY

CHAPTER-4: RESEARCH METHODOLOGY

MEANING:-

Research is an academic activity and as such the term should be used in a technical sense. According to Clifford Woody research comprises defining and redefining problems, formulating hypothesis or suggested solutions; collecting, organizing and evaluating data; making deductions and reaching conclusions; and at last carefully testing the conclusions to determine whether they fit the formulating hypothesis. D. Steiner and M. Stephenson in the Encyclopedia of Social Sciences define researches “the manipulation of things, concepts or symbols for the purpose of generalizing to extend, correct or verify knowledge, whether that knowledge aids in construction of theory or in the practice of an art.”It is actually voyage of discovery. We all possess the vital instinct of inquisitiveness for, when the unknown confronts us, we wonder and our inquisitiveness makes us probe and attain full and fuller understanding of the unknown. This inquisitiveness is the mother of all knowledge and the method, which man employs for obtaining the knowledge of whatever the unknown, can be termed as research.

It is an empirical study, so researcher has followed scientific approach to design the research methodology for investigation. For this study researcher is using secondary data as a source of information for thus research e. g. the Annual Reports, websites and other publications. The following tool & techniques have been classification in the study

(A)Accounting Techniques (B) Statistical Techniques

ACCOUNTING TECHNIQUES:

The researcher picks up the techniques to suit their requirement and also basis to data available to them. The accounting techniques which are used for the analysis is as under. Ratio Analysis A ratio is a quotient of two numbers and the relation expressed between two figures. Ratio analysis is a process of comparison of one figure against another, which makes ratio. Ratio analysis is a very powerful. The ratio analysis concentrates on the inter-relation-ship among the figures appearing in

The financial statement.

RESEARCH OBJECTIVES:-

1. **Knowing the Profitability of Business**
2. **Knowing the Solvency of the Business**
3. **Judging the Growth of the Business SOURCES OF DATA:-**

Primary Data Primary data refers to that data which has been obtained by the researcher directly from the respondents for specific research work.

Secondary Data Secondary data refers to that data which is already in existence and someone has obtained for specific purpose but reutilize by the researcher. The said research work is based on the secondary Data of published financial statement of selected Indian industries and the selected companies within them.
(1)The data of various financial parameters have been obtained from the Annual Reports of the companies directly from the official websites of the company or stock exchange website.(2)There sources at CMIE(Centre For Monitoring Indian Economy)have also been utilized for the same purpose.

For accounting analysis ratio analysis has been used. Ratio Analysis the term ‘ratio’ refers to the mathematical relationship between any two inter-related variables. According to J. Batty, Ratio can be defined as “the term accounting ratio is used to describe significant relationship which exists between figures shown in a balance sheet and profit and loss account in a budgetary control system or any other part of the accounting management.” As per Myers,“ Ratio analysis is a study of relationship among various financial factors in a business.” A ratio is a relationship expressed between two different figures of the financial statement. Ratio analysis is an art of determining relationship between different components of financial statement so as to derive a meaningful understanding of profitability, liquidity, solvency and efficiency of a Company. Profitability can be measured in different ways-like income based, expense based and investment based. This study is based on income based ratios and is confined to four ratios which are as follows: Earning profit is one of the objectives of every business concern. A company must have sufficient profits in relation to the capital employed by it. Profitability of a company is indicated by the amount of profits earned in comparison to capital invested in business.
Profitability is to be examined with reference to sales and capital employed.

- Operating Profit Margin(%):Operating Income/Sales*10085 Operating margin is a measurement of what proportion of a company's revenue is left over after paying for variable costs of production such as wages, raw materials, etc. A Healthy operating margins required for a company to be able to pay for its fixed costs, such as interest on debt.

1. Profit Before Interest And Tax Margin (%) : PBIT / Sales *100 In other words, EBIT is all profits before taking into account interest payments and income taxes. An important factor contributing to the wide spread use of EBIT is the way in which it nulls the effects of the different capital structures and tax rates used by different companies. By excluding both taxes and interest expenses, the figure hones in on the company's ability to profit and thus makes for easier cross-company comparisons.
2. Gross Profit Margin (%) : (Sales - COGS) / COGS * 100 A financial metric used to assess a firm's financial health by revealing the proportion of money left over from revenues after accounting for the cost of goods sold. Gross profit margin serves as the source for paying additional expenses and future savings. COGS expand to Cost of Goods Sold.
3. Net Profit Margin (%) : Net Profit(after Interest & tax)/Sales* 100Profit margin is very useful when comparing the performance of various companies whether they belong to the same industries or different industries. A higher profit margin indicates a more profitable company that has better control over its costs compared to its competitors. Liquidity implies the short term flexibility of a company in payment of obligation. To examine availability of current asset and liquidity of the Company following two ratios are calculated with following formula:
4. Current Ratio: Current Assets / Current liabilities it helps to assess the short term financial position of the business enterprise. It shows how many times CurrentAssets are in excess of Current Liabilities. Higher the Current ratio, greater is the rupee available for the purpose of current liability, more is the Company’s ability to meet it scurf rent obligations and greater is the safety of Company’s short term creditors.

CHAPTER: 5

DATA ANALYSIS & INTERPRETATION

CHAPTER-5: DATA ANALYSIS AND INTERPRETATION:-

MEANING:-

Analysis and interpretation of financial statements are an attempt to determine the significance and meaning of the financial statement data so that a forecast may be made of the prospects for future earnings, ability to pay interest, debt maturities, both current as well as long term, and profitability of sound dividend policy.

The main function of financial analysis is the pinpointing of the strength and weaknesses of a business undertaking by regrouping and analysis of figures contained in financial statements, by making comparisons of various components and by examining their content. The analysis and interpretation of financial statements represent the last of the four major steps of accounting.

A business owner can use several methods to check the financial health of the business. Three of the most used methods are:

Horizontal Analysis–analysis the trend of the company's financials over a period of time.

Each line item shows the percentage change from the previous period. **Vertical Analysis**–compares the relationship between a single item on the Financial Statements to the total transactions with in one given period.

It also shows the percentage of changes in the last period.

You can perform a Vertical Analysis on both an Income Statement and a Balance Sheet.

Without analysis, a business owner may make mistakes understanding the firm's financial condition. Resulting in poor rather than strong decision- making. For example, an *Assets to Sales* ratio is a measure of a firm's productive use of Assets. Whereas a low percentage rate compared to the average for the industry usually indicates an efficient use of Assets. Likewise, a high percentage rate indicates the need to improve the use of Assets. Check out our blog post on Ratio Analysis.

The following sections give a detail explanation of Vertical and Horizontal analysis:
Horizontal Company Financial Statement Analysis

With a Horizontal Analysis, also, known as a“ trend analysis, ”you can spot trends in your financial data overtime.
For example, a $2 million profit year looks impressive following a $0.25 million profit year, but not after a $10 million profit year. Horizontal analysis stresses the trends in:
Earnings Assets Liabilities

1. Financial Statements often contain current data and the data of a previous period. This way, the reader of the financial statement can compare to see where there was change, either up or down.
2. Horizontal Analysis takes this comparison goes one step further. It depicts the amount of change as a percentage to show the difference over time as well as the dollar amount.
3. The following illustration depicts a Horizontal Analysis:
4. Note that the line-items are a condensed Balance Sheet and that the amounts are shown as dollar amounts and as percentages and the first year is established as a base line.

1. **Multiplying by 100 to derive the percentage.**

For example, if we let 2012 be the base year in the Balance Sheet of Learning Company, Current Assets would be give non indexof100%.
Then for 2013, to derive the percentage of change, we look at each line item:
In this case,

Current Assets for 2013 are $210,000 subtract the base line amount of $100,000:

$210,000–$100,000=$110,000

Determines the difference of $110,000.

Divide this difference by the base line amount, so

$110,000/$100,000=1.1

Multiplyby100tocalculate the percentage:

1.1*100=110%

And we can see that Current Assets grew by 110% from 2012 to 2013. To calculate 2014,we **DO NOT** go back to the baseline to do the calculations;instead,2013becomesthenew base line so that we can see percentage growth from year-to-year.
In our illustration,

The calculation to determine the Current Assets 2014 percentage change becomes:
$463,000–$210,000=$253,000 Determinesthedifferenceof253, 000.
Divide this difference by the base line amount, so

$253,000/$210,000=1.2

Multiplyby100tocalculate the percentage:

1.1*100=120%

And we can see that Current Assets grew by120%from2013to2014.

The following illustration depicts a Vertical Analysis of an Income Statement::-

CHAPTER: 6

FINDINGS, SUGGESTIONS, CONCLUSIONS

CHAPTER-6: FINDINGS, SUGGESTIONS, CONCLUSIONS

FINDINGS:-

As per the financial statements of hdfc bank such as balance sheet and profit account.

As we talk about the P&L a/c the income is increased year on year. Such as from2014to2018. .

Secondly the balance sheet, the total shares capital of the company increased by the issuing of shares.

The deposits in the bank increases because of the more and more investments by the investors and the shareholders. On the other hank the negative point was that the borrowing also increased means the loans from RBI by the bank itself.

On the other hand assets are also increased because of the increasing customers. Facilities are main priority by the bank to the customers. Fixed assets, Current Assets are also increased year on year basis. Also KPA (key performance area also improved YOY basis.

1. **Knowing the Profitability of Business**

As we have seen the financial statements of HDFC bank from 2014 to 2018, we can determined that the profit goes increase year on year basis. This statements always shows the profits generations in the company. So the main objective is to predict the future profits and the present profit of the organizations. Profits are shown from net profits. Net profit means the expenses deducted from the revenue. After that we got the exact net profit and we can determined that this organizations is stand in the market or not. Because profit is the main aim of any organizations.

2. **Knowing the Solvency of the Business**

Second most important objective is to know the solvency of the business. As we can assume profits from the financial statements, same way we can assume the solvency also. Because in business if the expenses are more than income

That it results to the great loss to the organizations. Here if the net loss comes than business gets in trouble, but here it is not that so. For Example if the net loss comes YOY basis then the business may into bankrupt. So that profits are only the way to tackle the solvency of the business.

3. **Judging the Growth of the Business**

Third and the last objective of the study is the growth of the company. There are so many ways to judge the growth, but the simple way is to gain more and more profits. Here if the bank is concern then they have to issue more loans to the customer at low interest and provide user friendly services other customers. Because the gaining the customer trust it leads to the great growth in future. Such as the HDFC bank and other private banks. Although the growth is predict by the services provided by the bank and the customer satisfaction.

SUGGESTIONS:

1. The company should increase the profit margin after the acquisition the profit margin it's continually lower then following years.
2. 2014taxratioalsoincreasedthecompanyshouldconstructprovisiontax.
3. The return on asset in HDFC Bank is in decreasing trend. The HDFC Bank should take necessary steps to improve their turn on asset
4. Before acquisition the borrowing is low but in the year 2010 the borrowing level of HDFC Bank it's very high so HDFC Bank concentrates in this regard.
5. Banks should increase the rate of saving account.
6. Banks should provide loan at the lower interest rate and education loans should be given with ease without much documentation. All the banks must provide loans against shares.
7. Fair dealing with the customers. More contribution from the employee of the bank.

8. Internet banking facility must be made available in all the banks.
9. Banks should obey the RBI norms and provide facilities as per the norms, which are not being followed by the banks. While the customer must be given prompt services and the bank officer should not have any fear on mind to provide the facilities as per RBI norms to the units going sick.
10. Prompt dealing with permanent customers and speedy transaction without harassing the customers.
11. Each section of every bank should be computerized even in rural areas also.
12. Real time gross settlement can play a very important role.
13. More ATM coverage should be provided for the convenience of the customers.

CONCLUSIONS:

Over the years the Indian Banking Sector has passed through various phases. The first phase is considered as the‘infancy’ phase up to independence i.e. 1974. During this time period banking system developed on the privatized basis. The total numbers of commercial banks have been 648 with total deposits of Rs. 1.80 cores, advances of Rs. 475 core and Credit Deposit ratio of 43.99 percent on the eve of independence. For the development and the growth of banking sector several important steps have been taken up such as nationalization of Reserve Bank of India in 1948, enactment of Banking Regulation Act in 1949, emergence of State Bank of India in 1955anditssubsidiary banks during 1959- 60 etc. In1967 Indian Government 338 initiated the scheme of social control and 14 major Indian Scheduled Commercial Banks have been nationalized. It have been reported that 73 scheduled commercial banks having total deposits of Rs. 4661crore, advances of Rs. 3599crore and credit-deposit ratio of 77.5 percent on thieve of nationalization. Nationalization of banks has been considered as one of the bold and major steps in the process of banking sector reforms in India. As are salt of this Public Sector Banks control over 90 percent of banking business. Indian banking structure emerged as strong and viable with rigorous control enforced by the RBI during this period.

The post nationalization period has been earmarked with rapid branch expansion, wide geographical penetration impressive growth in deposit mobilization as well as in credit expansion. However, there have been several adverse factors such as high reserve requirements deterioration in quality of loan assets, priority and weaker section advances, high fixed and operating costs, organizational weakness, lack of internal control, defective accounting policies, under capitalization, political interference etc. which severely damaged productivity, profitability and efficiency of banking sector.

Since Independence Banking Sector has been dominated by Private Sector Banks, 14 major scheduled banks were nationalized in the year 1969 and 6 more were nationalized in the year 1980. But Reserve Bank of India has issued guide lines immediately after liberalization, Privatization and a globalization. Policy adopted by India in 1993 RBI has issued specific guidelines for Private Banks. Today Private Sector Bank sari comparatively performing better than Public Sector Banks therefore the study is mainly focusing on three private banks namely AXIS, HDFS and ICICI Bank for the period 2005-06to2014-15.The following revelations have

Appeared: As Compare to Public Sector Bank, Private Banks is having increasing trend for deposits as well as for the growth of investment.

- Consolidation of players through mergers and acquisitions
- Development of new technology
- Globalization of operations

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