

A

Project Report on

**“FIXED ASSET MANAGEMENT
OF
AN ICICI BANK PVT.LTD”**



Palamuru University

**This project Report submitted in partial fulfillment of the requirement for the
award of the Degree of “BACHELOR OF COMMERCE”
2021-2022**

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UNDER THE ESTEEMED GUIDENCE OF

Mrs.R.VIJAYA LAXMI DEVI

(Lecturer of commerce)



Dr.BRR GOVT. DEGREE COLLEGE

(Affiliated to Palamuru University)

Jadcharla, Mahaboobnagar

CERTIFICATE

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Mrs. R.VIJAYA LAXMIDEVI
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INTERNAL EXAMINAR

EXTERNAL EXAMINAR

DECLARATION

I hereby declare that the project work entitled on

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submitted by me to the Department of Commerce is a Bonafide work done by me and it is not submitted to any other university to Institution for the award of any UG B.Com/Certificate or published any time before, under the guidance of **Mrs. R.Vijaya Laxmi Devi, (Lecturer of Commerce.)** The project embodies the result of original work and studies carried out by me and the contents of the project do not form the basis for the award of any other degree to me.

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Chapter-1

INTRODUCTION

1. Concept of financial management

Financial management is the managerial activity which is concerned with the planning and controlling of the firm's financial resources. Financial management is the procurement funds and establishes utilization of funds.

There are so many definitions for financial management, one of the important definition is finance is the art and science of managing money.

Finance may be defined as the provision of money at the time where, it is required. Finance refers to the management flows of money through an organization. It concerns with the application of skills in the use and control of money. Different authorities have interpreted the term "Finance" differently. However there are three main approaches to finance.

1. The first approach views finance as to providing of funds needed by a business on most suitable terms. This approach confines finances to the raising of funds and to the study of financial institutions and instruments from where funds can be procured.
2. The second approach relates finance to cash.
3. The third approach views finance is being concerned with rising of funds and their effective utilization.

Definition of Financial Management:

Financial Management as practice by corporate firms can be called corporation finance or business finance, Financial Management refers to that part of the management activity, which is concerned with the planning & controlling of firms financial resources. It deals with finding out various sources for raising funds for the firm. The sources must be suitable and economical for the needs of the business. The most appropriate use of such funds also forms a part of Financial Management.

Objective of Financial Management:

Financial Management is concerned with procurement and use of funds. Its main aim is to

alternatives available for using business funds. The pros & cons of various decisions have to look into before making a final selection. Financial Management provides a framework for selecting a proper course of action and deciding available commercial strategy. The main objective of the business is to maximize the owner economic welfare. These objectives can be achieved by

1. Profit Maximization and
2. Wealth Maximization

Financial goal of the firm should be share holders wealth maximization as reflected in the market value of the firm shares. It will come through profit maximization.

Profit maximization implies that a firm either produces maximum output for a given amount of input, or uses minimum input for producing a given output.

Shareholder wealth maximization means maximizing the net present value of a course of action to shareholders.

Main important finance functions are:

- Investments decision
- Financing decision
- Dividend decision
- Liquidity decision

The major areas of finance are:

- Financial services
- Corporate finance/ financial management.

Financial services is concerned with the design and delivery of advise and financial products to individuals, business and governments and with in the areas of the banking and related institutions.

Financial management is concerned with the duties of the financial managers in the business firm. Financial management actively manages the financial affairs of any type of the business.

2). Need for Fixed Assets Management: -

Fixed Assets plays very important role in relating company's objectives the firms to which capital investment vested on Fixed Assets. These fixed assets are not convertible or not liquid able over a period of time the total owner funds and long-term liabilities are invested in fixed assets.

Since fixed assets playing dominant role in total business the firms has realized the effective utilization of fixed assets. So ration contribution very much in analyzing and utilized properly it effects long term sustainability of the firms which may affect liquidity and solvency and profitability positions of the company. The idle of fixed assets lead a tremendous in financial cost and intangible coat associate to it. So there is need for the companies to evaluate fixed assets performance analysis time to time by comparing with previous performance, Comparison with similar company and comparison with industry standards. So choose a study to conduct on the fixed assets analysis of *ICICI BANK* using ratio in comparison with previous year performance. The title of the project is analysis on Fixed Assets Management.

3). Objectives of the study:

- ❖ The study is conducted to evaluate fixed assets performance of *ICICI BANK*.
- ❖ The study is made to know the amount of capital expenditure made by the company during study period.
- ❖ The study is conducted to evaluate depreciation and method of depreciation adopted by *ICICI BANK*.
- ❖ The study is conducted to know the amount of finance made by long-term liabilities and owner funds towards fixed assets.
- ❖ Study is conducted to evaluate that if fixed assets are liquidated. What is the proportion of fixed assets amount will contribute for payment of owner funds and long-term liabilities.
- ❖ The study is to evaluate whether the fixed assets are giving adequate returns to the company.

4). Sources of the data

The data gathering method is adopted purely from secondary sources.

The theoretical content is gathered from eminent texts books and reference and library at *ICICI bank*.

The Financial data and information is gathered from annual reports of the company internal records. Interpretation, Conclusions and Suggestions are purely based on my opinion and suggestions provided by the project guide

5). Tools used data analysis:

The tools used in data analysis are two they are

- ▶ Trend percentages and
- ▶ Ratio analysis

➤ **Trend percentages:**

In Financial Analysis the direction of changes over a period of years is of initial importance. Time series or trend analyses of ratios are the indicators of the direction of change. This kind of analysis is particularly applicable to the items of profit and loss account. It is advisable that trends of sales and net income may be studied in the light of two factors. The rate of fixed assets expansion or secular trend in the growth of the business and the general price level. It might be found in practice that a number of firms would be shown price level. It might be found in practice that a number of firms would be shown a persistent growth over period of years. But to get a true trend of growth, the sales figure should be adjusted by a suitable index of general prices. In other words, sales figures should be deflated for rising price level. Another method of securing trend of growth and one which can be used instead of the adjusted sales figure or as check on them is to tabulate and plot the output or physical volume of the sales expressed in suitable units of measure. If the general price level is not considered while analyzing trend of growth, it can be mislead the management so they may become unduly optimistic in period of prosperity and pessimistic in dual periods.

For trend analysis, the use of index numbers is generally advocated the procedure followed is to assign the numbers 100 to items of the base year and at calculate percentage change in each items of other years in relation to the base year. The procedure may be called as 'fixed percentage method'

This margin determines the direction of upward or downward and involves the implementation of the percentage relationship of the each statement item means to the

Ratio analysis:

Ratio Analysis is a powerful tool of financial analysis. A ratio is defined as "The indicated quotient of two mathematical expression" and as "The relationship between for evaluating the financial position and performance of a firm.

The absolute accounting figure reported in financial statement do not private a meaningful understanding of the performance and financial position of a firm. An accounting figure conveys

meaning when it is related to some other relevant information. Ratios help to summarize large quantities of financial data to make qualitative judgment about the firm's financial performance.

6) IMPORTANT FIXED ASSETS:

Fixed Assets are the assets, which cannot be liquidated into cash within one year. The large amount of the company is invested in these assets. Every year the company investment is an additional fund in these assets directly or indirectly the survival and other objectives of the company purely depend on operating performance of management in effective utilization of their assets.

Firm has evaluated the performance of fixed assets with proportion of capital employed on net assets turnover and other parameters, which is helpful for evaluating the performance of fixed assets.

7). Methodology adopted:

The data used for analysis and interpretation from annual reports of the company that is secondary forms of data. Ratio analysis is used for calculation purpose.

The project is presented by using tables, graphs and with their interpretations. No survey is undertaken (or) observation study is conducted in evaluating "Fixed Assets" performance of ICICI BANK

8). Scope:

The project is covered of Fixed Assets of *ICICI BANK* drawn from Annual Report of the company. The fixed assets considered in the project are which cannot be converted into cash with one year. Ratio analysis is used for evaluating fixed assets performance of *ICICI BANK*.

he subject matter is limited to fixed assets it analysis and its performance but not any other areas of accounting, corporate, marketing and financial matters.

9). Limitations:

- ❖ The study period of 45 days as prescribed by *Osmania University*.
- ❖ The study is limited up to the date and information provided by *ICICI bank* and is annual reports.

Chapter-2

REVIEW OF LITERATURE

INTRODUCTION TO FIXED ASSETS MANAGEMENT:

The selection of various fixed assets required creating the desired production facilities and the decision regards the determination of the level of fixed assets is primarily the task that at the production technical people. The decision relating to fixed assets involves huge funds a long period of time is generally irreversible nature affecting the long term profitability of a concern, an unsound investment decision may prove to be total to the very existence of the organization. Thus, the management of fixed asset is of vital importance to any organization.

The process of fixed asset management involve

- (i) Selection of most worthy projects or alternative of fixed assets.
- (ii) Arranging the requisite funds / capital for the same.

The first important consideration to be acquire only that much amount of fixed asset which will be just sufficient to ensure and efficient running of the business in some cases. It may be economically to by a certain assets in lot size. Another important consideration to be capt in mind is possible increasing in demand of the firms. Product neccasarily expansionof its activities. Hence a firm should have that much amount of fixed assets, which could adjust to increase demand.

FIXED ASSETS:

Financial transactions are recorded in the book keeping in view the going concern aspect of their business unit. It is assumed the business unit has a reasonable expectation of continuing business at a profit for indefinite period of time. It will continue to operate in the future.

This assumption provides much of the justification for recoding fixed assets at original cost and depreciating them in a systematic manner without reference to their current realizable value. It is useless to show fixed assets in the balance sheet at their estimated realizable values if there is no immediate expectation of selling them. Fixed resale, so they are shown at their book values (i.e., cost less depreciation provided) and not at their current realizable values.

The cost concept of accounting, depreciation calculated on the basis of historical costs of old assets is usually lower than that of those calculated at current value or replacement value. These results in more profits on paper, which if distributed in full, will lead to reduction of capital.

NEED FOR VALUATION OF FIXED ASSETS:

Valuation of fixed assets is important in order to have fair Financial transactions are recorded in the book keeping in view the going concern aspect of their business unit. It is assumed the business unit has a reasonable expectation of continuing business at a profit for indefinite period of time. It will continue to operate in the future. This assumption provides much of the justification for recoding fixed assets at original cost and depreciating them in a systematic manner without reference to their current realizable value. It is useless to show fixed assets in the balance sheet at their estimated realizable values if there is no immediate expectation of selling them. Fixed resale, so they are shown at their book values (i.e., cost less depreciation provided) and not at their current realizable values.

The market value of a fixed asset may change with the passage of time, but for accounting purpose it continues to be shown in the books at its book value, i.e., the cost at which it was purchased minus depreciation proved up to date.

measure of profit or loss and financial position of the concern.

Fixed assets are meant for use for many years. The value of these assets decreases with their use or with time or for other reasons. A portion of fixed assets reduced by use is converted into cash though charging depreciation. For correct measurement of income proper measurement of depreciation is essential, as depreciation constitutes a part of the total cost of production.

ASSETS:

Assets may be described as valuable resources owned by a business, which were acquired at a measurable money cost. As an economic resource, they satisfy three requirements. In the first place, the resource must be valuable. A resource is valuable if (i) it is cash / convertible into cash; or (ii) it can provide future benefits to the operations of the firm. Secondly, the resource must be owned.

Mere possession or control of a resource would not constitute an asset; it must be owned in the legal sense of term.

Finally, the resource must be acquired at a measureable money cost. In case where an asset is not acquired for cash/promise to pay cash, the test is what it would have cost had cash been paid for it?

Assets have three essential characteristics;

- ▶ They embody a future benefit that involves a capacity, singly or in combination with other assets, In the case of profit oriented enterprises, to contribute directly or

- ▶ indirectly to future net cash flows, and in the case of nonprofit organizations, to provide services:
- ▶ The entity can control access to the benefit; and,
- ▶ The transaction or event giving rise to the entity's right to, or control of, the benefit has already occurred. It is not necessary; in the financial accounting sense of the term, for control of access to the benefit to be legally enforceable for a resource to be an asset, provided the entity can control its use by other means.

It is important to understand that in an accounting sense an asset is not the same as ownership. In accounting, ownership is described by the term "equity" plus "liability".

The accounting equation relates assets, liability, and owner's equity:

Assets =Liability+ Owner's Equity is the mathematical structure of the balance sheet.

Assets are usually listed on the balance sheet. It has a normal balance sheet. Asset has recorded in debit side of asset account. (I.e. asset account amount appear on the left side of a ledger).

Similarly, in economics an asset is any form in which wealth can be held. Probably the most accepted accounting definition of asset is the one used by the International Accounting Standards Board. The following is a quotation from the IFRS Framework; "An asset is a Resource controlled by the enterprise as a result of past events and from which future economic benefits are expected to flow to the enterprise."

Assets are formally controlled and managed within larger organization via the use of asset tracking tools. These monitor the purchasing, upgrading, servicing licensing and disposal etc., of both physical and non physical assets.

The assets in the balance sheet are listed either in order of liquidity promptness with which they are expected to be converted into cash or in reserve order, that is, fixity or listing of the least liquid (fixed) first followed by others. All assets are grouped into categories, that is, assets with similar characteristics are put in one category. The assets included in one category are different from those in other categories. The standard classification of assets divides them into

- (1) Fixed assets,
- (2) Current assets,
- (3) Investments,
- (4) Other assets.

Tangible fixed assets are those, which have physical existence and generate goods and services. Included in this category are land, building, plants, machinery, furniture, and so on. They are shown in the balance sheet, in accordance with the cost concept, at their cost to the firm at the time they were purchased. Their cost is allocated to /charged against/spread over their useful life. The yearly charge is referred to as depreciation. As a result, the amount

Of such assets shown in the balance sheet every year declines to the extent of amount of depreciation charged in that year and by the end of the useful life of the asset it equals the salvage value, if any. Salvage value signifies the amount realized by the sale of the discarded asset at the end of its useful life.

Intangible assets do not generate goods and services directly. In a way, they reflect the rights of the firm. This category of assets comprises patents, copyrights, trademarks and goodwill. They confer certain exclusive rights to their owners. Patents confer exclusive rights to use an invention, copyrights relates to production and sale of literary, musical and artistic works, trademarks represent exclusive right to use certain names , symbols, labels, designs and so on .intangible fixed assets are also written off over period of time.

Intangible fixed assets lack of physical substance and arise from a right granted by the government or another company. Intangibles may be acquired or developed internally. Examples of rights granted by the government are patents, copyrights and trademarks. While an example of a privilege granted by another company is a franchise. Other types of intangibles include organization costs, leasehold improvements, and goodwill. Organization costs are the expenditure incurred in starting a new company. An example would be legal fees. Leasehold improvements are expenditures made by a tenant to his or her leased property, such as the cost of putting up paneling. Goodwill represents the amount paid.

For another business access of the fair market value of its tangible net assets. For example, if a company paid \$1000000 for a company B's net assets having a fair market value of \$ 84000, the amount paid for goodwill is \$ 16000.

Goodwill can be recorded only when a company purchases another accounts.

The amount paid for the goodwill of a business may be based upon the acquired firm's excess earnings over other companies in the industry. Internally developed goodwill (e.g., good customer relations) is not recorded in the accounts.

ACCOUNTING FOR INTANGIBLE ASSETS:

APB Opinion 17 specifies the requirements for accounting for intangible assets. “Intangible that has been acquired, such as good will, should be recorded at cost. In the event that an intangible is acquired for other than cash, it should be reflected at either the fair market value of the consideration given or the fair market value of the right received, whichever is more clearly evident. Intangibles should not be arbitrarily written off if they still have values.

When identifiable intangibles are internally developed (e.g., patents), they should be recorded as assets and reflected at cost. If they are not identifiable, they should be expensed.

Intangible assets must be amortized over the period benefited not to exceed 40 years. Amortization is a term used to describe the systematic write-off to expense of an intangible asset’s cost over its economic life. The straight-line method of amortization is used. The amortization entry is Investors in collectibles should be aware of two especially notable types of risk. The first is that the bid-ask spread is often very large. Thus an investor must see a large price increase just to recoup the spread and break-even. The second is that collectibles are subject to fads (that risk has been referred to as stylistic risk). For example, Chinese ceramics maybe actively sought by many investors today, leading to high prices and big returns for earlier purchasers. However, they may fall

Current Assets The second category of assets included in the balance sheet are current assets. In contrast to fixed assets, they are short-term in nature. They refer to assets/resources, which are either held in the form of cash or are expected to be realized to cash within the accounting period in the normal operation cycle of the business. The term ‘operating cycle’ means the time span during which cash is converted into inventory, inventory, into receivable/cash sales and receivables into cash. Conventionally, such assets are held for a short period of time, usually not more than a year. These are also known as liquid assets. Current assets include cash, marketable securities, accounts receivable (debtors), notes/bills receivables and inventory.

- **Cash** is the most liquid current asset and includes cash to hand and cash at bank. It provides instant liquidity and can be used to meet obligations/acquire without assets without any delay.
- **Marketable securities** are short-term investments, which are both readily marketable and are expected to be converted into cash within a year. They provide an outlet to invest temporary surplus /idle

➤

- **Funds/cash:** According to generally accepted accounting principles, marketable securities are shown in the balance sheet below the cost or the market price. When, however, shown at cost, the current market value is also shown in parenthesis.
- **Accounts receivable** represent the amount that the customers owe to the firm, arising from the sale of goods on credit they are shown in the balance sheet at the amount owed less an allowance (bad debts) for the portion which may but be collected.
- **Notes/bills payable** refer to the amounts owned by outsiders for which written acknowledgments of the obligations are available.
- **Inventory** means the aggregate of those items which are (i) held for sale in the ordinary course of of goods and services (raw materials) to be available for sale. It is the least liquid current assets.
- **Raw Materials** working process (semi-finished) and finished goods. Each of these serves a useful purpose in the process of production and sale. Inventory is reported in the balance sheet at the cost or market value whichever is lower.
- **Investments** the third category of fixed assets is investments. They represent investments of funds in the securities of another company. They are long-term assets outside the business of the firm. The purpose of such investments is either in earn return or/and to control another company. It is customarily shown in the balance sheet at costs with the market value shown in parenthesis.
- **Other assets** included in this category of assets are what are called a deferred charge that is advertisement expenditure preliminary expenses and so on. They are pre-payments for services/benefits for the periods exceeding the accounting period.

Liabilities

The second major content of the balance sheet is liabilities defined as the claims of outsiders that is, other than owners. The assets have to be financed by different sources. One of source of funds is borrowing – long-term as well as short-term. The firms can borrow on a long-term basis from financial institutions/banks or through bonds/mortgages/debentures, and so on. The short-term borrowing may be in the form of purchase of goods and services on credit. These outside sources from which a firm can borrow are termed as liabilities. Since they finance the assets, they are, in a sense, claims against the assets. The amount shown against the liability items is on the basis of the amount owned, not the amount payable. Depending upon the periodicity of the funds, liabilities can be classified into (1) long-term liabilities and (2) current liabilities.

- **Long-term Liabilities** They are so called because they exceed one year. In other words, such liabilities represent obligations of a firm payable after the accounting period.
- **Debentures or bonds** are issued by a firm to the public to raise debt. A debenture or a bond is a general obligation of the firm to pay interest and return the principal sum as per the agreement. Loan raised through 'Issue of debentures or bonds may be secured or unsecured.
- **Secured loans** are the long-term borrowings with fixed assets pledged as security. Term loans from financial institutions and commercial banks are secured against the assets of the firm. They have to be repaid/redeemed either in lump sum at the maturity of the loan/debenture or in installments over the life of the loan. Long-term liabilities are shown in the balance sheet net of redemption/repayment.
- **Current Liabilities** In contrast, the long term-liabilities, such liabilities are obligations to outsiders repayable in a short period, usually within the accounting period or the operating cycle of the firm. It can be said to be the counterpart of the current assets. Conventionally, they are paid; out of the current assets; in some cases, however existing current liabilities can be liquidated through the creation of additional current liabilities.
- **Sundry creditors** or accounts payable represent the current liability towards suppliers from whom the firm has purchased raw materials on credit. This liability is shown in the balance sheet till the payment has been made to the creditors.
- **Bills payable** are the promises made in writing by the firm to make payment of a specified sum to creditors at some specific date. Bills are written by creditors over the firm and become bill payable once they are accepted by the firm. Bills payable have a life of less than a year; therefore, they are shown as current liabilities in the balance sheet.
- **Bank borrowings** form a substantial part of current liabilities of a large number of companies in India. Commercial banks advance short-term credit to firms or financing their current assets. Banks advance short-term credit to firms or financing their current assets. Banks may also provide funds (term loans) for a financing a firm's fixed assets. Such loans will be grouped under long-term liabilities. In India, it is a common practice to include both short and long-term borrowings under loan funds.

- **Provisions** are other types of current liabilities. They include provision for taxes or provision for dividends. Every business has to pay taxes on its income. Usually, it takes some time to finalize the amount of tax with the tax authorities. Therefore, the amount of tax is estimated.
 - **Expenses payable or outstanding expenses** are also current liabilities. The firm may owe payments to its employees and others at the end of the accounting period for the services received in the current year. These payments are payable within a very short period. Examples of outstanding expenses are wages payable, rent payable, or commission payable.
 - **Income received in advance** is yet another example of current liability. A firm can sometimes receive income for goods or services to be supplied in the future. As goods or services have to be provided within the accounting period, such receipts are shown as current liabilities in the balance sheet.
 - **Installment of long-term loans** are payable periodically. That portion of the long-term loan which is payable in the current year will form part of current liabilities.
 - **Deposits from public** may be raised by a firm for financing its current assets. These may therefore be classified under current liabilities. It may be noted that public deposits may be raised for a duration of one year through three years.
- ❖ **How should the changing value of a fixed asset be reflected in a company's accounts?**

The benefits that a business obtains from a fixed asset extend over several years. For example, a company may use the same piece of production machinery for many years, whereas a company-owned motor car used by a salesman probably has a shorter useful life.

By accepting that the life of a fixed asset is limited, the accounts of a business need to recognize the benefits of the fixed asset as it is “consumed” over several years. This consumption of a fixed asset is referred to as depreciation.

Definition of depreciation: Financial Reporting Standard 15 (covering the accounting for tangible fixed assets) defines depreciation as follows:

What is relevant cost of fixed asset:

The cost of a fixed asset includes all amounts incurred to acquire the asset and any amount that can be directly attributable to bringing the asset into working condition.

Directly attributable cost may include:

Delivery costs

- Costs associated with acquiring the asset such as stamp duty and import duties
- Costs of preparing the site for installation of the asset
- Professional fees, such as legal fees and architects' fees

Note that general overhead costs or administration costs would not costs of a fixed asset (e.g. the cost of the factory building in which the asset is kept, or the cost of the maintenance team who keep the asset in good working condition)

The cost of subsequent expenditure on a fixed asset will be added to the cost of the asset provided that this expenditure enhances the benefits of the fixed asset or restores any benefits consumed.



Chapter-3

INDUSTRY PROFILE

ORGANISATION PROFILE:

A) INDUSTRIAL PROFILE

B) COMPANY PROFILE

INTRODUCTION OF BANKING

“Bank is an institution whose Debts widely accepted in settlement of other people’s debts to each other”.

The banking company in India defined the Bank , in the companies Act.1949, as the one which transacts the business of banking which means the accepting for the purpose of lending to invests of deposits of money form the public. The deposits, which repayable on demand withdrawal by check, draft orders.

TYPES OF BANKING

Several types of banks have come in to existence performing different specialized functions based upon the functions performed by them; banks may be classified into different types;

1) COMMERCIAL BANKS:

They are a joint stock bank which acts as different kinds of deposits from the public and grant short term loans. Their main aim is to provide security of funds to depositors and make profits for their share holders. As their deposits are mainly for short periods, they can not lend money for long periods. They mainly finance business and trade for short periods to meet their day – to – day transactions. They may provide finance in the form of cash credits or drafts or loans. They also provide finance by discounting bills of exchange periods.

2) INDUSTRIAL BANKS

These banks are also called investment banks. They provide long terms finance to industries ranging over a few decades. They finance long term projects and developmental plans. They receive long term projects deposits from the public. They may also raise funds by the issue of shares debentures. They are specialized in the undertake industrial finance the new issue of shares, debentures and securities of new enterprises.

3) AGRICULTURE BANKS

The commercial industrial banks are not able to meet the financial requirements of agriculture. Agriculture requires both short term and long term finance. Farmers require short term finance to buy seeds, fertilizers, implements etc.,

4) CO-OPERATIVE BANKS:

The banks are formed to supply credit to members on easy terms. They do not aim at profit in their operations. They attract depositors from the farmers and promote thrift by offering slightly higher rates of interests than commercial banks. They provide credit facility to needy farmers and small scale industries.

5) EXCHANGE BANKS:

They are specialized in financing the import and export trade of the country. They purchase bills from exporters and sell them to importers. They provide remittance facilities and trade information to their clients.

6) SAVING BANKS:

These banks collect small and scattered savings of the low and middle income group people. These banks receive small amounts, deposits and withdrawals are restricted. Banks offer minimum interest on these deposits.

7) CENTRAL BANK:

The central bank controls the entire banking system in the country. It operates the currency and credit system in the country. It acts as an agent and adviser to the government and works in the best interests of the nation without any profit motive in its operations.

The following are the schedule public sector banks in India:

- State bank of India
- State bank of Mysore and Jaipur

- State bank of Hyderabad
- State bank of Indore
- State bank of Mysore
- State bank of Patiala
- State bank of Saurashtra
- State bank of Travancore
- Andhra bank
- Allahabad bank
- Bank of Baroda
- Bank of India
- Bank of Maharashtra
- Canara bank
- Central bank
- Central bank of India
- Corporation bank
- Dean Bank
- Indian overseas bank
- Indian Bank
- Oriental Bank of Commerce
- Punjab National Bank
- Punjab State and Sind Bank
- Syndicate Bank of India
- Unit Bank of India
- UCO Bank
- Vijaya Bank

The Following are the scheduled private sector Banks in India:

- Vysya Bank Ltd
- UTI Bank Ltd
- Indusind Bank Ltd
- ICICI Banking Corporation Bank Ltd
- Global trust Bank Ltd
- HDFC Bank Ltd
- Bank of Punjab Ltd

The following are the scheduled foreign banks in India:

- American Express Bank Ltd
- ANZ Grid lays Bank Ple
- Bank of America NT&SA
- Bank of Tokyo Ltd
- Baque National Plc
- City Bank N.C
- Deutsche Bank A.G
- Hong Kong and Shanghai Banking Corporation
- Standard Chartered Bank
- The Chase Manhattan Bank Ltd
- Dresdner Bank A.G

Current scenario:

The Indian banking sector during the December quarter posted mixed results. Although this was on expected lines, some of the banks showed a huge variation. We have tried to understand the trend in the December quarter results. We have informed four analytic groups to understand the result pattern. These are the public sector (PSU), public sector ex-SBI, private sector and private sector ex-ICICI bank. Our universe of banks for the said study is as follows:

ICICI Bank has a network of about 573 branches and extension counters and over 2,000 ATMs. ICICI Bank offers a wide range of banking products and financial services to corporate and retail customers through a variety of delivery channels and through its specialized subsidiaries and affiliates in the asset management.

ICICI bank set up its international banking group in fiscal 2002 to cater to the cross border needs of clients and leverage on its domestic banking strengths to offer products internationally. ICICI bank currently has subsidiaries in the United Kingdom, Canada and Russia, branches in Singapore and Bahrain and representative offices in the United States, China, United Arab Emirates, Bangladesh and South Africa.

ICICI Bank's equity shares are listed in India on the Bombay Stock Exchange and the National Stock Exchange of India Limited and its American Depositary Receipts (ADRs) are listed on the New York Stock Exchange (NYSE).

History:

ICICI Bank was originally promoted in 1994 by ICICI Limited, an Indian financial institution, and was its wholly – owned subsidiary. ICICI's shareholding in ICICI Bank was reduced to 46% through a public offering of shares in India in fiscal 1998, an equity offering in the form of ADRs listed on the NYSE in fiscal 2000, ICICI Bank's acquisition of Bank of Madura Limited in an all – stock amalgamation in fiscal 2001. And secondary market sale by ICICI to institutional investors in fiscal 2001 and fiscal 2002. ICICI was formed in 1955 at the initiative of the World Bank, the Government of India and representatives of Indian industry.

Objective:

The principal objective was to create a development financial institution for providing medium-term and long – term project financing to Indian businesses. In the 1990s, ICICI transformed its business from a development financial institution offering only project finance to a diversified financial services group offering a wide variety of products and services, both directly and through a number of subsidiaries and affiliates like ICICI Bank.

In the 1990s, ICICI transformed its business from a development financial institution offering only project finance to a diversified financial services group offering a wide variety of products and services, both directly and through a number of subsidiaries and affiliates like ICICI Bank. In 1999, ICICI became the first Indian company and the first bank or financial institution from non – Japan Asia to be listed on the NYSE.

Structure:

After consideration of various corporate structuring alternatives in the context of the emerging competitive scenario in the Indian banking industry, and the move towards universal banking, the managements of ICICI and ICICI formed the view that the merger of ICICI Bank would be the optimal strategic alternative for the both entities, and would create the optimal legal structure for the ICICI Group's universal banking strategy. The merger would enhance value for ICICI shareholders through the merged entity's access to low-cost deposits, greater opportunities for earning fee-based income and the ability to participate in the payments systems and provide transaction banking service. The merger would enhance value for ICICI Bank shareholders through a large capital base and scale of operations, seamless access to ICICI's strong corporate relationship built up over five decades, entry into new business segments, higher market share in various business segments, particularly fee-based service, and access to the vast talent pool of ICICI and its subsidiaries. In October 2001, the boards of Directors of ICICI retail finance subsidiaries, ICICI personal financial services limited and ICICI capital service Limited, with ICICI Bank.

ICICI Bank at the present scenario:

India has never had it good before booming economy reflects in the rise of SENSEX past the 10,000 mark, projections of an 8-plus percent GDP growth, the revival of manufacturing and rising foreign investments have delivered growth in the banking sector.

Top 10 Banks By Growth In Business

<u>BANK</u>	<u>%Growth</u>
UTI Bank	53
ICICI Bank	47
ABN Amro	38
State Bank of Indore	34
Allahabad Bank	32
Oriental Bank Of Commerce	32
HDFC Bank	30
Nainital Bank	29
State Bank of Mysore	27

TOP 10 BANKS BY GROWTH IN PAT

<u>BANK</u>	%GROWTH
Centurion	459
BNP Paribas	213
American express Bank	170
HSBC	71
HDFC Bank	31
Indian overseas Bank	27
Punjab national Bank	27
ICICI Bank	22
UTI Bank	20
Union Bank of India	19

CHAPTER -4

DATA ANALYSIS AND INTERPRETATION

The firm should evolve strategies regarding the following two facts.

Trend Analysis:-

In Financial Analysis the direction of changes over a period of years is of initial importance. Time series or trend analysis of ratios indicators the direction of change. This kind of analysis is particularly applicable to the items of profit and loss account. It is advisable that trends of sales and net income may be studied in the light of two factors. The rate of fixed expansion or secular trend in the growth of the business and the general price level. It might be found in practice that a number of firms would be shown price level. It might be found in practice that a number of firms would be shown a persistent growth over period of years. But to get a true trend of growth, the sales figure should be adjusted by a suitable index of general prices. In other words, sales figures should be deflated for rising price level. Another method of securing trend of growth and one which can be used instead of the adjusted sales figure or as check on them is to tabulate and plot the output or physical volume of the sales expressed in suitable units of measure. If the general price level is not considered while analyzing trend of growth, it can be mislead management they may become unduly optimistic in period of prosperity and pessimistic in dual periods.

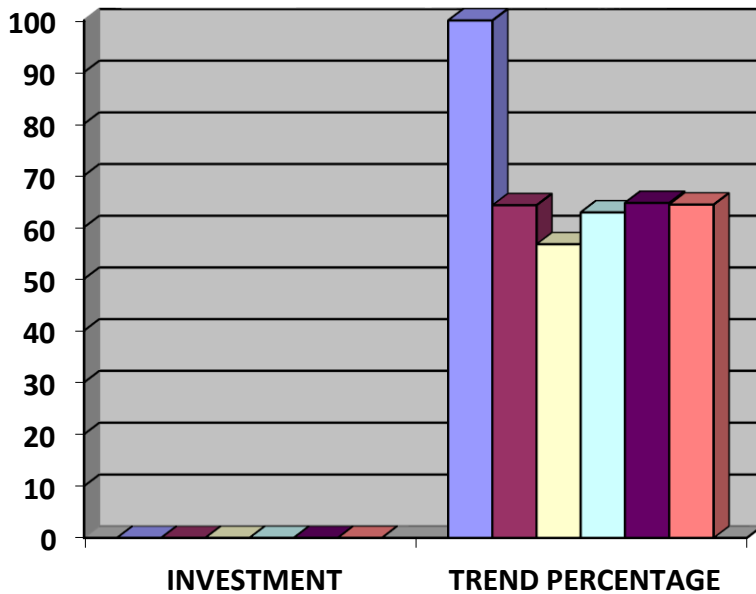
For trend analysis, the use of index numbers is generally advocated the procedure followed is to assign the numbers 100 to items of the base year and at calculate percentage change in each items of other years in relation to the base year. The procedure may be called as 'fixed percentage method'.

This margin determines the direction of upward or downward and involves the implementation of the percentage relationship of the each statement item bears to the same in the base year. Generally the first year is taken as the base year. The figure of the base year are taken as 100 and trend ratio he other year are calculated on the basis of one year. Here an attempt is made to know the growth total investment and fixed assets of ICICI bank for Five years that is 2016-17 to 2021-22.

Table-I

YEAR	INVESTMENT	TREND PERCENTAGE
2016-17	44,85,21,386	100
2017-18	39,68,35,265	64.25
2018-19	24,99,02,930	56.71
2019-20	28,19,24,444	62.85
2020-21	29,01,51,000	64.69
2021-22	28,87,28,000	64.37

Graph:



Interpretation: -

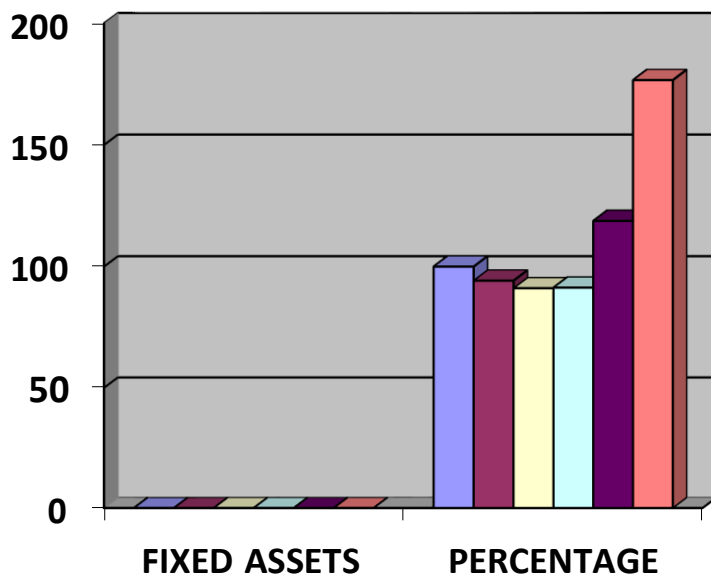
From the analysis of the above table it can be observed that the growth rate of total investment of ICICI bank is in downward trend which shows table of the ICICI bank investment in total investment is decreasing from time to time during the year 2016-17. It was recorded 100%. But it is decreasing in the year 2021-22 which shows that there is a net decrease to 64.37%. The average investment in total assets was found to be Rs. 3, 33,466.27 during the review period. During the period of 2016-17 it is Rs. 44, 85, 21,389 and it was decreased in the year 2021-22 Rs.2, 887.2

GROWTH RATE IN FIXED ASSETS:

Table – II

YEAR	FIXED ASSETS	PERCENTAGE
2016-17	6,25,64,02,879	100
2017-18	5,89,55,39,377	94.23
2018-19	5,69,93,08,565	91.09
2019-20	5,71,48,37,436	91.34
2020-21	7,43,21,97,000	118.79
2021-22	11,05,19,01,00	176.64

Graph:



Interpretation:

Growth rate in fixed assets, the examination of the above table reveals analysis and interpretation.

- A. During the year 2016-17 the assets investment was recorded at 62564.03 and it is decreased to Rs.1,10,519.01 in 2021-22 the fixed assets investment is quite satisfactory.
- B. The trend percentage in the year 2016-17 is taken as the base year as 100% and it was increased to 176.64 in the year 2021-22
- C. The average growth rate in fixed assets Rs.61996.566 in 6 years

RATIO ANALYSIS:

Ratio Analysis is a powerful tool of financial analysis. A ratio is defined as “The indicated quotient of two mathematical expression” and as “The relationship between for evaluating the financial position and performance of a firm. The absolute accounting figure reported in financial statement do not provide a meaningful understanding of the performance and financial position of a firm. An accounting figure conveys meaning when it is related to some other relevant information.

Ratios help to summarize large quantities of financial data to make qualitative judgment about the firm’s financial performance.

1. Fixed Assets to Net Worth Ratio:

This ratio establishes the relationship between Fixed Assets and Net Worth.

$$\text{Net Worth} = \text{Share Capital} + \text{Reserves \& Surplus} + \text{Retained Earnings.}$$

$$\text{Fixed Assets to Net Worth Ratio} = \frac{\text{Fixed Asset}}{\text{Net worth}} \times 100$$

2. Fixed Assets Ratio:

This ratio explains whether the firm has raised adequate long term funds to meet its fixed assets requirements and is calculated as under.

$$\frac{\text{Fixed Assets (Assets Depreciation)}}{\text{Capital Employed}}$$

Capital Employed

This ratio gives an idea as to what part of the capital employed has been used in purchasing the fixed assets for the concern. If the ratio is less than one it is good for the concern.

3. Fixed Assets as a percentage to Current Liabilities:

The ratio measures the relationship between fixed assets and the funded debt and is a very useful so the long term erection. The ratio can be calculated as below.

Fixed Assets as a percentage to Current Liabilities;

Fixed assets

$$= \frac{\text{Fixed assets}}{\text{Current liabilities}}$$

Current liabilities

4. Total Investment Turnover Ratio:

This ratio is calculated by dividing the net sales by the value of total assets that is (Net Sales / Total Investment) or (Sales / Total Investment). A high ratio is an indicator of over trading of total assets while a low ratio reveals idle capacity. The traditional standards for the ratio in two times.

Sales

$$\text{Total investment turnover ratio} = \frac{\text{Sales}}{\text{Total investment}}$$

Total investment

5. Fixed Assets Turnover Ratio:

This ratio expresses the number of times fixed assets are being turned – over is a state period. It is calculated as under:

$$\frac{\text{Sales}}{\text{Net Fixed Assets (After Depreciation)}}$$

This ratio shows how well the fixed assets are being used in the business. The ratio is important in case of manufacturing concern because sales are produced not only by use of Current Assets but also by amount invested in Fixed Assets the higher ratio, the better is the performance. On the other hand a low ratio indicated that fixed assets are not being efficiently utilized.

6. Gross Capital Employed:

The term “Gross Capital Employed” usually comprises the total assets, fixed as well as current assets used in a business.

$$\text{Gross Capital Employed} = \text{Fixed Assets} + \text{Current Assets}$$

7. Return on Fixed Assets:

$$\frac{\text{Profit after Tax}}{\text{Fixed Assets}} \times 100$$

This ratio is calculated to measure the profit after tax against the amount invested in total assets to ascertain whether assets are being utilized properly or not.

The higher the ratio the better it is for the concern.

Fixed Assets to Net Worth:

$$\text{NET WORTH} = \text{Share Capital} + \text{Reserves \& Surplus} + \text{Retained Earning.}$$

If the ratio is less than 100%, it implies that owner funds are more than the fixed assets and a part of working capital is provided by the share holder and vice-versa.

FixeAssets

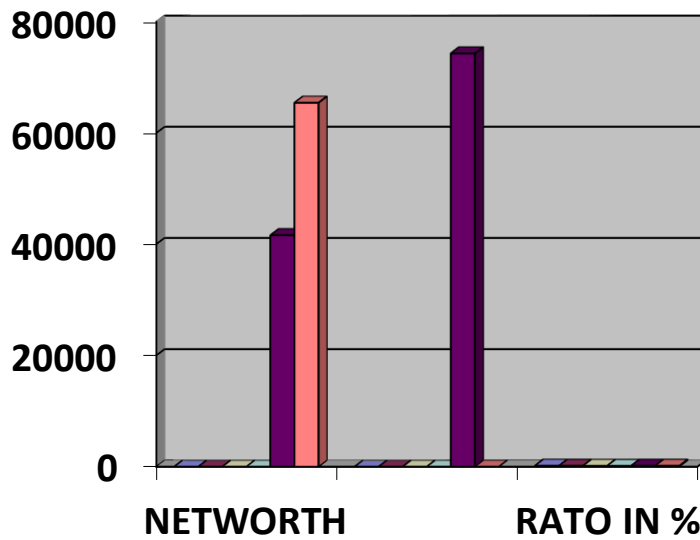
Fixed Assets to Net worth Ratio = -----100

Net Worth

Table – III
(Amt in lakhs)

YEAR	NETWORTH	GROSS FIXED ASSETS	RATO IN %
2016-17	3,38,81.86	6,25,64.03	184.65
2017-18	3,38,78.40	5,89,55.40	174.02
2018-19	3,48,48.27	5,69,93.09	163.54
2019-20	3,77,14.59	5,71,48.38	151.52
2020-21	41,605.00	74,321.97	178.63
2021-22	65,443.44	1,10,519.11	168.87

Graph:



Interpretation:

- a) The Gross Fixed to Net worth Ratio is fluctuating from year to year. In the year 2016-17 the gross fixed assets to net worth ratio is 184.65. In the year 2021-22 fixed assets to net worth to acquire the ratio is 168.87.
- b) The average net worth to fixed assets ratio is 36385.62 Rs. Or fixed assets average ratio is Rs. 61996.668 the average percentage of fixed assets to net worth is 168.06.
- c) The highest ratio recorded in 2016-17 at 184.65 the lowest ratio is recorded at 151.52 in the year 2021-22

Fixed Assets as a Percentage to Long Term Liabilities:

Fixed Assets ratio is several of fixed assets to net worth is a ratio of fixed assets to long term funds which is calculated as:

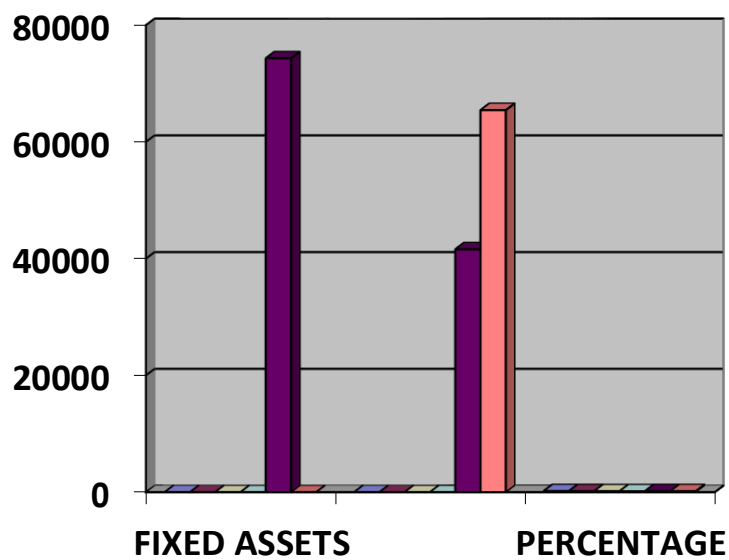
Fixed assets to long term liabilities =

$$\frac{\text{Fixed Assets (After Depreciation)}}{\text{Capital Employed}} \times 100$$

Table – IV
(Amt in lakhs)

YEAR	FIXED ASSETS	LONG TERM FUNDS	PERCENTAGE
2016-17	6,25,64.02	3,38,81.86	184.6
2017-18	5,89,55.40	3,38,78.40	174.0
2018-19	5,69,93.09	3,48,48.27	163.5
2019-20	5,71,48.37	3,77,14.59	152.7
2020-21	74,321.97	41,605.03	178.63
2021-22	1,10,519.01	65,443.44	168.87

Graph:



Interpretation:

- a) The fixed assets as a % of long-term liabilities the ratio is functioning from year to year. The fixed assets as a percentage of long term liabilities is recorded at 184.5% in the year 2019 and it is recorded at 152.7% in the year 2021-22
- b) The highest ratio is recorded at 184.6 % in the 2021 the lowest ratio is 152.7% in 2016.

Fixed Assets as Percentage Current Liabilities: -

Fixed Assets a Percentage to Current Liabilities =

Fixed Assets

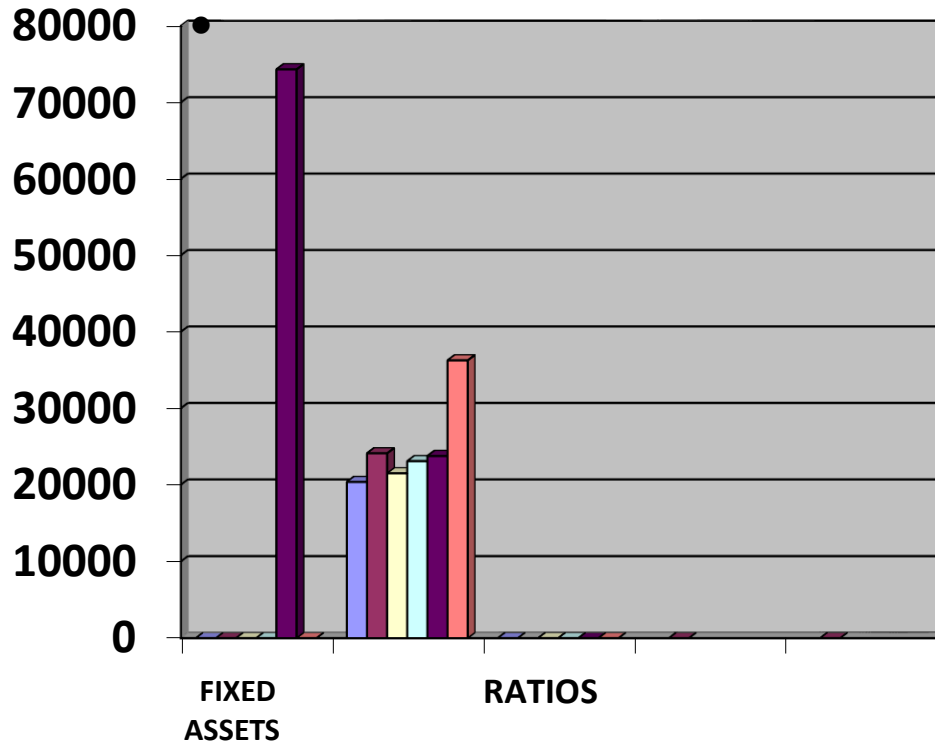
Current Liabilities

Table – V

(Amt in lakhs)

YEAR	FIXED ASSETS	CURRENT LIABILITIES	RATIOS
2016-17	6,25,64.03	20,350.59	3.07
2017-18	5,89,55.40	24,099.52	2.44
2018-19	5,69,93.09	21,480.90	2.65
2019-20	5,71,48.37	23,072.27	2.17
2020-21	74,321.97	23,745.24	3.12
2021-22	1,10,519.01	36,253.41	3.04

Graph:



CHAPTER-5

Findings & Conclusions

After analyzing the financial position of ICICI bank and evaluating its Fixed Assets Management or Capital Budgeting Techniques in respect of Components Analysis, Trend Analysis and Ratio Analysis. The following conclusions are drawn from the project preparation.

- ❖ The financial position of ICICI bank regarding investment it has been decreased.
- ❖ The total growth rate in fixed assets is increased during the year from 100% to 176.64%.
- ❖ Regarding the fixed assets as a percentage of current liabilities it is observed it is decreased.
- ❖ Regarding the total investment turnover ratio it is observed that it has been increased over the years considerably i.e., 31.2% to 76.33% during the period 2016-17.
- ❖ Regarding the fixed assets turnover ratio it has been observed that it is satisfactory.
- ❖ Regarding the fixed assets to total assets it been observed that there was increased. As a result it is said to be that the ratio is quite satisfactory.
- ❖ Regarding the profit and gross capital employed ratio it can be observed that it has been increasing over the year i.e., from 3.82% to 14.48%
- ❖ As a result of the above it can be said that the ratio is steadily increasing.
- ❖ From the above study it can be said that the ICICI bank Financial position on Fixed Assets is quite satisfactory.

SUGGESTIONS

- ❖ From the financial position of the ICICI bank Industry is observed that the ratio fixed assets to turnover is not at all ideal where as a ratio of around 5 is considered as ideal so the company must and should increase the fixed assets turnover ratio.
- ❖ From the financial position of the ICICI bank Industry is observed that return on fixed assets not satisfactory throughout all the years, there was a too much fluctuation in the percentage of return on fixed assets so the company should try to decrease the fluctuations, for that the company should concentrate on sales.
- ❖ From the financial position of the ICICI bank Industry is observed that on the basis of ratio fixed assets as percentage to current liabilities, the current liabilities were increasing as fixed assets increasing gradually. For the purpose of purchasing fixed assets the company is utilizing current liabilities. It may cause the company to bare excess interest compare to long term liabilities, so the company should not depend on the current liabilities to invest in fixed assets.

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Web site

www.ICICI banks.co.in

