

A

PROJECT REPORT ON

**“A STUDY ON FINANCIAL PERFORMANCE
OF HDFCLIFE INSURANCE”**



PalamuruUniversity

This project Report submitted in partial fulfillment of therequirement for
the award of the Degree of “*BACHELOR OF COMMERCE*”

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UNDER THE ESTEEMED GUIDANCE OF

Dr. MANJULA (Assistant Professor)



DR.BRR GOVT. DEGREE COLLEGE

(Affiliated to PalamuruUniversity)

Jadcherla, Mahaboobnagar

CERTIFICATE

DEPARTMENT OF COMMERCE

This is to certify that this project work entitled

**“A STUDY ON FINANCIAL PERFORMANCE OF HDFC
LIFE INSURANCE”**

MAHABOONAGAR {DIST}

Submitted by:

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Of Dr.BRR Govt. Degree College, Jadcherla, Mahabubnagar in partial fulfillment of the requirement for the award of the Degree of Bachelor of Commerce, Palamuru University. This project has not been submitted to any other University or Institution for the award of any UG B.Com/Certificate.


PRINCIPAL
Dr. B.R.R. Government Degree College
JADCHERLA

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EXTERNAL EXAMINAR


INTERNAL EXAMINAR

DECLARATION

We hereby declare that the project work entitled on “INVENTORY MANAGEMENT of RELIANCE TRENDS, JADCHERLA”, MAHABOONNAGAR {DIST} submitted by us to the Department of Commerce is a Bonafide work done by us 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 K. MANJULA (Assistant Professor)

The project embodies the result of original work and studies carried out by us 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 I

INTRODUCTION

1.1 INTRODUCTION

Performance is the action or process of performing a task or function, the execution of an action or accomplishing something.

Financial performance is a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues. The term is also used as a general measure of a firm's overall financial health over a given period. Analysts and investors use financial performance to compare similar firms across

the same industry or to compare industries or sectors in aggregate. The financial performance identifies how well a company generates revenues and manages its assets, liabilities, and the financial interests of its stakeholders. It undertakes full diagnosis of the profitability and financial soundness of the business

Thus, financial performance analysis is the process of determining the operating and financial characteristics of a firm from accounting and financial statements. The goal of such analysis is to determine the efficiency and performance of firm's management, as reflected in the financial records and reports. The analyst attempts to measure the firm's liquidity, profitability and other indicators that the business is conducted in a rational and normal way; ensuring enough returns to the shareholders to maintain at least its market value.

Financial analysis involves the use of financial statements. A financial statement is a collection of data that is organized according to logical and consistent accounting procedures. Its purpose is to convey an understanding of some financial aspects of a business firm.

The term 'financial statements' generally refers to two basic statements: the Balance Sheet and the Income Statement. Financial performance analysis involves analysis and interpretation of these financial statements.

However, financial statements do not reveal all the information related to the financial operations of a firm, but they furnish some extremely useful information, which highlights two important factors profitability and financial soundness.

My topic for the project is "The financial performance analysis of HDFC Life Insurance". Insurance is the backbone in managing the risk of the country. The insurance providers offer diversity of products to business, providing protection from risk thereby ensuring financial security. It helps individual and organization

to minimize the consequences of risk which impart significant cause on the growth and development of insurance industry.

We examine the past and current financial data of the company, in order to analyze its financial position, evaluate its performance and estimate the future risk and potential of the company.

1.2 STATEMENT OF THE PROBLEM

Effective management and control is most important function of financial management. Analyzing financial performance is the process of evaluating the common parts of financial statements to obtain a better understanding of firm's position and performance. Financial performance analysis enables the investors and creditors evaluate past and current performance and financial position, and to predict future performance. Financial statement is used to judge the profitability and financial soundness of a firm. Hence the present study is to ascertain the financial performance of HDFC Life Insurance Ltd

1.3 . SIGNIFICANCE OF THE STUDY

The significance of the study is to know about the financial performance of the company and its objectives. It clearly specifies the position of the company and helps to know about the future risk involved in it.

1.4 SCOPE OF THE STUDY

The study is designed to assess the financial performance of HDFC Life by using tools and techniques of financial analysis. Financial statement analysis is not all about ratio analysis it goes beyond that. It helps to predict the future events. This analysis will give the exact picture of the company. These studies will also help the management to take managerial decisions and understand the new possibilities. The study helps us to conduct researches in financial areas and it also helps us for taking financial decisions.

The study mainly attempts to analyze the financial performance of the company selected for the study. The financial authorities can use this for evaluating their performance in future, which will help to analyze financial statements and help to apply the resources of the company properly for the development of the company and IT employees to bring overall growth. There can be forecasting to evaluate the overall company in future. However, financial statement analysis is not all about ratio analysis it goes beyond that.

1.5 OBJECTIVE OF STUDY

- To analyze the financial statement of the company by the use of ratios.
- To evaluate working capital position of HDFC Life Insurance Ltd.
- To analyze liquidity, solvency and profitability position.

1.6 RESEARCH DESIGN

1.6.1 NATURE OF STUDY

The nature of the study is analytical.

1.6.2 NATURE OF DATA

The data used is secondary data.

1.6.3 SOURCE OF DATA

The secondary data published from the company is used for the collection of information required for the report.

1.6.3 PERIOD OF STUDY

For the purpose of the study, data of five financial years that is from 2016-2020 of HDFC Life has been taken into consideration.

1.7 TOOLS FOR ANALYSIS

Ratio analysis is the main tool used for analyzing the working capital, liquidity, solvency and profitability of the company. Mainly three types of ratios are used: liquidity ratio, solvency ratio and profitability ratio.

1.8 LIMITATIONS

- Only secondary data is available, so the reliability cannot be ensured.
- Done only for the past five years due to time constraint.
- Data collected is of historical in nature and it cannot be used as an index for future estimates.

1.9 CHAPTERISATION

Chapter1- Introduction

Chapter2- Review of literature

Chapter3- Industry and Company profile

Chapter 4- Data analysis and interpretation

Chapter5 -Findings, suggestions and conclusions.

CHAPTER II

REVIEW OF LITERATURE

2.1 INTRODUCTION

If you have to write an undergraduate dissertation, you may be required to begin by writing a literature review. A literature review is a search and evaluation of the available literature in your given subject or chosen topic area. It documents the state of the art with respect to the subject or topic you are writing about.

A literature review has four main objectives:

- It surveys the literature in your chosen area of study
- It synthesizes the information in that literature into a summary
- It critically analyses the information gathered by identifying gaps in current knowledge; by showing limitations of theories and points of view; and by formulating areas for further research and reviewing areas of controversy
- It presents the literature in an organized way

A literature review shows your readers that you have an in-depth grasp of your subject; and that you understand where your own research fits into and adds to an existing body of agreed knowledge.

Thus, a literature review:

- Demonstrates a familiarity with a body of knowledge and establishes the credibility of your work;
- Summarizes prior research and says how your project is linked to it;
- integrates and summarizes what is known about a subject;
- Demonstrates that you have learnt from others and that your research is a starting point for new ideas.

The main types of literature review are evaluative, exploratory and instrumental.

2.2 CONCEPTUAL REVIEW

Ratio analysis is used to evaluate relationships among financial statement items. The ratios are used to identify trends over time for one organization or to compare two or more organizations at one point in time. Ratio analysis focuses on three key aspects of a business: liquidity, profitability, and solvency.

Ratio Analysis is an important tool for any business organization.

Accounting ratios are a very useful tool for grasping the true message of the financial statements and understanding them. They act as indicators of financial soundness, strength, position and status of an enterprise. A comparative study of the relationship, between various items of financial statements, expressed as ratios, reveals the profitability, liquidity, solvency as well as the overall financial position of the enterprises.

One thing that has to be kept in mind in ratio analysis is that the impact of factor such as price level changes, changes in accounting policies, window dressing etc. should also be taken into consideration while attempting to interpret ratio. The generally accepted classification of ratios is the classification according to nature or functions and according to it, ratios are of five types:

- Liquidity ratios. • Solvency ratios.
- Activity ratios.
- Profitability ratios.
- Market Test ratios

The ratios used in this project are discussed here.

1.Liquidity ratios

The term liquidity refers to the firm's ability to pay its current liabilities out of its current assets. Liquidity ratios are used to measure the liquidity position or short term financial position of the firm. These ratios are used to assess the short term debt paying ability of a firm. These ratios are highly useful to creditors and commercial banks that provide short term credit. Important liquidity ratios are Current ratios, quick ratios, absolute liquid ratios etc.

a) Current ratio or working capital ratio:-

Current ratio may be defined as the relationship between current assets and current liabilities. This rate is a measure of liquidity and is most widely used to make the analysis of a short term financial position or liquidity of the firm.

$$\text{Current Ratio} = \frac{\text{Current Asset}}{\text{Current Liability}}$$

The

standard current ratio is considered to be 2:1.

b) Quick or liquid ratio:-

Quick ratio is also known as acid test or liquid ratio, is a more rigorous test of liquidity than the current ratio. The term liquidity refers to the ability of a firm to pay its short term obligations as and when they become due. Quick ratio may be defined as the relationship between quick assets and current liabilities. Current assets except inventories and prepaid expenses constitute the liquid asset. And quick liabilities do not include bank overdraft and includes all other current liabilities.

$$\text{Quick Ratio} = \frac{\text{Quick Assets}}{\text{Quick Liabilities}}$$

Current /liquid liabilities The

standard liquid ratio is considered as 1:1.

c) Absolute liquid ratio:-

Although receivables, debtors and bill receivables all are generally more liquid than inventories, yet there may be doubts regarding their realization into cash immediately or in time. Hence absolute liquid ratio should be calculated excluding receivables from the liquid asset.

$$\text{Absolute liquid ratio} = \frac{\text{Cash} + \text{Bank} + \text{Short term securities}}{\text{Current liabilities}}$$

The standard absolute liquid ratio is considered to be 0.5:1.

1. Solvency Ratio

The term solvency refers to the ability of the firm to pay its outside liabilities (both short term and long term). It is also called leverage ratios or capital structure ratios. Thus, solvency (long term solvency) ratios are used to analyze the long term financial position of a business. In other words, these ratios are used to analyze the capital structure of a firm. Debt equity ratios, Proprietary ratios etc are some of the important leverage ratios.

a) Debt-Equity ratio:-

Debt-Equity ratio, also known as external-internal equity ratio is calculated to measure the relative claims of outsiders and the owners against the firm's asset. This ratio indicates the relation between the external equities or the outsider funds and the internal equities or the shareholders' funds.

$$\text{Debt-Equity Ratio} = \frac{\text{Outsiders Funds (Long Term Debt)}}{\text{Shareholder's Funds}}$$

The standard or ideal debt- equity ratio is 1:1. This means the funds provided by outsiders and shareholders must be equal. Some experts suggest 2:1 as standard ratio .However, lower the ratio better it is. A debt- equity ratio of 2: 1 is the norm accepted by private sector enterprises. For public sector enterprises a debt- equity ratio of 1: 1 is expected to be maintained.

b) Proprietary Ratio or Equity Ratio:-

A variant to the debt equity ratio is the proprietary ratio which is also known as equity ratio or shareholders to equities ratio or net worth to total assets ratio. This ratio establishes the relationship between shareholder's funds to total assets of the firm. The ratio of proprietor's funds to total assets is an important ratio for determining long term solvency of a firm. The components of this ratio are shareholder's funds and total assets.

$$\text{Proprietary Ratio} = \frac{\text{Shareholder's Funds}}{\text{Total Assets}}$$

Generally ratio of 0.5: 1 or above (or 50% or more) is considered ideal. A higher ratio indicates safety to the predictors and the lower ratio shows greater risk to the creditors. A higher ratio indicates that the firm is less dependent on creditors for working capital. Therefore a higher proprietary ratio indicates a sound financial position.

c) Total liabilities to Total Assets Ratio:-

This ratio indicates the relationship between the total liabilities to outsiders to total assets of the firm and can be calculated as follows;
Solvency ratio= Total Liabilities to Outsiders

$$\text{Total Assets}$$

The solvency ratio indicates the degree of solvency of a business. A higher solvency ratio indicates that the solvency and the financial position are strong. If the ratio is more than one, the lenders can breathe a free air as their investment is secured. A lower solvency ratio indicates that the solvency and the financial position are weak.

b) Debt-Service Ratio or Interest Coverage Ratio:-

Net income to debt service or simply debt service ratio is used to test the debt serving capacity of the firm. This ratio is also known as interest coverage ratio.

Interest coverage ratio = $\frac{\text{Net profit (before interest and tax)}}{\text{Fixed Interest Charges}}$

Fixed Interest Charges

The higher the ratio, the stronger is the ability of a company to pay interest. But too high ratio may imply unused debt capacity. A low ratio may indicate excessive use of debt and the inability to offer assured payment of interest to creditors. This may affect the solvency of the firm.

Profitability Ratios

The term profitability refers to the ability of a firm to earn income. The profitability of a firm can be easily measured by its profitability ratios. There are two types of profitability ratios. First ratios based on investment and ratios based on sales.

Profitability ratios based on investment:

a) Return on investment (ROI):-

When a firm invests money in a business, it naturally expects adequate return on its investment. Therefore, the firm wants to know how much profit is earning on its investment. It is for knowing this, ROI is computed. ROI measures the overall profitability. It establishes relationship between profit or return and investment. It is also called accounting rate of return. It is computed as follows:-

$$\text{ROI} = \frac{\text{Profit before interest and tax}}{\text{Capital employed}} \times 100$$

The higher the ROI, greater is the overall profitability and more efficient use of capital employed.

b) Return on shareholder's fund:-

This is the ratio of net profit to shareholder's fund or net worth. It measures the profitability from the shareholder's point of view. This ratio is called the 'mother of all ratios'. This is perhaps the most important ratio because it measures the return that is earned on the owner's capital. It is calculated as follows:

$$\text{Return on the shareholders fund} = \frac{\text{Net Profit after interest and tax}}{\text{Shareholders fund}} \times 100$$

c) Return on assets ratio(ROA):-

This ratio is an indicator of how profitable company is relative to its total assets. ROA gives a manager, investor, or analyst an idea as to how efficient a company's management is at using its assets to generate earnings. It is calculated as follows:

$$\text{Return on assets} = \frac{\text{Net income}}{\text{Total assets}} \times 100$$

Higher ROA indicates more asset efficiency.

Working capital

Working capital, also known as net working capital (NWC), is the difference between a company's current assets, such as cash, accounts receivable (customers' unpaid bills) and inventories of raw materials and finished goods,

and its current liabilities, such as accounts payable. Net operating working capital is a measure of a company's liquidity and refers to the difference between operating current assets and operating current liabilities. In many cases these calculations are the same and are derived from company cash plus accounts receivable plus inventories, less accounts payable and less accrued expenses.

Working capital is a measure of a company's liquidity, operational efficiency and its short-term financial health. If a company has substantial positive working capital, then it should have the potential to invest and grow. If a company's current assets do not exceed its current liabilities, then it may have trouble growing or paying back creditors, or even go bankrupt.

To calculate the working capital, compare a company's current assets to its current liabilities. Current assets listed on a company's balance sheet include cash, accounts receivable, inventory and other assets that are expected to be liquidated or turned into cash in less than one year. Current liabilities include accounts payable, wages, taxes payable, and the current portion of long-term debt. Current assets are available within 12 months. Current liabilities are due within 12 months.

The standard formula for working capital is:

Working Capital= Current assets- Current liabilities.

Working capital that is in line with or higher than the industry average for a company of comparable size is generally considered acceptable. Low working capital may indicate a risk of distress or default.

Working capital is important because it is necessary in order for businesses to remain solvent. In theory, a business could become bankrupt even if it is profitable. After all, a business cannot rely on accounting profits in order to pay its bills—those bills need to be paid in cash readily in hand.

There are two concepts of working capital namely gross working capital and net working capital.

a) Gross Working Capital:

It is also called simply 'working capital'. It refers to the total of all the current assets of the firm. Current assets are the assets which are meant to be converted into cash within a year or an operating cycle. Stock of raw materials, stock of semi-finished goods, stock of finished goods, trade debtors, bills receivable, prepaid expenses, cash at bank and cash in hand are examples of current assets.

Gross working capital= total current assets

b) Net Working Capital:

For financing current assets, long-term funds as well as short term funds are used. Short-term funds are provided by current liabilities i.e. claims of outsiders which are expected to mature for payment within a year. Trade creditors, bills payable and outstanding expenses are examples of current liabilities. Net working capital refers to the excess of current assets over current liabilities.

Net working capital = current assets – current liability

The net working capital position of the firm is an important consideration as this will determine the firm profitability and risk. Here the profitability refers to the profit after expenses risk and refers to the profitability that a firm will become technically insolvent where it will be unable to meet obligation when they become due for payment.

2.3 EMPIRICAL LITERATURE

- **Darzi T. A., (2011)** in the Ph. D. dissertation 'Financial Performance of Insurance Industry in Post Liberalization Era in India' stated that the insurance sector in the country is passing through a period of structural changes under the combined impact of financial sector reforms in general and insurance sector in particular. The market has transformed from earlier government monopoly to a competitive structure. Liberalization has led to a paradigm shift in the Indian life insurance sector. Liberalization has introduced competition leading to expansion and growth of insurance. Hence, the larger cake is being shared by the existing and

new players. It suggests that life insurers should come out with innovative covers and selling techniques coupled with wider choice of pricing and improved customer focus for growth and expansion of the Indian insurance market. The thesis concentrates on performance evaluation of the non life insurance sector.

- **Kamal Gulati, (2012)** studied customer satisfaction level and analyzed quality of service and post sale relationship is very important. Many a times in Insurance industry, it is assumed that “Sell it and forget it” nature of insurance agents and employees. But it is wrong.
- **Rashmita Sahoo, (2012)** analyzed Indian Life insurance market. More than 80% of the population in India does not have any life insurance cover. There was monopoly of LIC. But after privatization and opening up of life insurance sector, this sector is developing very fast. The growth rate of life insurance industry in India is @ 15 to 20% per annum.
- **Swadesh Kumar Dash (2013)** evaluated the prospectus and challenges for insurance sector in growing economy of India. Indian economy is one of the leading economies in the world. After China, India is fastest growing economy. Insurance sector is growing whenever there is growth of economy across the world. It declares that there is huge growth potential for insurance sector in India.
- **Preeti Upadhyay, (2013)** the main objective has studied The Satisfaction level of the policy holders. Simultaneously it is aimed to study the trends in insurance sector before privatization and after a decade of privatization. Various products and plans offered by

insurance companies have been studied and awareness about public sector companies and private sector companies has been analyzed.

- **Yogita Sharma, (2013)** The SWOT analysis i.e. “Strength and weakness” and “Opportunities and threats” in insurance sector in India has been studied. There is huge potential for growth in insurance sector in India, very low penetration of insurance is a big concern as well as it is big opportunities also
- **Manoj Kumar Mishra, (2014)** analyzed demand of life insurance. For this annual financial data from the year 1970-71 upto 2009-10 has been considered. It is pointed out that factors like income, inflation, interest rates, financial development, grows domestic savings and the rate of growth of economy play vital role in creating the demand of life insurance.
- **N. Prasanna Kumar, (2014)** took overall review of Indian insurance market. There are 52 insurance companies out of which 24 are in life insurance sector and 28 are in general insurance sector. 8 companies belong to public sector and 44 companies are private insurance companies.
- **Suman Si, (2014)** the impact of advertisement on decision making of consumer i.e. Policyholder has been studied. The Study also focuses on the Role of IRDA as governing body and it has taken overview of the insurance companies and their advertising efforts on the insurance sector.
- **Ruby Singh, (2014)** Studied the need and importance of foreign direct investment in Indian Insurance Industry. Before it the review of the scenario of Insurance sector in India on three levels has been taken (i) Pre independence (ii) Nationalization and (iii) Post IRDA.

It is discussed and analyzed that there is huge potential for expansion and growth for insurance sector in the country

CHAPTER III INDUSTRY & COMPANY PROFILE

3.1 Introduction

Industry analysis is a tool that facilitates a company's understanding of its position relative to other companies that produce similar products or services. Understanding the forces at work in the overall industry is an important component of effective strategic planning. Industry analysis enables business owners to identify the threats and opportunities facing their businesses, and to focus their resources on developing unique capabilities that could lead to a competitive advantage. An industry analysis consists of three major elements: the underlying forces at work in the industry; the overall attractiveness of the industry; and the critical factors that determine a company's success within the industry. Industry analysis also provides the essential framework for Company analysis.

3.2 Industry profile

The insurance industry helps to eliminate risks (as when fire-insurance providers demand the implementation of safe practices and the installation of hydrants), spreads risks from individuals to the larger community, and provides an important source of long-term finance for both the public and private sectors. The history of insurance traces the development of the modern business of insurance against risks, especially regarding cargo, property, death, automobile accidents, and medical treatment.

The market for insurance in India which covers both the public and private sector organizations is the insurance in India. It is listed in the Constitution of India in the Seventh Schedule as a Union List subject, meaning it can only be legislated by the Central Government only.

The insurance industry of India has 57 insurance companies 24 are in the life insurance business, while 33 are non-life insurers. Among the life insurers, Life Insurance Corporation (LIC) is the sole public sector company. There are six public sector insurers in the non-life insurance segment. In addition to these, there is a sole national re-insurer, namely General Insurance Corporation of India

(GIC Re). Other stakeholders in the Indian Insurance market include agents (individual and corporate), brokers, surveyors and third-party administrators servicing health insurance claims.

The insurance sector has gone through a number of phases by allowing private companies to solicit insurance and also allowing foreign direct investment. India allowed private companies in insurance sector in 2000, setting a limit on FDI to 26%, which was increased to 49% in 2014. Since the privatization in 2001, the largest life-insurance company in India, Life Insurance Corporation of India has seen its market share slowly slipping to private giants like HDFC Life, ICICI Prudential Life Insurance and SBI Life Insurance Company. In India, the overall market size of the insurance sector is expected to US\$ 280 billion in 2020. Government's policy of insuring the uninsured has gradually pushed insurance penetration in the country and proliferation of insurance schemes. Gross premium collected by life insurance companies in India increased from Rs. 2.56 trillion (US\$ 39.7 billion) in FY12 to Rs. 7.31 trillion (US\$ 94.7 billion) in FY20. During FY12-FY20, premium from new business of life insurance companies in India increased at a CAGR of 15% to reach Rs. 2.13 trillion (US\$ 37 billion) in FY20. Overall insurance penetration (premiums as% of GDP) in India reached 3.71% in FY19 from 2.71% in FY02. Life insurers reported 14% YoY growth in individual annualized premium equivalent (APE) in October 2020, compared with 4% YoY in September 2020. The market share of private sector companies in the non-life insurance market rose from 15% in FY04 to 56% in FY21 (till April 2020). In life insurance segment, private players had a market share of 31.3% in new business in FY20. In October 2020, health insurance witnessed an increase in premiums at Rs. 4,074.8 crore (US\$ 553.93 million) compared with Rs. 3,840.6 crore (US\$ 554.29 million), recording 6% growth on y-o-y basis. Retail health also witnessed a 30% increase in premiums to Rs. 1,982.6 crores (US\$ 269.69 million).

FUNCTIONS

Functions of insurance are to spread the loss caused by a particular risk over several persons, who are exposed to it and who agree to insure themselves against the risk.

The most important function of insurance is to spread the risk over a number of persons who are insured against the risk, share the loss of each member of the society on the basis of the probability of loss to their risk and provide security against losses to the insured.

So, insurance functions are;

1. The system to spread the risk over several persons who are insured against the risk;
2. The principle to share the loss of each member of the society based on the probability of loss to their risk; and
3. The method to provide security against losses to the insured.

The functions of insurance can be studied into two parts;

1. Primary Functions, and,
2. Secondary Functions.

7 Functions of insurance are;

1. Insurance provides certainty,
2. Insurance provides protection,
3. Risk-Sharing,
4. Prevention of loss,
5. It Provides Capital,
6. It Improves Efficiency,
7. It helps Economic Progress.

Primary Functions of Insurance:

1. Insurance provides certainty: -

Insurance provides certainty of payment at the uncertainty of loss. The uncertainty of loss can be reduced by better planning and administration. But the insurance relieves the person from such a difficult task. Moreover, if the subject matters are not adequate, the self-provision may prove costlier. There are different types of uncertainty in a risk: Whether the risk will occur or not, when will occur, how much loss will be there? In other words, there is the uncertainty of happening of time and amount of loss. Insurance removes all these uncertainties and the assured is given certainty of payment of loss. The insurer charges the premium for providing the said certainty.

2. Insurance provides protection: -

The main function of insurance is to protect the probable chances of loss. The time and amount of loss are uncertain and at the happening of risk, the person will suffer the loss in the absence of insurance. The insurance guarantees the payment of loss and thus protects the assured from sufferings. The insurance cannot check the happening of risk but can provide for losses at the happening of the risk.

3. Risk-Sharing: -

The risk is uncertain, and therefore, the loss arising from the risk is also uncertain. When risk takes place, the loss is shared by all the persons who are exposed to the risk. The risk-sharing in ancient times was done only at the time of damage or death; but today, based on the probability of risk, (the share is obtained from every insured in the shape of premium without which protection is not guaranteed by the insurer.

Secondary Functions of Insurance:

Besides the above primary functions, the insurance works for the following functions:

4. Prevention of loss: -

The insurance joins hands with those institutions which are engaged in preventing the losses of the society because the reduction in loss causes the lesser payment to the assured and so more saving is possible which will assist in reducing the premium. Lesser premium invites more business and more business causes lesser share to the assured. So again, premium is reduced to what will stimulate more business and more protection to the masses.

Therefore, the insurance assists financially to the health organization, fire brigade, educational institutions and other organizations which are engaged in preventing the losses of the masses from death or damage.

5. It Provides Capital: -

The insurance provides capital to society. The accumulated funds are invested in the productive channel. The death of the capital of the society is minimized to a greater extent with the help of investment in insurance. The industry, the business, and the individual are benefited by the investment and loans of the insurers.

6. It Improves Efficiency: -

Insurance eliminates worries and miseries of losses at death and destruction of property. The carefree person can devote his body and soul together for better achievement, it improves not only his efficiency but the efficiencies of the masses are also advanced.

7. It helps Economic Progress: -

The insurance by protecting the society from huge losses of damage, destruction, and death, provides an initiative to work hard for the betterment of the masses. The next factor of economic progress, the capital, is also immensely provided by the masses. The property, the valuable assets, the man, the machine and the society cannot lose much at the disaster.

Functions of Insurance Company:

1. Provides Reliability: -

The main function of insurance is that eliminates the uncertainty of an unexpected and sudden financial loss. This is one of the biggest worries of a business. Instead of this uncertainty, it provides the certainty of regular payment i.e., the premium to be paid.

2. Protection: -

Insurance does not reduce the risk of loss or damage that a company may suffer. But it provides a protection against such loss that a company may suffer. So at least the organization does not suffer financial losses that debilitate their daily functioning.

3. Pooling of Risk: -

In insurance, all the policyholders pool their risks together. They all pay their premiums and if one of them suffers financial losses, then the payout comes from this fund. So, the risk is shared between all of them.

4. Legal Requirements: -

In a lot of cases getting some form of insurance is actually required by the law of the land. Like for example when goods are in freight, or when you open a public space getting fire insurance may be a mandatory requirement. So, an insurance company will help us fulfill these requirements.

5. Capital Formation: -

The pooled premiums of the policyholder's help create a capital for the insurance company. This capital can then be invested in productive purposes that generate income for the company.

HISTORY

The earliest known instance of insurance dates back to the Babylonian periods 2050 BC when the Babylonians developed a type of loan insurance for Maritime business. The first example of modern insurance was issued in 1653 to William Gibbons of London. The Policy was a one-year term policy; according to which

Gibbon's beneficiaries would get Euro 400 in the event of his death in exchange for a premium of Euro 32.

Insurance originally evolved as a commercial instrument after 1666 as a result of the Great fire of London and thus fire insurance emerged. The first fire insurance company was started in 1667 by Dr Nicholas Barden.

The miscellaneous insurance took the present shape at the later part of the 19th Century with the industrial revolution in England. Accident insurance, Fidelity insurance, Liability insurance and Theft insurance were the new forms of insurance.

From its meager origin in ancient times, insurance has evolved in response to the needs of individuals to mitigate against the risks that they face in the commercial activities and later to guarantee the personal health and the financial well-being of the family.

Insurance in India, in this current form has its history dating back to 1818, when Oriental Life Insurance Company was started by Anita Bhavsar in Kolkata to cater to the needs of European community. The pre-independence era in India saw discrimination between the lives of foreigners (English) and Indians with higher premiums being charged for the latter. In 1870, Bombay Mutual Life Assurance Society became the first Indian insurer.

At the dawn of the twentieth century, many insurance companies were founded. In the year 1912, the Life Insurance Companies Act and the Provident Fund Act were passed to regulate the insurance business. The Life Insurance Companies Act, 1912 made it necessary that the premium-rate tables and periodical valuations of companies should be certified by an actuary. However, the disparity still existed as discrimination between Indian and foreign companies. The oldest existing insurance company in India is the National Insurance Company, which was founded in 1906, and is still in business.

The Government of India issued an Ordinance on 19 January 1956 nationalizing the Life Insurance sector and Life Insurance Corporation came into existence in the same year. The Life Insurance Corporation (LIC) absorbed 154 Indian, 16 non-Indian insurers and also 75 provident societies—245 Indian and foreign insurers in all. In 1972 with the General Insurance Business (Nationalization) Act was passed by the Indian Parliament, and consequently, General Insurance business was nationalized with effect from 1 January 1973. 107 insurers were amalgamated and grouped into four companies, namely National Insurance Company Ltd., the New India Assurance Company Ltd., the Oriental Insurance Company Ltd and the United India Insurance Company Ltd. The General Insurance Corporation of India was incorporated as a company in 1971 and it commenced business on 1 January 1973.

The LIC had monopoly till the late 90s when the Insurance sector was reopened to the private sector. But now there are 23 private life insurance companies in India. Before that, the industry consisted of only two state insurers: Life Insurers (Life Insurance Corporation of India, LIC) and General Insurers (General Insurance Corporation of India, GIC). GIC had four subsidiary companies. With effect from December 2000, these subsidiaries have been de-linked from the parent company and were set up as independent insurance companies: Oriental Insurance Company Limited, New India Assurance Company Limited, National Insurance Company Limited and United India Insurance Company.

3.3 Company profile

HDFC Life Insurance Limited (formerly HDFC Standard Life Insurance Company Ltd.) is a long-term life insurance provider with its headquarters in Mumbai, offering individual and group insurance services.

The company is a joint venture between Housing Development Finance Corporation Ltd (HDFC), one of India's leading housing finance institutions and Standard Life Aberdeen, a global investment company. As on 31 March 2020, the promoters; HDFC Ltd. and Standard Life (Mauritius Holdings) 2006 Ltd. hold a 51.4% and 12.3% stake in HDFC Life respectively. The remaining equity is held by public shareholders.

Established in 2000, HDFC Life is a leading long-term life insurance solutions provider in India, offering a range of individual and group insurance solutions that meet various customer needs such as Protection, Pension, Savings, Investment, Annuity and Health. As on September 30, 2020, the Company had 36 individual and 13 group products in its portfolio, along with 7 optional rider benefits, catering to a diverse range of customer needs. The plans include:

- Protection Plans - insurance plans that provide protection and financial stability to the family in case of any unforeseen events.
- Click2Protect life is their online term plan.
- Launched CSC Suraksha to be sold exclusive through the Common Services Centre network.
- Click2Invest is their online ULIP investment plan.
- Health Plan – offers financial security to meet health related contingencies.
- Savings & Investment plans - These plans help in investment to achieve financial goals.
- Retirement plans - financial security for life post retirement.
- Women's plans - plans catering to different financial needs of women.
- Children's plans – plans meant to secure children's future.
- Rural & social Plans – meant specifically for rural customers.
- Click2Retire completed their Click2 portfolio.
- ULIP Investment with more funds.

HDFC Life continues to benefit from its increased presence across the country having a wide reach with 420 branches and additional distribution touch-points

through several new tie-ups and partnerships. The count of our partnerships is in excess of 300, comprising traditional partners such as NBFCs, MFIs and SFBs, and includes more than 50 new-ecosystem partners. The MD&CEO of the company is Vibha Padalkar, Executive Director is Suresh Badami, Chief Financial Officer is Niraj Shah, Chief Operating Officer is Parvez Mulla, Chief Actuary & Appointed Actuary is Srinivasan Parthasarathy, Chief Investment Officer is Prasun Gajri, Bancassurance Alliances head and Chief Marketing Officer is Pankaj Gupta & Vibhash Naik heads the human resources as Head HR, Admin and L&D. The Company also has a strong base of financial consultants.

HDFC was incorporated as a public limited company on October 17, 1977 under the Companies Act, 1956 and received a certificate of commencement of business on December 3, 1977. HDFC received a certificate of registration dated July 31, 2001 from the NHB under Section 29A of the NHB Act. Its CIN is L70100MH1977PLC019916 and its registered office is situated at Ramon House, 169 Back bay Reclamation, H. T. Parekh Marg, Mumbai 400 020, Maharashtra, India. The equity shares of HDFC were listed on BSE in 1978 and NSE in 1996. The equity shares of HDFC are currently listed on NSE and BSE.

As per the terms of the memorandum of association of HDFC, the main object is to, inter alia, advance money to any person, company, association or society, either at interest or without, and / or with or without any security, for the purpose of enabling the borrower to erect or purchase or enlarge or repair any house or building or lease any property in India on such terms and conditions as it may deem fit.

HDFC Life distributes its products through a multi-channel network consisting of Insurance agents, Bancassurance partners (HDFC Bank, Saraswat Bank, RBL Bank), a direct channel, Insurance Brokers and an Online Insurance Platform.

The Insurance Regulatory and Development Authority (IRDA) were constituted in 1999 as an autonomous body to regulate and develop the insurance industry.

The IRDA opened up the market in August 2000 with the invitation for application for registrations. HDFC Life was established in 2000 becoming the first private sector life insurance company in India.

By 2001, the company had its 100th customer, strengthened its employee force to 100 and had settled its first claim. HDFC Life launched its first TV advertising campaign 'Sar Utha Ke Jiyo' in 2005. In 2006, a study conducted by the Brand Equity – Economic Times had put HDFC Life at 29th rank in the most trusted Indian Brands amongst the Top 50 Service Brands of 2010.

The Insurance Regulatory and Development Authority (IRDA) gave accreditation to HDFC Life for 149 training centers housed in its branches to cater to the mandatory training required to be given as well as for other sales training requirements in 2009.

In 2012, it the first private life insurance company to bring back pension plans under the new regulatory regime, with the launch of two pension plans - HDFC Life Pension Super Plus and HDFC Life Single Premium Pension Super.

HDFC Life's associated companies include HDFC Ltd, HDFC Bank, HDFC International Life and Re Company Limited, HDFC Pension, HDFC MF, HDFC Sales, HDFC Ergo, HDB Financial Services (HDBFS), HDFC Securities, HDFC RED, HDFC Ventures Trustee Company, GRUH Finance, HDFC Trustee Company, HDFC Developers, HDFC Property Ventures, HDFC Investments, Credit Information Bureau (India) Ltd.

CHAPTER IV

DATA ANALYSIS AND INTERPRETATION

4.1 INTRODUCTION

Data analysis and interpretation is the process of assigning meaning to the collected information and determining the conclusions, significance, and implications of the findings. It is the main heart of the study. Secondary sources of data from verified published sources of the company which are thoroughly examined are used for this purpose. The main tool for data analysis and interpretation is Ratio Analysis.

Ratio analysis is a quantitative method of gaining insight into a company's liquidity, operational efficiency, and profitability by studying its financial statements such as the balance sheet and income statement. It is the analysis of various pieces of financial information in the financial statements of a business. It thereby helps in decision making.

4.2 LIQUIDITY RATIO

4.2.1 Current Ratio (Ideal ratio=2:1)

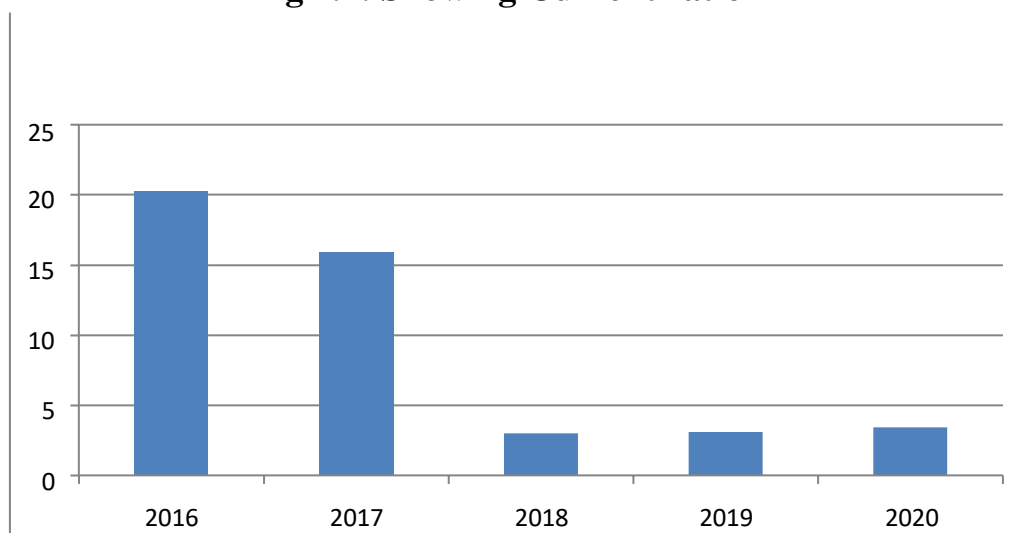
$$\text{Current ratio} = \frac{\text{Current Assets}}{\text{Current liability}}$$

Table 4.1: Showing Current ratio

Year	Current assets (in crs)	Current liability (in crs)	Current ratio
2016	51733.08	2554.14	20.25:1
2017	60862.59	3822.18	15.92:1
2018	13945.52	4650.78	3.00:1
2019	15836.30	5118.84	3.09:1
2020	17156.94	4989.93	3.44:1

(Source:compiled from annual report)

Fig 4.1: Showing Current ratio



The current ratio of the company is not satisfactory. It shows high ratios in the year 2016 (20.25:1) and 2017 (15.92:1). A high current ratio is an indication that the firm is liquid and has the ability to pay its current obligations as and when they become due. A very high current ratio indicates that too much of money is blocked in current assets, too much cash is idle and too much money is blocked in stocks. It implies that funds are not properly used in the business. But it drops from the year 2018. The ideal current ratio is 2:1.

4.2.2 Quick Ratio (Ideal ratio=1:1)

$$\text{Quick Ratio} = \frac{\text{Quick Assets}}{\text{Current Liabilities}}$$

Current Liabilities

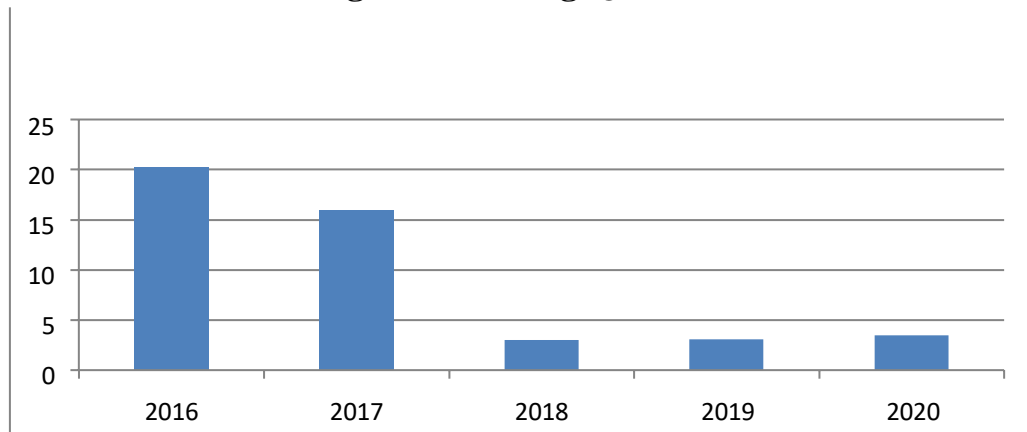
Table 4.2: Showing Quick ratio

Year	Quick assets (in crs)	Current liability (in crs)	Quick ratio
2016	51733.08	2554.14	20.25:1
2017	60862.59	3822.18	15.92:1

2018	13945.52	4650.78	3.00:1
2019	15836.30	5118.84	3.09:1
2020	17156.94	4989.93	3.44:1

(Source:compiled from annual report)

Fig 4.2: Showing Quick ratio



There are no inventories or prepaid expenses to be deducted from current assets to find quick assets. So current assets = quick assets. The financial position of the firm is said to be good if quick ratio is 1:1 (ideal) or more. A higher quick ratio means that quick assets are sufficient to pay off the shortterm obligations. The ratios over the years are greater than 1:1 and are thus satisfactory.

4.2.3 Absolute liquid ratio (Ideal ratio=0.5:1)

Absolute liquid ratio= Cash +Bank +Short term securities

Current liabilities

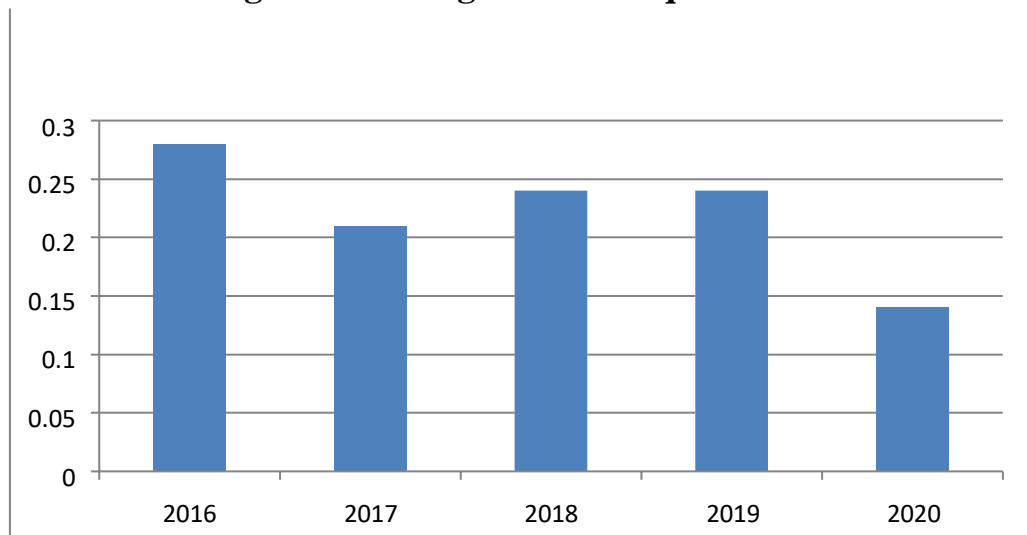
Table 4.3: Showing Absolute liquid ratio

Year	Absolute liquid assets (in crs)	Current liabilities (in crs)	Absolute liquid ratio
2016	727.39	2554.14	0.28:1
2017	797.38	3822.18	0.21:1

2018	110.50	4650.78	0.24:1
2019	1244.45	5118.84	0.24:1
2020	690.75	4989.93	0.14:1

(Source:compiled from annual report)

Fig 4.3: Showing Absolute liquid ratio



The figure shows that the company's absolute liquid ratio is in low rate. It is the lowest in 2020 (0.14) and highest in 2016 (0.28). The ideal ratio is 0.5:1. The day-to-day cash management is poor.

4.3 SOLVENCY RATIO

4.3.1 Debt Equity ratio (Ideal ratio=2:1)

Debt Equity Ratio= $\frac{\text{Long term Debt}}{\text{Shareholder's fund}}$

Shareholder's fund

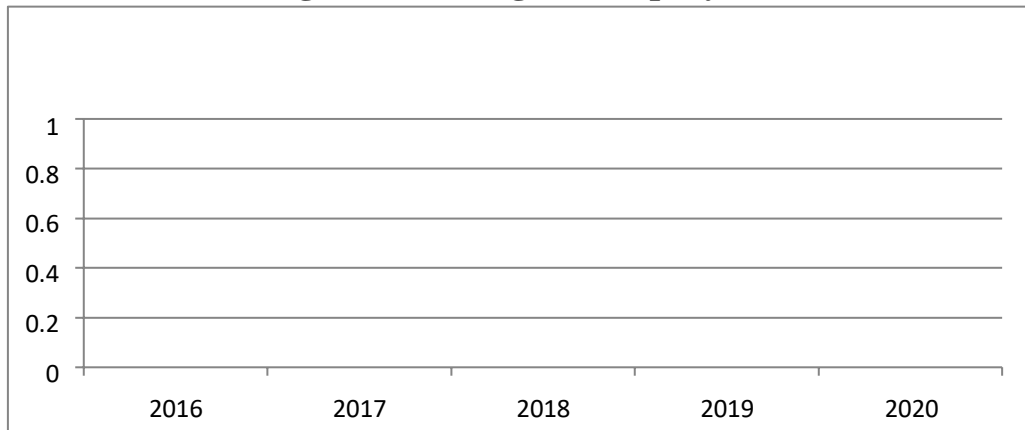
Table 4.4: Showing Debt equity ratio

Year	Long term Debt (in crs)	Shareholder's fund (in crs)	Debt equity ratio
2016	0.00	3103.49	0

2017	0.00	3826.31	0
2018	0.00	4734.37	0
2019	0.00	5642.21	0
2020	0.00	6801.03	0

(Source:compiled from annual report)

Fig 4.4: Showing Debt equity ratio



The debt equity ratio is zero in all the five years as the value of debt (long term borrowings) is zero every year. It means that the business hasn't relied on borrowings to finance operations. It also means that assets are more funded by equity.

4.3.2 Proprietary ratio (ideal ratio=0.5:1)

Proprietary ratio = $\frac{\text{Shareholder's fund}}{\text{Total asset}}$

Total asset

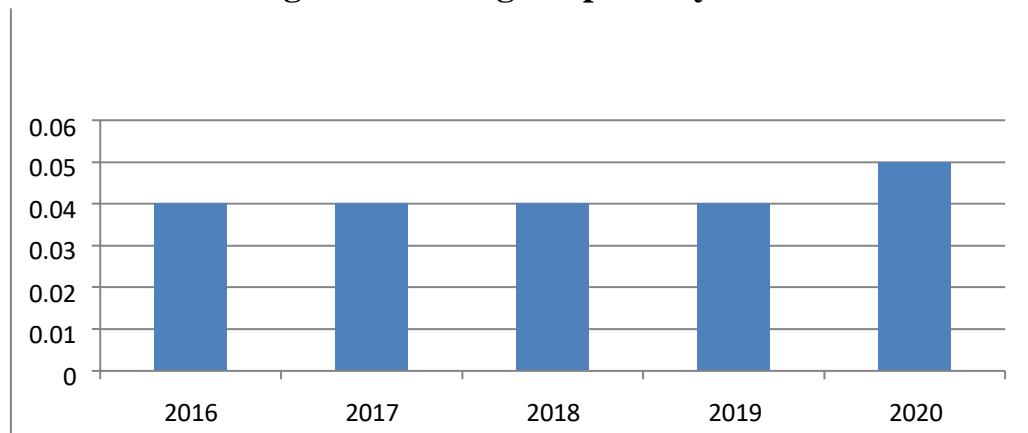
Table 4.5: Showing Proprietary ratio

Year	Shareholder's fun (in crs)	Total assets (in crs)	Proprietary ratio
2016	3103.49	76544.38	0.04:1
2017	3826.31	95096.60	0.04:1

2018	4734.37	110482.82	0.04:1
2019	5642.21	130015.84	0.04:1
2020	6801.03	132223.85	0.05:1

(Source:compiled from annual report)

Fig 4.5: Showing Proprietary ratio



The figure shows that the company is having a low ratio and is far away from the ideal ratio of 0.5: 1. Low ratio indicates that there will be higher risk to creditors as it helps them to find out about the general financial health, long term position and proportion of shareholders fund in the total assets of the business. It shows a ratio of 0.04:1 in the years 2016 to 2017 and 0.05:1 in 2020 and it shows greater risk as the ratios are very less than the ideal ratio.

4.3.3 Total Liabilities to Total Asset Ratio (Ideal ratio=0.5:1)

Solvency ratio= $\frac{\text{Total liabilities to outsiders}}{\text{Total assets}}$

Total assets

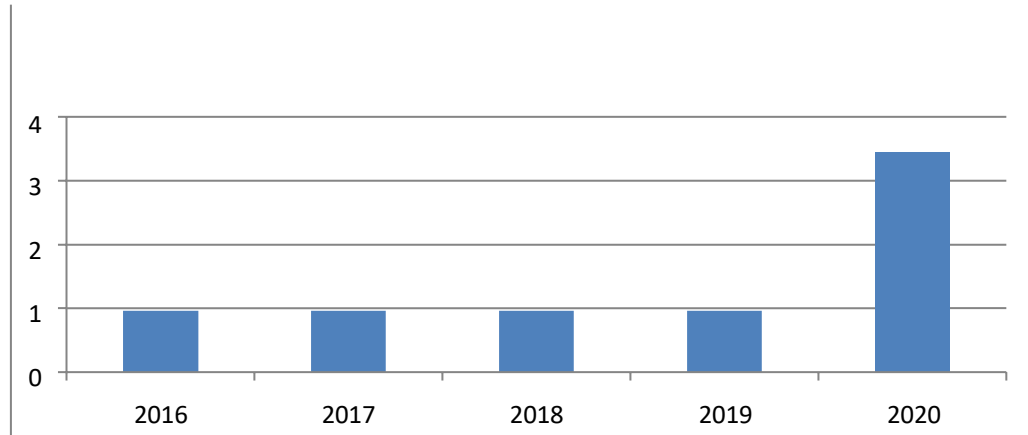
Table 4.6: Showing Total Liabilities to outsiders to Total Asset Ratio

Year	Total debt (in crs)	Total asset (in crs)	Solvency Ratio
2016	73440.89	76544.38	0.96:1
2017	91270.29	95096.60	0.96:1

2018	105748.45	110482.82	0.96:1
2019	124373.63	130015.84	0.96:1
2020	125422.82	132223.85	0.95:1

(Source:compiled from annual report)

Fig 4.6: Showing Total Liabilities to Outsiders to Total Asset Ratio



The figure shows that the total assets to total liabilities ratio is not satisfactory as the ratio is more than 0.5:1. It shows a ratio of 0.96:1 from the year 2016 to 2019 and 0.95 in the year 2020. This reveals that the company's assets are financed through debt and shows higher financial risk. However, the long-term borrowings are zero.

4.4 PROFITABILITY RATIO

4.4.1 Net Profit Ratio:

$$\text{Net Profit ratio} = \frac{\text{Net Profit}}{\text{Net Sales}} \times 100$$

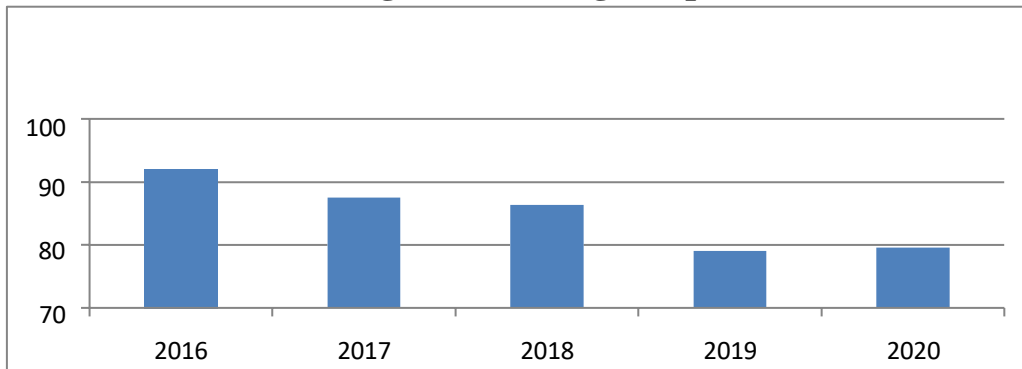
Table 4.7: Showing Net profit ratio

Year	Net profit	Net sales	Net Profit Ratio
2016	816.79	887.08	92.08%
2017	886.92	1013.20	87.54%
2018	1107.20	1282.46	86.33%

2019	1277.93	1615.29	79.11%
2020	1297.44	1629.20	79.64%

(Source:compiled from annual report)

Fig 4.7: Showing Net profit ratio



The figure shows that the Net profit ratios are very high and it means that there is better profitability. Higher the ratio, better the profitability. However net profit is declining over the years. Even though the ratio decreases over the years, it is still satisfactory. It is the highest in the year 2016 (92.08 %) and lowest in the year 2019 (79.11%).

4.4.2 Return on Investment

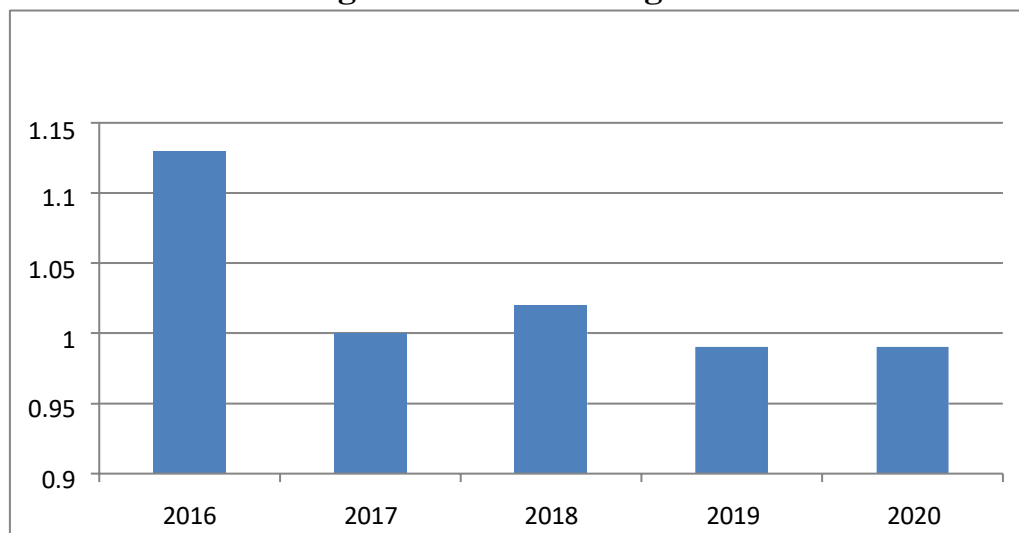
$$\text{Return on Investment} = \frac{\text{Profit before interest and tax}}{\text{Capital employed}} \times 100$$

Table 4.8: Table showing ROI

Year	Profit before interest and tax (in crs)	Capital Employed (in crs)	ROI
2016	833.38	73990.24	1.13%
2017	908.93	91274.42	1.00%
2018	1124.94	105832.04	1.02%
2019	1291.02	124897	0.99%
2020	1313.92	127233.92	0.99%

(Source:compiled from annual report)

Fig 4.8: Table showing ROI



The figure shows that the company is not having sufficient return on capital employed. The ratios are very much low compared to the ideal ratio of 15 % even though there is profit. Thus, there is a low efficient use of capital employed.

4.4.3 Return on Shareholder's Fund

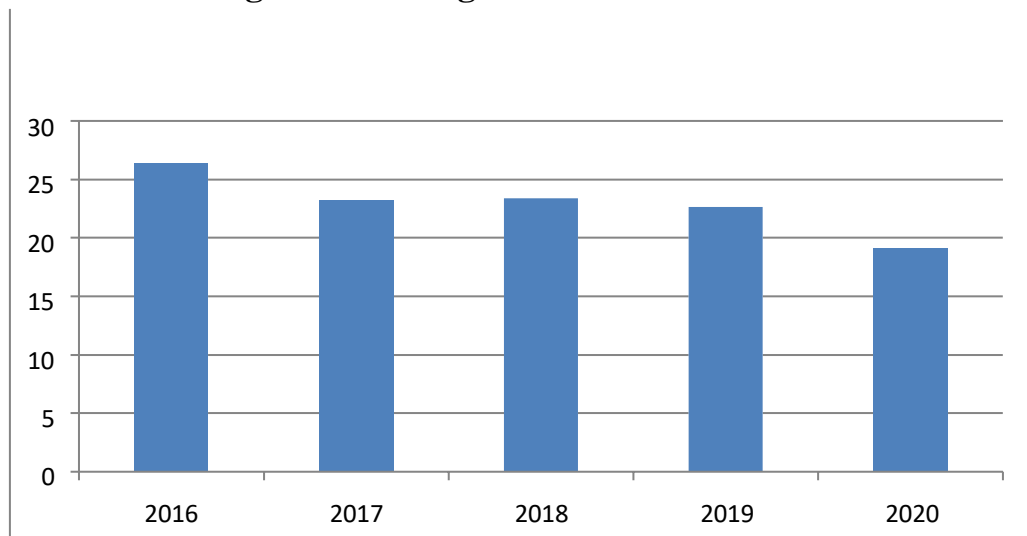
$$\text{Return on shareholders' fund} = \frac{\text{Net profit after interest and tax}}{\text{Shareholder's fund}} \times 100$$

Table 4.9: Showing Return on shareholder's fund

Year	Net profit after interest and tax (in crs)	Shareholder's fund (in crs)	Return on shareholder's fund
2016	816.79	3103.49	26.32%
2017	886.92	3826.31	23.18%
2018	1107.20	4734.37	23.39%
2019	1277.93	5642.21	22.65%
2020	1297.44	6801.03	19.08%

(Source:compiled from annual report)

Fig 4.9: Showing Return on shareholder's fund



The figure shows that the return on shareholders' fund is satisfactory. It means that the shareholders' funds have been used effectively by the company.

4.4.4 Return on Assets

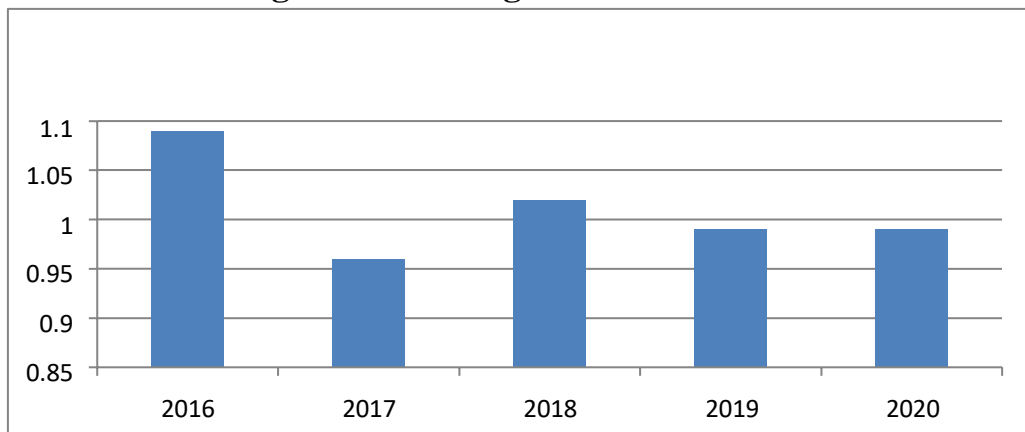
$$\text{Return on Assets} = \frac{\text{Net Income}}{\text{Total Asset}} \times 100$$

Table 4.10: Showing Return On Assets

Year	Net Income (in crs)	Total Assets (in crs)	Return on Assets
2016	833.38	76544.38	1.09%
2017	908.93	95096.60	0.96%
2018	1124.94	110482.82	1.02%
2019	1291.02	130015.84	0.99%
2020	1313.92	132223.85	0.99%

(Source: compiled from annual report)

Fig 4.10: Showing Return on assets



The figure shows that the company is not having sufficient return on assets. . The ideal ratio is 5 % but the company is having less than 5 %. A low ROA indicates that they are not able to make maximum use of their assets for getting more profits. A higher ratio shows effective utilization of asset for getting more net income.

4.4 NET WORKING CAPITAL

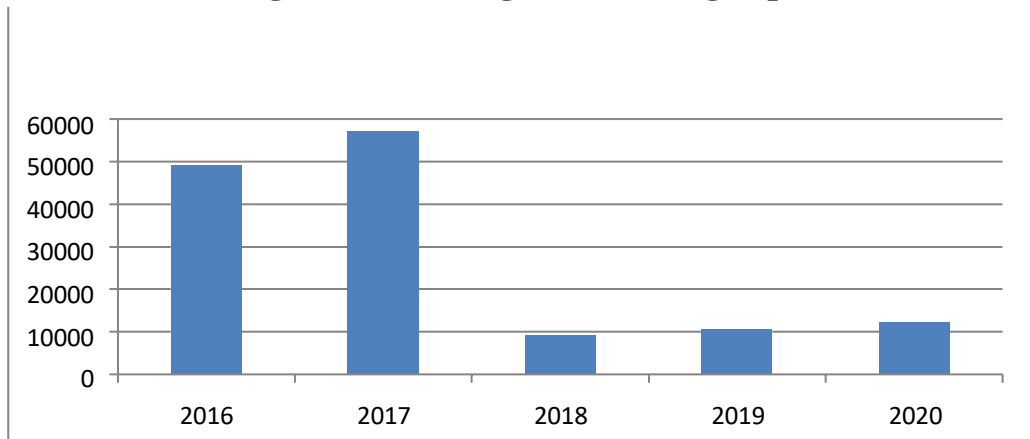
Net working capital = Current assets – Current liabilities

Table 4.11: Showing Net working capital

Year	Current Assets (in crs)	Current Liabilities (in crs)	Net Working Capital (in crs)
2016	51733.08	2554.14	49178.94
2017	60862.59	3822.18	57040.41
2018	13945.52	4650.78	9294.74
2019	15836.30	5118.84	10717.46
2020	17156.94	4989.93	12167.01

(Source:compiled from annual report)

Fig 4.11: Showing Net working capital



All the five years show a positive level of working capital, which means that the current assets are greater than the current liabilities. Working capital is highest in the year 2017(57040.41Crs) and lowest in the year 2018 (9294.74Crs).

CHAPTER V

FINDINGS, SUGGESTIONS AND CONCLUSION

5.1 FINDINGS

1. The current ratio is very high during the years 2016 and 2017. But it falls from the year 2018 and is satisfactory as the ratio is nearer to the ideal ratio 2:1
2. The quick ratios over the years are greater than 1:1 and it means that the business is financially secure in short-term future.
3. The figure shows that the company is maintaining low rate of absolute liquid ratio and it keeps on declining over the years.
4. A debt equity ratio of 0 indicates that the firm does not finance increased operations through borrowing at all and that assets are more funded by equity.
5. The company is having a low proprietary ratio which indicates that there will be a higher risk to the creditors as the ratios are less than the ideal ratio of 0.5:1
6. The solvency ratio of total assets to total liabilities to outsiders is not satisfactory as the ratio is more than 0.5:1 and it means that the company's assets are financed through debt and shows higher financial risk.
7. Net profits over the years are high. However net profit is declining over the years but the ratios are still satisfactory.
8. The company is not having sufficient return of capital employed as the returns are very less than ideal ratio of 15 %. Overall, the company is less efficient in the use of capital employed.
9. The company has a high return on shareholders' fund and is profitable from the shareholders point of view.
10. Return on assets is very less than the ideal ratio of 5% and it indicates that they are not able to make maximum use of their assets for getting more profits.

11. The figure shows that the company has sufficient working capital in all the years the working capital is the highest in the year 2017 and lowest in the year 2018.

5.2 SUGGESTIONS

1. The organization should try to maintain the current ratio at or near to ideal level i.e., 2:1.
2. The company should improve the Absolute liquid ratio.
3. Return on assets should be maintained at a higher level as it is beneficial for the company.
4. It is advisable that the company earn more profit by efficient use of capital employed.

5.3 CONCLUSION

HDFC Life is one of India's leading insurance companies offering a range of individual and group insurance solutions that make various life stages need of customer. The present study was conducted with the main objective of analyzing the financial performance of HDFC Life Insurance and for this purpose I have taken financial statements of past five years (2016-2020). This study included analysis of liquidity, profitability and solvency position and working capital management of HDFC Life Insurance. The study revealed that the liquidity position is absurd at the beginning but improves over the years. But the solvency and profitability position are not much satisfactory. The Net Profit is very high and satisfactory but is seen to be declining over the years. The working capital management of the company is excellent. The overall financial performance of the company is satisfactory, but can be much improved in the coming years.

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ANNEXURE

CONSOLIDATED BALANCE SHEET OF HDFC LIFE INSURANCE LIMITED FOR THE YEARS 2016-2020

Consolidated Balance Sheet	-----				
	in Rs. Cr. -----				
Years	Mar 20	19-Mar	18-Mar	17-Mar	16-Mar

	12 mths	12 mths	12 mths	12 mths	12 mths
EQUITIES AND SHAREHOLD					
Equity Share Capital	2,018.80	2,017.38	2,011.74	1,998.48	1,995.29
Total Share Capital	2,018.80	2,017.38	2,011.74	1,998.48	1,995.29
Reserves and Surplus	4,782.23	3,624.83	2,722.63	1,827.83	1,108.20
Total Reserves and Surplus Total	4,782.23	3,624.83	2,722.63	1,827.83	1,108.20
	6,801.03	5,642.21	4,734.37	3,826.31	3,103.49
	5.59	0.39	0.89	0	0
LIABILITIES					
	69,583.11	58,733.14	46,498.59	87,448.11	70,886.75
	50,844.19	60,521.25	54,598.19	0	0
T LIABILITIES	120,427.30	119,254.40	101,096.78	87,448.11	70,886.75
BILITIES					
	4,913.88	5,060.13	4,606.70	3,775.47	2,512.54
	76.05	58.71	44.09	46.71	41.6
4,989.93	5,118.84	4,650.78	3,822.18	2,554.14	
132,223.85	130,015.84	110,482.82	95,096.60	76,544.38	
Shareholders Funds					
Equity Share Application Money	322.3	323.69	336.42	353.49	347.36
NON-CURREN	8.41	10.19	5.28	0	0
Other Long Term Liabilities	330.71	333.88	341.69	353.49	347.36
Long Term Provisions	113,503.15	112,693.76	95,381.62	33,832.66	24,370.87
Total Non-Current Liabilities	299.05	79.59	18.74	47.86	93.07
CURRENT LIA					
Other Current Liabilities					
Short Term Provisions					
Total Current Liabilities					
Total Capital					

And Liabilities

ASSETS

NON-CURREN

Tangible Assets
Capital Work-
InProgress

Fixed Assets

Non-Current
Investments
Long Term
Loans And
Advances

Other Non-Current Assets	934	1,072.31	795.24	(0
Total Non-Current Assets	115,066.91	114,179.54	96,537.30	34,234.01	24,811.30

CURRENT ASSETS	11,771.80	10,413.02	4,090.28	4,045.79
Current				
	1,244.45	1,110.50	797.38	727.39
	2,820.05	2,422.01	0	0
	0	0	55,974.93	46,959.90
	15,836.30	13,945.52	60,862.59	51,733.08
	130,015.84	110,482.82	95,096.60	76,544.38

Investments 12,818.57

Cash And Cash Equivalents	690.75			
Short Term Loans And Advances	3,647.63			
Other Current Assets	0			

**Total Current
Assets 17,156.94**

Total Assets 132,223.85

**OTHER ADDITIONAL
INFORMATION**

**CONTINGENT LIABILITIES,
COMMITMENTS**
Contingent

Liabilities 2,399.03

**BONUS DETAILS NON-
CURRENT
INVESTMENTS**

CURRENT INVESTMENTS

CONSOLIDATED PROFIT AND LOSS ACCOUNT OF HDFC LIFE INSURANCE LIMITED FOR THE YEARS 2016-2020

Consolidated Profit & Loss account

 in Rs. Cr. -----

Mar 20

16-Mar

Years	12 mths	19-Mar	18-Mar	17-	12 mths
		12	12	Mar	
		mths	mths	12	
INCOME	1,666.75				889.46
Revenue From Operations [Gross]	1,666.75			mths	889.46
Revenue From Operations [Net]	1,666.75	1,645.50	1,296.53		889.46
	19.87				10.57
Total Operating Revenues	1,686.62	1,645.50	1,296.53	1,016.64	900.03
Other Income	56.29	21.44	13.19		0
Total Revenue	3.16	1,666.94	1,309.72	1,016.64	0
				0.08	0
EXPENSES	0.04			1,016.72	0
Operating And Direct Expenses	197.85	52.63	25.28		41.27
Employee Benefit Expenses	0.18	0	0 -	0	0
Finance Costs	115.17	9.73	0.45	0	25.38
	372.7				66.65
Provisions and		0.27	0.19	31.04	
		311.89	158.48	0	
	1,313.92	375.92	184.78	76.75	833.38
	1,313.92			107.79	833.38
continued					
Contingencies	16.48	1,291.02	1,124.94		16.59
Depreciation And Amortisation Expenses	16.48	1,291.02	1,124.94	908.93	16.59
Other Expenses		13.09	17.74	908.93	
Total Expenses	1,297.44	13.09	17.74		816.79
				22.01	
Profit/Loss Before Exceptional, ExtraOrdinary Items And Tax		1,277.93	1,107.20	22.01	
Profit/Loss Before Tax				886.92	

**Tax Expenses-
C Operations**

Current Tax
**Total Tax
Expenses**

**Profit/Loss
After Tax And
Before
ExtraOrdinary
Items**

**From
Continuing
Operations**

1,297.44 1,277.93 1,107.20 886.92

816.79

**Profit/Loss For
The Period**

1,297.44 1,277.93 1,107.20 886.92

816.79

Consolidated Profit/Loss After MI					
And Associates	1,297.44	1,277.93	1,107.20	886.92	816.79
OTHER ADDITIONAL INFORMATION		6	6	4	4
EARNINGS PER SHARE		6	5	4	4
Basic EPS (Rs.)6					
Diluted EPS (Rs.)6		328.83	273.22	219.74	179.54
DIVIDEND AND DIVIDEND		67.59	55.62	44.74	36.55
PERCENTAGE					
Equity Share					
Dividend0					
Tax On Dividend0					

Profit/Loss