

A  
**PROJECT REPORT**

ON

**An analysis of financial statements of ICICI Bank  
for the period 2016-17 to 2019-20**

Affiliated to

**Rashtrasant Tukadoji Maharaj Nagpur University,  
Nagpur**

For the award of degree of

**Bachelor of Business Administration.**

Submitted by

**Kiran Kisanrao Nainwar**

Under the guidance of

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**G. S College of Commerce and Economics, Nagpur.**



**Academic year 2020-2021**

**G. S College of Commerce and Economics, Nagpur.**



**Academic year 2020-2021**

**CERTIFICATE**

This is to certify that **Ku. Kiran Kisanrao Nainwar** has submitted the project report titled, **An analysis of financial statements of ICICI Bank for the period 2016-17 to 2019-20** towards partial fulfillment of **BACHELOR OF BUSINESS ADMINISTRATION** degree examination. This has not been submitted for any other examination and does not form part of any other course undergone as prescribed by Rashtrasant Tukadoji Maharaj Nagpur University. It is further certified that she has ingeniously completed her project.

**DR. AFSAR SHEIKH**  
(Project guide )

**DR. GEETA NAIDU**  
(Co-Ordinator)

**Place: Nagpur**

**Date: 30-06-2021**

**G. S College of Commerce and Economics, Nagpur.**



**Academic year 2020-2021**

**DECLARATION**

I here-by declare that the project with title “**An analysis of financial statements of ICICI Bank for the period 2016-17 to 2019-20** ”, has been completed by me in partial fulfillment of **BACHELOR OF BUSINESS ADMINISTRATION** degree examination as prescribed by Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur and this has not submitted for any other examination and does not form the part of any other course undertaken by me.

**Place: Nagpur**

**Ku. Kiran Kisanrao Nainwar**

**Date: 30-06-2021**

**G. S College of Commerce and Economics, Nagpur.**



**Academic year 2020-2021**

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I would like to thank all those who helped me in making this project complete and successful.

**Place: Nagpur.**

**Ku. Kiran Kisanrao Nainwar**

**Date: 30-06-2021**

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# INTRODUCTION

## **Financial Statement Analysis**

A financial statement analysis consists of the application of analytical tools and techniques to the data in financial statements in order to derive from them measurements and relationships that are significant and useful for decision making.

The term Financial Analysis is also known as 'analysis and interpretation of financial statements' refers to the process of determining financial strength and weakness of the firm by establishing strategic relationship between the items of the

- a) Balance Sheet,
  - b) Profit and Loss account and
  - c) other operative data.
- The first task of financial analysis is to select the information relevant to the decision under consideration to the total information contained in the financial statement.
  - The second step is to arrange the information in a way to highlight significant relationship.
  - The final step is interpretation and drawing of inference and conclusions.

### **Uses of Financial Statement Analysis:**

Financial Statement Analysis can be used as a preliminary screening tool in the selection of stocks in the secondary market. It can be used as a forecasting tool of future financial conditions and results. It may be used as process of evaluation and diagnosis of managerial, operating or other problem areas.

### **Sources of Financial Information:**

The financial data needed in the financial analysis come from many sources. The primary source is the data provided by the company itself in its annual report and required

disclosures. The annual report comprises of the income statement, the balance sheet, and the statement of cash flows.

## **Tools of Financial Analysis:**

In the analysis of financial statements, the analyst has a variety of tools available to choose the best that suits his specific purpose. In this report we will confine ourselves to Ratio Analysis based on information provided from financial statements such as Balance Sheet and Profit & Loss Account.

## **Financial statement**

Financial statements refer to such statements which contains financial information about an enterprise. They report profitability and the financial position of the business at the end of accounting period. The term financial statement includes at least two statements which the accountant prepares at the end of an accounting period.

The two statements are: -

- The Balance Sheet
- Profit And Loss Account

They provide some extremely useful information to the extent that balance Sheet mirrors the financial position on a particular date in terms of the structure of assets, liabilities and owners equity, and so on and the Profit And Loss account shows the results of operations during a certain period of time in terms of the revenues obtained and the cost incurred during the year. Thus the financial statement provides a summarized view of financial positions and operations of a firm

# **COMPANY PROFILE**



**ICICI Bank Corporate Office in Bandra Kurla**

**Complex, Mumbai**



# Industrial Credit and Investment Corporation of India (ICICI)

- **ICICI Bank Limited** is an Indian multinational financial services company with its registered office in Vadodara, Gujarat, and corporate office in Mumbai, Maharashtra.
- It offers a wide range of banking products and financial services for corporate and retail customers through a variety of delivery channels and specialized subsidiaries in the areas of investment banking, life, non-life insurance, venture capital and asset management.
- The bank has a network of 5,275 branches and 15,589 ATMs across India and has a presence in 17 countries.
- The bank has subsidiaries in the United Kingdom and Canada; branches in United States, Singapore, Bahrain, Hong Kong, Qatar, Oman, Dubai International Finance Centre, China and South Africa; as well as representative offices in United Arab Emirates, Bangladesh, Malaysia and Indonesia. The company's UK subsidiary has also established branches in Belgium and Germany.
- **History**
  - ICICI Bank was established by the **Industrial Credit and Investment Corporation of India (ICICI)**, an Indian financial institution, as a wholly owned subsidiary in 1994 in Vadodara however the parent company was formed in 1955 as a joint-venture of the World Bank, India's public-sector banks and public-sector insurance companies to provide project financing to Indian industry. The bank was founded as the Industrial Credit and Investment Corporation of India Bank, before it changed its name to ICICI Bank. The parent company was later merged with the bank.
  - ICICI Bank launched Internet Banking operations in 1998.
  - ICICI's shareholding in ICICI Bank was reduced to 46 percent, through a public offering of shares in India in 1998, followed by an equity offering in the form of American depositary receipts on the NYSE in 2000. ICICI

Bank acquired the Bank of Madura Limited in an all-stock deal in 2001 and sold additional stakes to institutional investors during 2001–02.

- 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 become the first Indian company and the first bank or a financial institution from non-Japan Asia to be listed on the NYSE.
- ICICI, ICICI Bank, and ICICI subsidiaries ICICI Personal Financial Services Limited and ICICI Capital Services Limited merged in a reverse merger in 2002.
- In 2008, following the 2008 financial crisis, customers rushed to ICICI ATMs and branches in some locations due to rumours of an adverse financial position of ICICI Bank. The Reserve Bank of India issued a clarification on the financial strength of ICICI Bank to dispel the rumours.
- In March 2020, the board of ICICI Bank Ltd. approved an investment of Rs 1,000 crore in Yes Bank Ltd. This investment resulted in ICICI Bank Limited holding in excess of a five percent shareholding in Yes Bank.

## • **Key people**

Girish Chandra Chaturvedi (Chairman)

Sandeep Bakhshi (MD & CEO)

## • **Products**

Banking, commodities, credit cards, equities trading, insurance, investment

management, mortgage loans, mutual funds, private equity, risk management, wealth

management, asset management

## • **Revenue**

Increase ₹161,192 crore (US\$23 billion) (2021)

## • **Operating income**

Increase ₹42,261 crore (US\$5.9 billion) (2021)

## • **Net income**

Increase ₹20,220 crore (US\$2.8 billion) (2021)

- **Total assets**

Increase ₹1,573,812 crore (US\$220 billion)(2021)

- **Total equity**

Increase ₹153,078 crore (US\$21 billion) (2021)

- **Number of employees**

97,354 (2020)

- **Subsidiaries**

- ICICI Prudential

- ICICI Lombard

- ICICI Securities

- ICICI Direct

- **Website** [www.icicibank.com](http://www.icicibank.com)

# Relevance of the Study

## • RELEVANCE OF THE STUDY

- Assessing the operational efficiency and managerial effectiveness of the company.
- Analysing the financial strengths and weaknesses and creditworthiness of the company.
- Analysing the current position of financial analysis.
- Assessing the types of assets owned by a business enterprise and the liabilities which are due to the enterprise.
- Providing information about the cash position, the company is holding and how much debt the company has in relation to equity.
- Studying the reasonability of stock and debtors held by the company.

## • **OBJECTIVES OF THE STUDY**

The objective of the study gives direction to go through the research problem. It guides the researcher and keeps him on track. I have two objectives regarding my research project. These are shown below :-

1. Primary objective
2. Secondary objective

### **1. Primary objective :-**

- a) To analyze the financial statements of the corporation to assess it's true financial position by the use of ratios.

### **2. Secondary objective :-**

- a) To find out the shortcomings in ICICI Bank.
- b) To see whether ICICI Bank is going well or not in different areas

## • **NEEDS OF THE STUDY**

- To analyze the financial position of “ICICI Bank Ltd.” on the basis of calculation and interpretation of some important parameter of liquidity such as current ratio, inventory turnover ratio, profitability ratio, quick ratio etc.
- To give the overview of the company in which the project is carried out.
- To find out the financial position of the company.
- To find out profitability of the company.
- To know the assessing operating efficiency.\

- **HYPOTHESIS**

The hypothesis taken into consideration for this study:

**Hypothesis 1**

**H0** - To analyse the financial statements of the corporation to assess it's true financial position by the use of ratios

**Hypothesis 2**

**H0** - ICICI Bank is not performing well.

**H1** - ICICI Bank is performing well

# **DATA COLLECTION**



**This research project is solely based on the secondary data collected.**

### **Secondary Data**

Secondary data is based on information gleaned from studies previously performed by government agencies, chambers of commerce, trade association and other organizations. Researcher has to analyse this data and interprets the results. The required data for the study are collected from

- a. The audited reports of the company.
- b. Websites which includes required financial data collected from ICICI Bank's official website i.e [www.icici.com](http://www.icici.com) and some other websites on the internet for the purpose of getting all the required financial data of the bank and to get detailed knowledge about ICICI Bank for the convenience of study.
- c. Brochures of ICICI Bank.

### **B) Technique of Data Collection**

The data collected were edited, classified and tabulated for analysis.

The study employs the following analytical tools:

1. Trend Percentage.
2. Ratio Analysis.
3. Cash Flow Statement.

# **DATA ANALYSIS &** **INTERPRETATION.**

## **DATA ANALYSIS.**

Analysis of data is a process of inspecting, cleaning, transforming, and modelling data with the goal of discovering useful information, suggesting conclusion, and supporting decision making.

The process of evaluating data using analytical and logic reasoning to examine each component of data provided... Data from various source is gathered, reviewed and then analysed to form some sort of finding or conclusion.

Why do we analyze data?

The purpose of analyzing data is to get usable and useful information. The analysis, irrespective of whether data is quantitative or qualitative, may:

- Describe and summarize the data.
- Identify relationship between variables.
- Compare variables.
- Identify difference between variables.
- Forecast outcomes.

## Ratio Analysis of ICICI Bank –

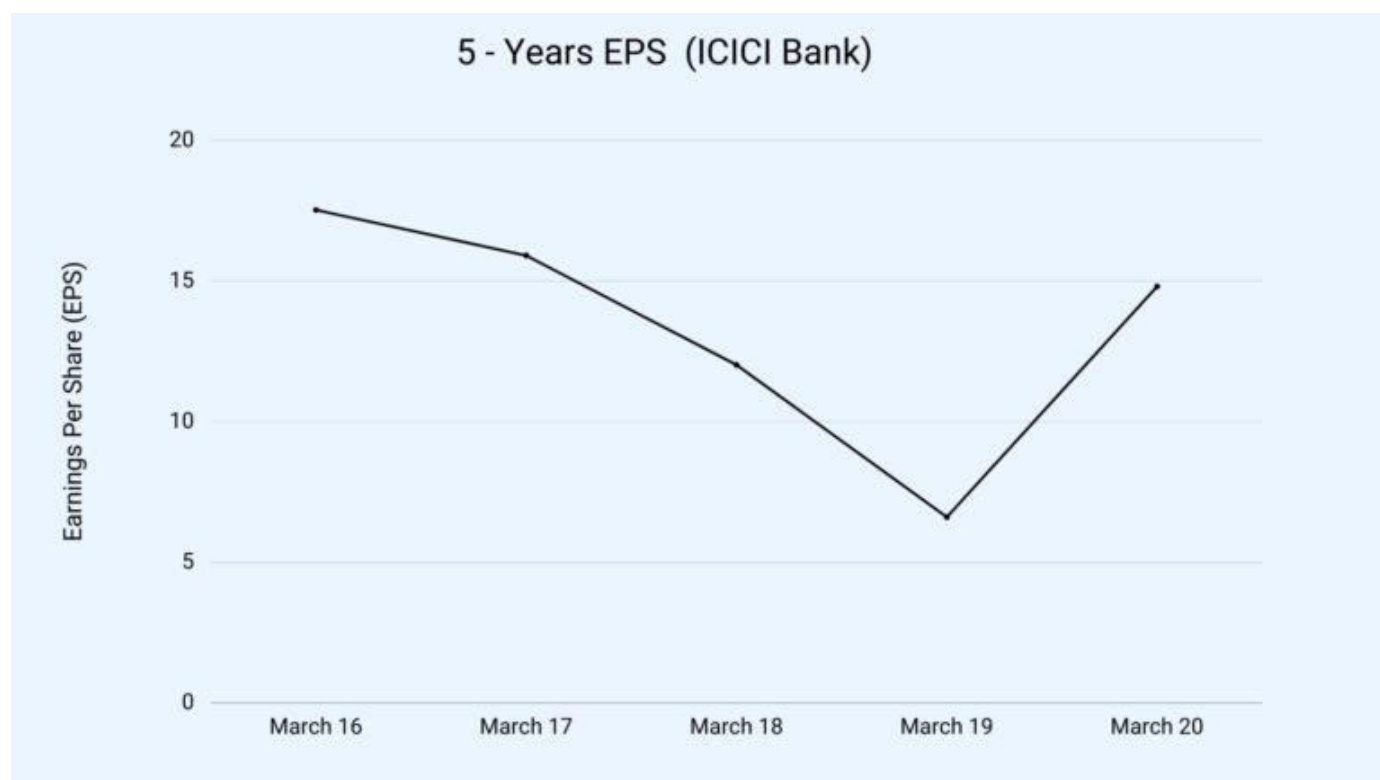
### 1. Basic Earnings Per Share (EPS)

Formula: Basic EPS = (Net Income – Preferred Dividend) / Number of Common Shares Outstanding

It indicates how much money a company makes for each outstanding share. Companies with higher EPS are considered to be more profitable. This is readily available in the Income Statement of every listed company.

Let's have a look at ICICI Bank's past 5 years EPS trend –

Years	March 16	March 17	March 18	March 19	March 20
EPS	17.53	15.91	12.02	6.61	14.81



### Interpretation:

In 2020, we can see an increase in EPS compared to 2019 after a constant decrease since 2016.

A constant increase in the EPS figure is considered to be a good sign for the company.

## Ratio Analysis

### 2. Net Profit Margin

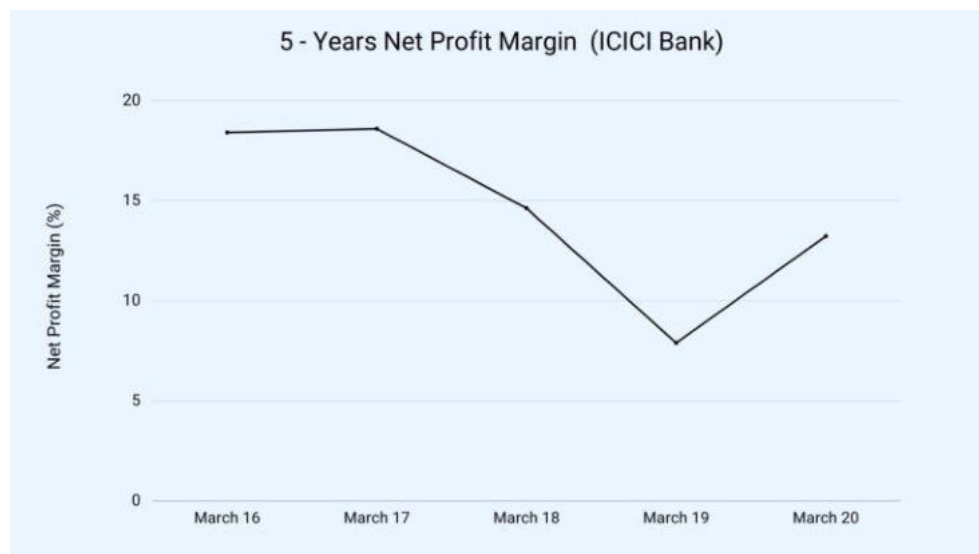
Formula: Net Profit margin = Net Profit/Total revenue x 100

Net profit margin is a strong indicator of a company's success. It measures how much profit is generated as a percentage of sales/revenue. This makes comparison of two or more businesses possible regardless of their size.

By tracking the trends in its net profit margin, we can have a picture of the company's operating ability.

Here is ICICI bank's past five years Net Profit margin –

Years	March 16	March 17	March 18	March 19	March 20
NP Margin	18.42	18.60	14.63	7.90	13.23



### Interpretation:

The past five-year net profit margin does not seem very exciting. We can see the net profit margin went up from 7.90% in 2019 to 13.23% in 2020.

However, the performance was better in the previous years in 2016 and 2017. We can say that the company is improving its operations and are getting better at managing their expenses.

### 3. Return on Capital Employed (ROCE)

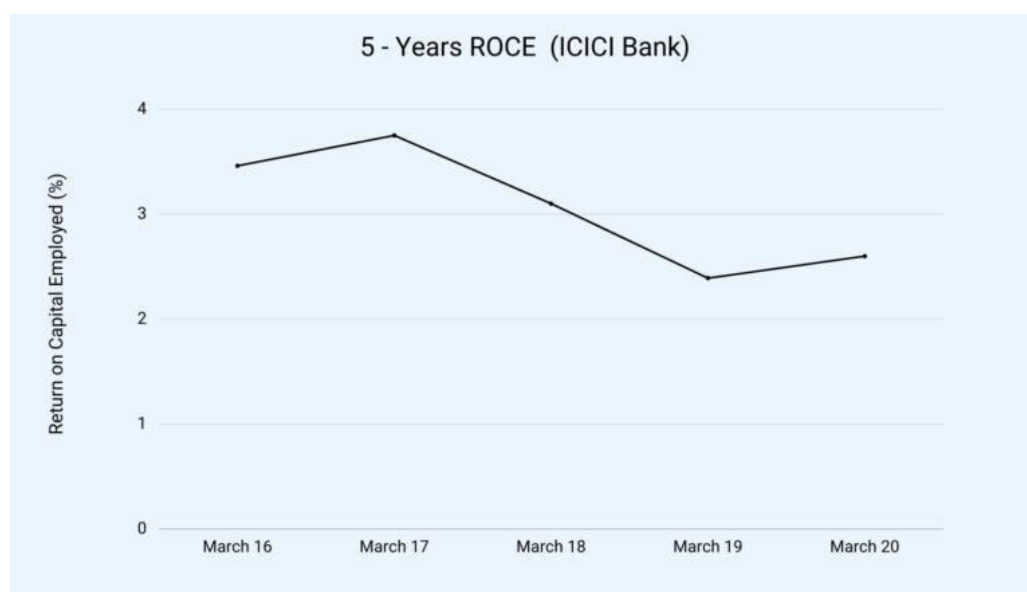
**Formula :-**  $\text{ROCE} = \frac{\text{Earnings Before Interest and Taxes}}{\text{Capital Employed}}$

This is a long-term profitability ratio that measures how efficiently a company is using its capital.

It is used to perform trend analysis for a company. A higher ROCE is always a favorable. It indicates whether a company is using its capital well or not. It is a useful metric to compare profitability across several companies in an industry.

**Here is ICICI bank's five-year ROCE trend –**

Years	March 16	March 17	March 18	March 19	March 20
ROCE	3.46	3.75	3.10	2.39	2.60



#### **Interpretation:**

We see that the bank isn't doing better than what it was doing five years back. However, there is a slight increase in 2020's ROCE compared to 2019.

## 4. Net Interest Margin

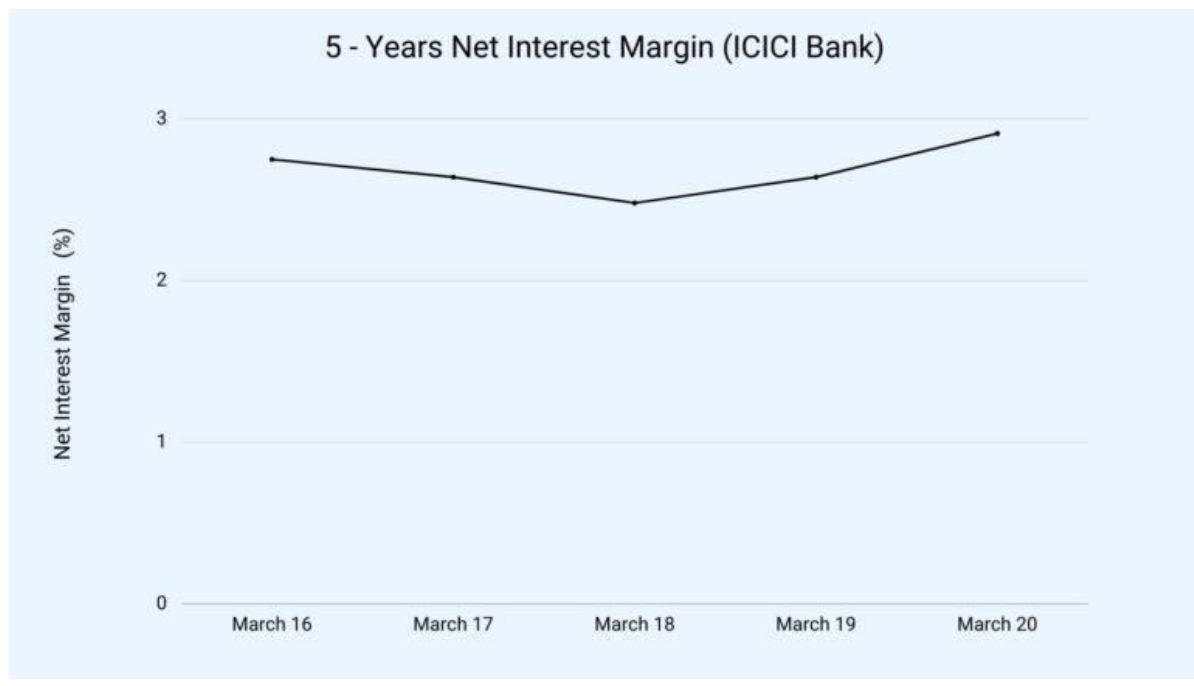
**Formula :-**  $\text{Net Interest Margin} = (\text{Interest Returns} - \text{Interest Expense}) / \text{Average Total Assets}$

Banks provide around 3% interest rate on saving accounts and 6% on fixed deposits. They earn interest on various loans they issue to their clients. For example, car loans, home loans, education loans.

The difference between what banks give and what they earn as interest is **Net Interest**. If it is positive, we can conclude that the bank's operations are profitable. If it is negative, we can say that the bank is not profitable.

Here is ICICI Bank's Net Interest Margin of the past five years –

Years	March 16	March 17	March 18	March 19	March 20
NIM	2.75	2.64	2.48	2.64	2.91



### Interpretation:

We can observe a slight improvement in the net margin percentage. The shift shows that the bank is trying to generate more revenue from interest rate differences.

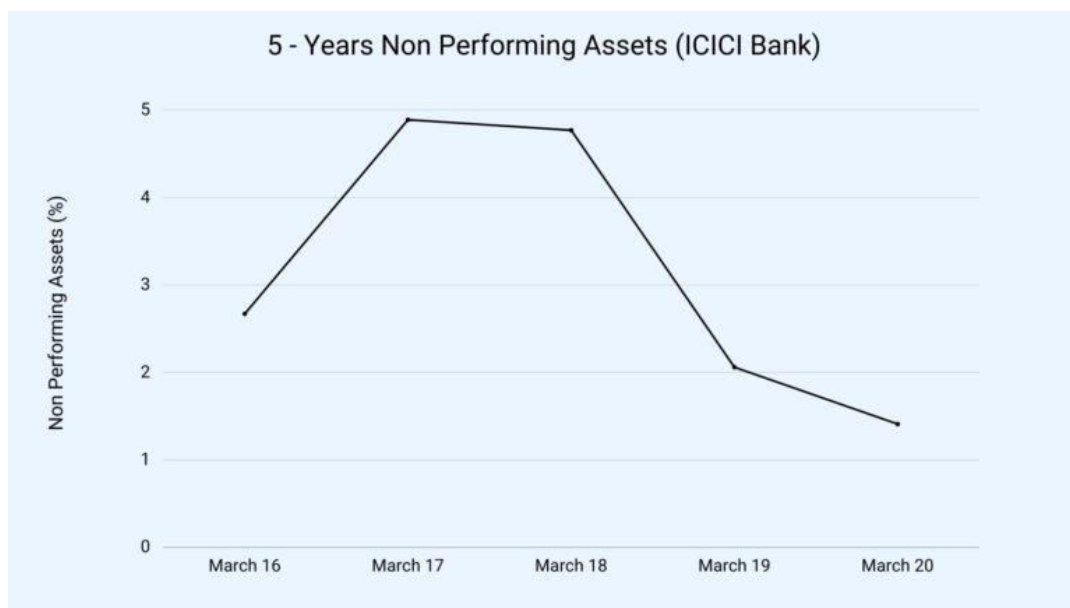
## 5. Non-Performing Assets (NPA)

Non-Performing Assets are the ones that cease to generate income for the bank.

When the principal or interest payments are not paid by the borrowers, the banks consider them as non-performing assets. Banks often hold a big chunk of NPA. This is because of poor risk management and lending policies.

**Here is the non-performing asset of ICICI Bank –**

Years	March 16	March 17	March 18	Mach 19	March 20
NPA %	2.67	4.89	4.77	2.06	1.41



### Interpretation:

We can observe a sharp and continuous decline in ICICI Bank's NPA. This is a positive sign indicating that the bank has improved its risk and credit management practices.



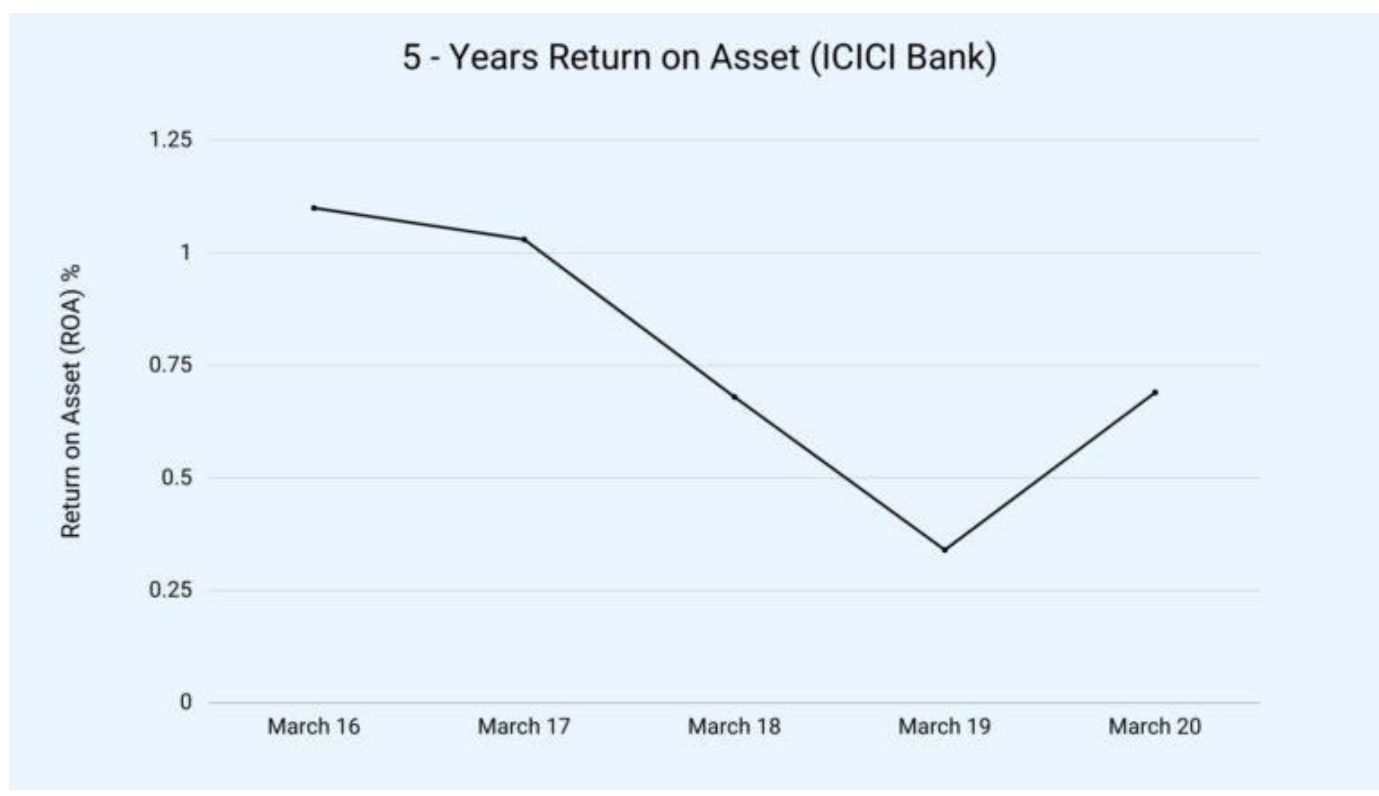
## 6. Return on Assets

Formula:  $ROA = \text{Net Income} / \text{Average Assets}$

Years	March 16	March 17	March 18	March 19	March 20
ROA	1.10	1.03	0.68	0.34	0.69

It measures how efficiently a company can convert the money used to buy an asset into profits. This ratio measures a bank's ability to generate returns from the deposits it receives. ROA is extremely important while analysing banks.

Here is ICICI Bank's five-year ROA trend –



### Interpretation :-

Their return on asset exhibited a constant decline until last year. This does not paint a good picture for the bank. It means that the bank underperformed for years. High NPA could be one reason for low ROA.

# **CONCLUSION & LIMITATION.**

## **CONCLUSION**

The ratio analysis and trend analysis and analysis of financial statement show that ICICI Bank's financial position is good. Bank's profitability is increasing but not at high rate. We can observe a sharp and continuous decline in ICICI Bank's NPA. This is a positive sign indicating that the bank has improved its risk and credit management practices. However, the performance was better in the previous years in 2016 and 2017. We can say that the company is improving its operations and are getting better at managing their expenses.

## **LIMITATION OF THE STUDY**

- This project has limited time period to study.
- It just considers one type of data collection- Secondary data. There is limitation on primary data collection because of confidentiality.
- This study is based on five - year financial statement conclusion and recommendations are based on such limited data.
- The ratios are computed on the basis of past results. It doesn't help properly to predict the future to predict budget and estimates since the business policy is constantly changing.

# Bibliography & Annexure

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<https://www.samco.in/>

**BALANCE SHEET OF ICICI BANK LTD. AS ON 31<sup>ST</sup> MARCH – 2016 , 2017 , 2018, 2019,2020**

	Mar 2014	Mar 2015	Mar 2016	Mar 2017	Mar 2018	Mar 2019	Mar 2020
Share Capital	1,155	1,160	1,163	1,165	1,286	1,289	1,295
Reserves	75,268	83,537	92,941	103,461	109,338	112,959	121,662
<b>Borrowings</b>	<b>543,055</b>	<b>597,207</b>	<b>671,455</b>	<b>700,874</b>	<b>815,198</b>	<b>891,641</b>	<b>1,014,636</b>
Other Liabilities	128,284	144,175	153,197	180,225	198,459	232,904	239,699
<b>Total Liabilities</b>	<b>747,762</b>	<b>826,079</b>	<b>918,756</b>	<b>985,725</b>	<b>1,124,281</b>	<b>1,238,794</b>	<b>1,377,292</b>
Fixed Assets	5,507	5,871	8,713	9,338	9,465	9,660	10,409
Cwip	0	0	0	0	0	0	0
<b>Investments</b>	<b>267,609</b>	<b>274,311</b>	<b>286,044</b>	<b>304,373</b>	<b>372,208</b>	<b>398,201</b>	<b>443,473</b>
Other Assets	474,646	545,897	623,999	672,013	742,608	830,933	923,411
<b>Total Assets</b>	<b>747,762</b>	<b>826,079</b>	<b>918,756</b>	<b>985,725</b>	<b>1,124,281</b>	<b>1,238,794</b>	<b>1,377,292</b>
Inventories	0	0	0	0	0	0	0
Trade Receivables	0	0	0	0	0	0	0
Cash & Bank	48,258	47,637	65,036	80,491	88,999	87,391	127,853
Loans and Advances	41,298	62,528	68,517	79,746	90,373	100,581	92,213
Trade Payables	0	0	0	0	0	0	0

**PROFIT AND LOSS ACCOUNT OF ICICI BANK LTD. FOR THE YEAR**  
**- 16, 17, 18, 19 & 20**

	Mar 2014	Mar 2015	Mar 2016	Mar 2017	Mar 2018	Mar 2019	Mar 2020
Revenue	49,479	54,964	59,294	60,940	62,162	71,982	84,836
Expenses	32,852	38,766	52,252	63,839	72,806	83,773	85,361
Financing Profit	-13084	-16120	-26955	-37735	-44906	-50969	-45190
Financing Margin	-26	-29	-45	-62	-72	-71	-53
Other Income	30,085	35,252	42,102	52,456	56,807	59,323	64,950
Interest	29,711	32,318	33,996	34,836	34,262	39,178	44,666
Depreciation	719	798	843	912	922	946	1,171
Profit before tax	16,282	18,334	14,304	13,809	10,978	7,408	18,589
Tax	28	29	24	18	17	23	40
Net Profit	11,041	12,247	10,180	10,188	7,712	4,254	9,566

**CASH FLOW OF ICICI BANK LTD. FOR THE YEAR 16, 17 18 ,19 & 2020.**

	Mar 2016	Mar 2017	Mar 2018	Mar 2019	Mar 2020
Cash From Operating Activity	23,645	52,636	19,383	48,671	79,565
Cash From Investing Activity	-12060	-1711	-50551	-30282	-42095
Cash From Financing Activity	5,814	-35470	39,676	-19997	2,992
Net Cash Flow	17,399	15,455	8,508	-1608	40,462