A COMPARATIVE ANALYSIS ON FINANCIAL PERFORMANCE OF SBI AND ICICI BANK

Dissertation

Submitted by

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Under the guidance of

Ms. NIMA DOMINIC

In partial fulfilment of the requirement for the Degree of

MASTER OF COMMERCE

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CERTIFICATE

This is to certify that the dissertation titled **"A COMPARATIVE ANALYSIS ON FINANCIAL PERFORMANCE OF SBI AND ICICI BANK"** submitted by **Riya Jose**, towards partial fulfilment of the requirements for the award of the Degree of Masters of Commerce is a record of bonafide work carried out by her during the academic year 2021-23.

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DECLARATION

I, **Ms. Riya Jose**, do hereby declare that the dissertation entitled **"A COMPARATIVE ANALYSIS ON FINANCIAL PERFORMANCE OF SBI AND ICICI BANK"**, submitted in partial fulfilment of the requirements for the award of the Degree of Masters of Commerce is a record of original research work done by me under the supervision and guidance of **Ms. Nima Dominic** and the Dissertation has not formed the basis for the award of any Degree/Diploma/Associate ship/ Fellowship or similar title to any candidate of this or any other University.

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It is with great pleasure and privilege that I present the project report **"A COMPARATIVE ANALYSIS ON FINANCIAL PERFORMANCE OF SBI AND ICICI BANK"**

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RIYA JOSE

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CHAPTER - 1

INTRODUCTION

1.1 INTRODUCTION TO THE STUDY

Banks are authorized financial institutions that undertake financial transactions. As a financial intermediary a bank accepts deposits and offers loans in its capacity. It makes a profit by deducting the costs (including interest payments) of acquiring and servicing deposits from the income it receives from interest charged to borrowers or from securities. So simply, a bank accepts money on deposit that is repayable on demand and also earns a profit by lending money. Banks receive deposits from the general public as well as the business sector and provide depositors with two guarantees: the safety of the deposit and the withdrawal of the deposit when necessary. Banks pay interest on deposits, which increases the initial deposit amount and offers a significant incentive to the depositor. This encourages people to save money. Banks also offer loans based on deposits, contributing to the country’s economic growth and the general public’s well-being. As a result, it is important to understand the primary functions of a bank.

Banks are divided into four types: central banks, commercial banks, cooperative banks, and regional rural banks. Banks are governed by the central bank or national Bank in the majority of countries. The Reserve Bank of India, or RBI, is India’s central bank and the regulatory body responsible for monitoring the Indian banking system. The Ministry of Finance, Government of India, owns the RBI. As it is the duty of RBI to control, issue, and maintain the supply of the Indian rupee. Commercial banks take public deposits for lending or investing purposes. Commercial banks are classified into two – Public Sector Bank and Private Sector Bank. Public sector banks are those in which the government owns a majority stake. Examples are SBI, PNB, Bank of Baroda, etc. whereas Private Sector Bank are those that are owned, operated and controlled private company or group of individuals. They are driven by market factors. Examples includes ICICI Bank, Federal Bank, HDFC, Kotak Mahindra, etc. At present there is 12 public sector banks and 21 private sector banks in India.

The effectiveness and efficiency of a country's financial system are highly influenced by the performance and profitability of commercial banks. The main objectives of India's banking sector reforms are to enhance bank efficiency and profitability. The basic goal of financial performance is to make better decisions through analysis and interpretation. The comparative financial performance of banks gives information about the development of the banking sector for a particular period.

A comparative analysis of the financial performance of SBI bank and the ICICI Bank is used to evaluate the banks' financial strengths and areas for improvement by correctly determining the relation between the Balance she Sheet and Income Statement. This helps to determine the financial position, profitability and overall growth using bank financial performance analysis.

1.2 STATEMENT OF PROBLEM

Commercial banks' financial performance and profitability are key aspects of a country's financial system's efficiency and effectiveness. The overall objective of banking sector reforms in India is to boost bank performance and profitability. The financial statements convey a true and fair view of a bank's financial status. A proper analysis and interpretation of these statements allow one to assess the bank's profitability and financial stability. The financial statements are presented using established facts. The data is recorded in terms of money. The financial statements are confined to a specific period of time.

1.3 OBJECTIVES

1. To study and compare the financial performance of SBI and ICICI Bank.
2. To identify the overall efficiency of SBI and ICICI Bank.
3. To study the recovery of loans and advances.
4. To analyse the financial position and profitability of SBI and ICICI Bank.

1.4 SIGNIFICANCE OF THE STUDY

In the present analysis, an attempt is made to understand, compare, and analyse the financial performance of SBI and ICICI Bank, which are related with the fastest growing public and private sectors, respectively. A company's capacity to handle its funds is measured by its financial performance. Based on a company's assets, liabilities, revenue, costs, equity, and profitability, it is assessed. Financial ratios are key parameters. By analysing information from financial statements, it assesses the financial stability of businesses.

1.5 SCOPE OF THE STUDY

The current study aims to assess, analyze, and compare the financial performance of SBI and ICICI Bank. The study covers five years, from 2017–18 to 2021–22. Financial statements are those that provide information on a bank's profitability and financial position. It consists of two statements: the income statement and the balance sheet. The income statement summarizes the income earned and expenses incurred throughout a fiscal year. The position statement summarizes the bank's financial position at the end of the fiscal year.

1.6 RESEARCH METHODOLOGY

Research methodology is the systematic approach used to solve research problems through the systematic gathering of information using a wide range of methods, the delivery of an interpretation of the data collected, and the conclusion drawn from the research findings.

1.6.1 TYPE OF RESEARCH

The proposed study is descriptive and logical in nature. SBI and ICICI Bank were selected for the purpose of comparing the financial performance.

1.6.2 COLLECTION OF DATA

Research can be described as the search for knowledge through the study of specific objectives. The study relies on secondary data collection. Secondary data is derived from the annual reports of SBI and ICICI banks, which are available on their respective websites. Numerous books, journals and periodicals were also referred. The research papers span five years, from 2017–18 to 2021–22.

1.6.3 TOOLS USED FOR ANALYSIS

Financial ratios are used to analyze and compare the financial performance of selected Indian banks. Comparative position statement and comparative income statement are the other tools used in the study.

1.7 LIMITATION

1. This research study is primarily based on secondary data gathered from both banks annual reports.
2. The sample size is confined to two listed banks only.
3. The study is based primarily on the annual reports of five years gathered from the respective bank's official websites.
4. Financial statements provide only quantitative aspects.

1.8 CHAPTERISATION

I. Introduction

II. Review of Literature and Theoretical framework

III. Company Profile

IV. Data Analysis and Interpretation

V. Findings, Suggestions and Conclusion

CHAPTER – 2

REVIEW OF LITERATURE

AND

THEORITICAL FRAMEWORK

2.1 REVIEW OF LITERATURE

Several research papers are available on various aspects of the Indian Banking Sector. It is relevant to briefly specify the previous studies and research that analyses the financial performance of public and private sector banks in India.

Ayushi Upadhyay (2022), conducted a comparative analysis on financial performance of HDFC Bank and ICICI Bank in India. According to the report, HDFC Bank's Return on equity is 16.61% as of April 2022, while ICICI Bank's Return on equity is 12.56%.

Keerthi. N (2021), the financial analysis of the State Bank of India indicated that its operations were satisfactory during the research period. According to the findings of this study, the bank should offer more shares and take appropriate steps to raise the percentage of shareholders. The bank should focus on lowering costs and increasing capital turnover. As a result, the company's overall performance was unsatisfactory. The project's inference is particularly useful to the bank in understanding their financial strategy for the last three years.

Dr Mubarak (2021), pointed out in his research paper that the new bank's net profit will decrease as a result of the merger and that the viability of the bank is in question. As a result, new banks must consider certain criteria in order to boost their profit and sustainability, which will lead to a rise in share value over the long run.

Vijayalakshmi, Janani J.P. (2021), applied the CAMELS model to evaluate Bank of Baroda and HDFC Bank's profitability as well as liquidity levels from 2015 to 2020. The comparative research of the financial performance of the two chosen banks concluded that HDFC has a stronger financial position than the Bank of Baroda.

Mona (2020) considered information from banks in the public and private sectors over the previous five years. The research article makes an effort to analyse different non-asset percentages using secondary data. This study discusses the definition of non-performing assets, different non-performing asset ratios, and a comparison of non-performing assets in banks in the public and private sectors.

Sri Ayan Chakraborty (2020), highlighted that in order to capitalize on future opportunities in the Indian banking sector and to become the seventh major public sector bank in India, the Ministry of Finance merged Allahabad Bank and Indian Bank into one organization (Indian Bank).

Anilkumar Nirmal and Dr. Purvi Derashri (2020), conducted a study on the comparative analysis of HDFC Bank and State Bank of India, and it was concluded that both banks managed their ratios to the best of their abilities within the given constraints. But when comparing the two banks, it appears that HDFC Bank holds an advantage over SBI because it has fewer non-performing assets. According to both banks' annual reports for the year 2018–2019, HDFC Bank has gross non-performing assets of less than 1.5% and SBI has gross non-performing assets of around 7.5%.

MeenuBhandari (2019), her study concluded that the NPA crisis in the Indian banking sector also has an impact on the market environment. Banks may often be reluctant to lend, which could be extremely harmful to the expansion and progress of the economy. The situation of NPAs could get worse if the domestic market slowed down and prices dropped globally. The commercial banks' gross non-performing assets have increased over the years. The current trend in commercial bank net NPAs has gradually increased over time.

Saranya. C and Dr.V. Sridevi (2019), in their research paper, the banks considered for analysis are Federal Bank, ICICI Bank, HDFC Bank, YES Bank, and Axis Bank. The time period of the study for the selected banks was from 2014 to 2018. Based on the overall rating of the CAMEL analysis, the study concluded that HDFC Bank and Axis Bank were the leading banks for the specified time period.

S. Devi and R. Poornimarani (2019), analyzed the financial performance of SBI and ICICI Bank using various ratios, including operating profit, debt-to-equity ratio, and net profit ratio, for the financial years from 2012–2013 to 2016–2017. According to the research, SBI is more financially stable and operates profitably than ICICI Bank, although ICICI Bank manages deposits and expenses more effectively than SBI.

Jyothirmoy Koley (2019), conducted comparison research on SBI and HDFC Bank's financial status and performance in India's public and private banking sectors. She applied the T-test to the CAMEL model. Thus, according to her research, HDFC Bank outperforms SBI in terms of profitability, liquidity, and managerial effectiveness.

Puja Agarwal (2019), assessed the profitability levels of the public and private banks. She compared the corporate governance ratings of banks in the public and private sectors as well as four important profitability ratios, including ROE, ROA, NIM, and operating profits. During the research, she employed an independent t-test. Her research reached the conclusion that private banks offer better profitability conditions than public banks.

Dr.A.BalaMurugan, S.Balammal , M.KanthaPriya and R.Kamatchi(2018), revealed that the scope of Non-performing assets is significantly higher in public sector banks than that in private banks. Despite the government's efforts to eliminate NPAs, there is still more that needs to be done to resolve this problem. Public sector banks have a considerably greater level of non-performing assets. Governments has implemented a variety of measures to reduce the NPAs in order to increase efficiency and profitability.

Chaitra K.S and Vasu V (2018), compared the NPA factor and returns on assets of the public-sector banks with those of the private sector for the five-year period between 2013–14 and 2017–18. The study includes a variety of performance measurement factors.

Abbasi H (2017), the research identified the growth of private sector banking in India as compared to public sector banking. The first section explains the foundation of the banking system in the private sector. The importance of public sector banks is emphasized in the second section.

Rakesh Kumar and Dr. Bimal Anjum (2017), analyzed the performance of selected banks in India for 2013–14 to 2015–16 using the capital adequacy ratio, net profit, total revenue, and total expenditure. The report discusses public, private, and foreign banks.

2.2 THEORETICAL FRAMEWORK

Finance is the activity of planning, producing, managing, administering, and expanding capital used for business objectives. It is essential for business entities to fulfil their responsibilities in the current economic environment. Any type of commercial activity is financially dependent. It is therefore referred to as the “lifeblood” of a business organization. Regardless of how big or small their business concerns are, they all require financing to carry out their daily operations. The function of finance is to obtain funds and use them wisely for business purposes.

Finance is a concept that includes capital, assets, money, and amount. But every word has a specific meaning. Studying and comprehending financial concepts serves as a key element of business concern. The study and system of money, investments, and other financial instruments are together referred to as “Finance.” Public finance, corporate finance, and personal finance are the three major classifications that are made in the field of finance. Social finance and behavioural finance are more recent subcategories of finance.

FINANCIAL STATEMENT

Financial statements provide an overview of an organisation's accounting, with the balance sheet indicating assets, liabilities, and capital based on particular data and the income statement displaying operating performance for a specific time period. A financial statement is a formalised summary of the financial transactions and status of an organisation, individual, or other entity. As a result of financial accounting, financial statements are produced. For the purpose of disclosing their accounting information and communicating it to interested parties, business concerns prepare summarised statements and reports.

A true and fair view of the company’s financial performance Is presented in the financial statement. A person can determine the profitability and financial strength of the company by doing an appropriate analysis and interpretation of these financial statements. Financial statements offer clarity and transparency into a company’s operations and financial position.

Generally, financial statements include the following statements:

I. **Income Statement (Profit and loss account)**

The income statement is prepared to measure the company’s operational performance. It is a statement of revenue generated and expenditures incurred in order to earn those revenues. The variation is either profit or loss.

II. **Position statement (Balance Sheet)**

A balance sheet is a type of financial statement that shows the assets, liabilities, and shareholder equity of a company for a specific period of time. It is considered to be the most essential financial statement as it shows the company's financial stability. It also highlights the properties that it employs as well as the roots of these properties.

III. **Cash flow statement**

A cash flow statement shows the amount of cash and cash equivalents that enter and exit a business. It summarises the reasons for fluctuations in a company’s cash position between two balance sheet dates.

IV. **Fund flow statement**

When comparing two balance sheets, a fund flow statement serves as a means to analyse fluctuations in the financial condition of a company. This statement will outline the funding sources and the purposes for which the money has been used.

V. **Schedules**

Schedules are a form of supporting documentation that adds further information or verification to what is mentioned in the primary statements. To enhance the information provided in the balance sheet, a number of schedules were prepared. The schedules of investment, fixed assets, debtors, etc. are prepared to give details about these transactions.

OBJECTIVES OF FINANCIAL STATEMENT

The basic purpose of financial statements is to disclose information about an entity's financial condition, performance, and changes in financial position that is beneficial to many different users in making financial decisions. Financial statements are required to be comprehensible, relevant, trustworthy, and comparable. Organised and acceptable formats are used to communicate significant financial information. The financial position of an entity is directly tied to its recorded assets, liabilities, capital, income, and expenditures.

- To offer relevant information to an organisation's management for the purposes of planning, controlling, evaluating, and making decisions.
- To attract potential investors by providing information, so that they can make rational decisions about their investment based on the reports.
- To prove a company's credibility to lenders and creditors, as financial reports enable them in analysing a business's capacity to payback their money.
- To inform shareholders and the general public about the various elements of the company.
- To highlight how a company obtains and employs diverse resources.
- To make the statutory audit easier.
- To follow various lawful and governmental regulations.
- To publish information about an entity's financial resources and claims to these resources (liability and owner's equity), as well as to show how these resources and claims have changed over time.
- To provide information on the cash flows that a company is exposed to, including their accuracy and volatility.
- To identify an organisation's liquidity position and use that information to plan about whether the organisation can remain a going concern.

USERS OF FINANCIAL STATEMENT

The different users/parties interested in a company's financial statements can be mainly categorized as:

1. **INTERNAL USERS**
2. **EXTERNAL USERS**

1. INTERNAL USERS

a. Owners

The owners contribute capital to the business. An owner’s interest is in knowing if the business makes a profit or a loss. They are more concerned with the safety of the capital that has been invested in the company. Owners, being businesspeople, are constantly concerned about the return on their investments. Comparing accounts from different years aids in obtaining useful information.

b. Management

Financial statements facilitate management in developing new strategies for business growth and present management with the information needed to adopt various cost-cutting techniques. The company’s current position is very important to the management. The financial statements serve as the foundation for management to analyse the positive and negative aspects of the company’s operations. As a result, management is interested in financial statements to determine if the business being conducted is profitable or not.

c. Employees

They are concerned about prompt payment, incentives, and appraisals. The amount of the incentive is determined by the firm's profit. Financial statements assist employees in knowing about the company’s financial stability so that an appropriate salary can be requested.

2. EXTERNAL USERS

a. Banks and Financial Institutions

A bank is a type of financial institution that is authorized to accept deposits into savings and checking accounts as well as lend money. As such institutions offer credit, it is essential to analyse the company's liquidity, profitability, and trustworthiness in order to meet future loan requirements.

b. Creditors

Businesses owe funds to creditors, so it is necessary that they have information on the business's creditworthiness. Creditors are those who offer goods on credit, just like bankers and money lenders. Before granting credit, these parties are usually interested in learning about the financial stability of the borrower.

c. Investors or Potential Investors

They are the individuals who will contribute funds through company investment; thus, the stability and profitability of a company do aid in financial decisions. Prospective investors who are interested in make an investment in a business, of naturally, want to evaluate the company's success and prosperity before making an investment by studying the company's financial statements.

d. Tax Authority

Any government body with jurisdiction over the inspection, assessment, collection, or imposition of any tax is described as a tax authority. They require information in order to determine the kinds of taxes that can be levied against the business.

e. Government

The government requires information to measure national income, or GDP, as well as industrial growth. Financial statements assist the government in developing various policies and tackling challenges such as poverty and unemployment. The state and federal governments are interested in financial statements to determine earnings for tax reasons. At the present, a majority of businesses are incorporated and run as joint stock corporations.

f. Consumers

A business that discloses financial statements informs consumers about the profits they receive and the comparable expenses that go into delivering services at reasonable prices, thereby assisting in developing a good reputation among customers. These parties are eager to obtain the goods at a lower cost. Therefore, as a result, they want to understand the process of creating proper accounting systems, which will minimize manufacturing costs, resulting in lower prices for consumers.

g. Researchers

Researchers gather, organize, analyse, and evaluate information and opinions to investigate problems, solve problems, and forecast trends. They analyse financial statements to forecast market trends and conduct research papers.

SIGNIFICANCE OF FINANCIAL STATEMENTS

The importance of financial statements is evident in their ability to influence the varying interests of various types of parties, such as creditors, the general public, management, and so on. Financial statements are a summary of a company's financial performance, providing information about its profitability, activities, and cash flow.

Financial statements are important because they provide information on a company’s revenue, expenditures, profitability, and debts.

- **To the management:** The management of modern trade concerns needs scientific and strategic access due to the growth in size and complexity of factors influencing commercial activities. For these purposes, the management team requires current, accurate, and systematic financial data. The management can better understand the performance, prospects, and position of the company's industry equivalent with the help of financial statements.

- **To the Shareholders:** For companies, management is separate from control. Shareholders are not allowed to participate in daily business operations. The results of these activities should, however, be fully disclosed to shareholders in the form of financial statements at the annual meeting of the general body. Its goal is to provide the relevant information to company stakeholders with the proper degree of knowledge in order to make better rational decisions.

FEATURES OF USEFUL FINANCIAL STATEMENTS

A proper study and interpretation of financial statements help interested parties analyse the profitability and financial stability of the organisation. As a result, the financial statements should contain certain features of useful financial statements. These are explained briefly below:

- The books of accounts of the business concern should make the information in the financial statements easily and quickly accessible. If so, the calculation is clear, and unnecessary data cannot be included in the financial statements. Also, the size of the financial statement form shouldn't be unreasonably enormous.
- Financial statements' information must be accurate and understandable in order for their actual financial strength to be presented. The financial statements should also contain all relevant information.

- A common man is unfamiliar with accounting rules, principles, and traditions. These are needed to properly understand the financial statements' information. Yet, in order to understand the financial statements without any specialist education or training, the financial statements should be presented in a basic and common language that is non-technical.
- The presented financial statements should help the organisation reach its objectives. This is achievable if only useful information is presented in the financial statements.
- The financial statements should be recorded in such a way that key information is highlighted in order to draw the attention of all parties who are interested in the financial statements.
- Financial statements should be prepared and displayed as soon as possible. It means that the financial statements should be prepared promptly after the end of the fiscal year.
- The important items should be immediately evident to any reader of the financial statements. As a result, it is essential that these facts or items be printed in capital letters, numbers, or with a distinct colour of ink.

MERITS OF FINANCIAL STATEMENTS

- To ascertain a company's ability to generate revenue, as well as the sources and purposes of those funds.
- To analyse whether a company has the ability to repay its liabilities.
- To monitor financial outcomes on a trend line in order to identify any emerging profitability risks.
- To calculate financial ratios from statements that can indicate the position of the company.
- To study into the facts of certain financial activities, as described in the disclosures that follow the statements.
- To serve as the foundation for an annual report issued to a company's investors and the investing community.

DEMERITS OF FINANCIAL STATEMENTS

- The historical nature of financial statements is common.
- Price level charges are not shown in financial statement analysis; as a result, they have an impact on the analysis as well.
- The analysis of financial statements sometimes provides outcomes that are misleading because of accounting fraud or window dressing.
- The personal skill and judgement of the analyst have an impact on financial statements.
- Analysis of financial statements ignores qualitative factors including workforce, managerial ability, and public relations.

FINANCIAL STATEMENT ANALYSIS

According to Myers, "Financial statement analysis (financial analysis) is largely a study of the relationship among the various financial factors in a business as disclosed by a single set of statements and a study of the trend of these factors as shown in a series of statements".

The process of identifying a company's financial strengths and weaknesses by strategically linking the items of the balance sheet, profit and loss statement, and other operational data is referred to as financial analysis, also known as analysis and interpretation of financial statements. Financial analysts use a variety of analytical tools to analyse financial statements before making judgements about the financial strength or weakness of an organisation, much like doctors examine their patients by taking their body temperatures, blood pressure, and other vital signs before determining the patient's condition and prescribing treatment. It assists the managers in assessing historical performance, current financial condition, liquidation status, profitability of the company, and forecasting future earnings.

A wide range of stakeholders use it, including decision-makers within the firm, government officials, credit and equity investors and general public. These parties involved all have various interests and employ various strategies to satisfy them. Equity investors, for instance, are concerned with the organization's long-term earnings potential as well as, possibly, the viability and expansion of dividend payments. Creditors want to make sure that the interest and principal on the company's debt securities (such as bonds) are paid on time.

PURPOSE OF FINANCIAL STATEMENT ANALYSIS

The main purpose of financial statement analysis is to comprehend and analyse the results in financial statements in order to evaluate the firm's profitability and financial stability and to predict its future prospects. The goal of financial analysis is to analyse the information contained in financial statements to assess the firm's financial strength and profitability.

The objective of the analysis varies with the subject matter and the person performing it. Financial analysts use a variety of analytical tools to analyse financial statements before making judgements about the financial strength or weakness of an organisation. To highlight the importance of such an analysis, the main purposes or objectives of financial statement analysis are stated below:

- To analyse the company’s earning potential or profitability.
- To evaluate managerial and operational effectiveness.
- To examine the firm’s short-term and long-term solvency position.
- To determine the factors affecting the company’s changing profitability and financial status.
- To help in making inter-firm comparisons.
- To predict the firm's prospects for the future.
- To evaluate the company's development over a period of time.
- To support decision-making and exercise control.
- To direct or choose the dividend act.
- To offer valuable information in exchange for giving credit.

USERS OF FINANCIAL STATEMENT ANALYSIS

- **Management**

  The company manager creates a continuous assessment of the company’s financial outcomes, especially with respect to several operational measures that are not accessible to other parties, such as the cost per delivery, the cost per channel of distribution, the profitability per product, and so on.

- **Investors**

  Financial statements are reviewed by both present and potential investors to analyse a company's potential to keep paying dividends, create cash flow, or expand at its previous rates based on their investment beliefs.

- **Creditors**

  A creditor is a person or organisation that offers another party credit to borrow money, generally through a loan arrangement or contract. Anybody who has lent money to a company is interested in whether it will be able to pay back the loan; therefore, they will take special note of different working capital measures.

- **Regulatory authorities**

  The Securities and Exchange Commission (if the company files in the United States) analyses the company's annual financial performance if they are publicly traded to determine whether they comply with the SEC's guidelines and the various accounting standards.

- **Employees**

  Employees analyse the company's financial statements from various viewpoints. They want to know how the firm is performing because their bonuses and raises are based on the company's financial status. They will also examine for a thorough understanding of the firm and the present market position, which will be shown in the financial statements.

TYPES OF FINANCIAL ANALYSIS

1. **Based on material used**

   Financial statement analysis is being classified into two broad forms based on the material used:

a) Internal Analysis

In this type of analysis, the company itself discloses part of the useful information to the business concern. This assessment is done to comprehend the operational performance of each department and division of the firm. Internal analysis helps in making decisions related to achieving the goals of the business concern.

b) External Analysis

External analysts are typically outsiders to the firm, but they are indirectly associated with the company, such as investors, lenders, government entities, and other credit agencies. External analysis is extremely beneficial in understanding a company's financial and operational status. This analysis gives just a limited amount of information about the company.

2. Based on the firm involved

Financial statement analysis is being classified into two broad forms based on the firm involved:

a) Infra-Firm Analysis

In order to analyse the way a company is performing; the financial factors of that entity are compared over time. It involves comparing more than two departments within the same company or business division. The analysis of department performance and increased efficiency are the major goals here.

b) Inter-Firms Analysis

Inter- firm analysis is a cross-sectional analysis where two statements are compared to each other. It involves analysing two or more similar types of business units. The purpose is to identify a favourable position in relation to competitors as well as to improve profit and product. It is a tool for a company's management to compare performance and outcomes.

3. Based on modus operandi

Financial statement analysis is being classified into two broad forms based on the firm involved:

a) Horizontal Analysis

Horizontal analysis is the process of comparing and analysing financial statements from different years. Figures for the various types of analysis are shown horizontally over the number of columns. Figures from different years are compared with the standard or base year. This type is usually referred to as "dynamic analysis".

b) Vertical Analysis

Vertical analysis is the analysis of the relationship between the various items in the financial statements of a single accounting period. The ratios of different cost items for a given period can be computed using the sales for the same period. This type of study is beneficial for evaluating the performance of different companies within the same group or departments that belong to the same organisation. It is also called "static analysis".

TECHNIQUES OF FINANCIAL STATEMENT ANALYSIS

Financial statement analysis is mainly used to assess the operational and financial performance of a company. A variety of tools and techniques are employed to analyse the financial statements of a business organisation. The following are the most significant tools or techniques used by companies.

1. Ratio Analysis
2. Comparative Statement Analysis
    a. Comparative Income Statement Analysis
    b. Comparative Position Statement Analysis
3. Trend Analysis
4. Common Size Analysis
    a. Common size income statement
    b. Common size balance sheet
5. Fund Flow Statement
6. Cash Flow Statement
7. Average analysis
8. Cost Volume Profit Analysis

1. **RATIO ANALYSIS**

Ratio Analysis shows the major relationship that exists between various balance sheet items and a firm's income statements. Accounting ratios are a financial analysis technique that compares the relative importance of the distinct items in the income and position statements. The ratio analysis technique is useful to assess an enterprise's profitability, liquidity, and performance. Ratio analysis is a significant and time-tested financial analysis tool. Certain ratios show the firm's trend, growth, or doom. Banks use specific ratios to assess profitability and efficiency which includes Net Interest Margin (NIM), Leverage Ratio and Efficiency Ratio.

2. **COMPARATIVE ANALYSIS**

A key tool of horizontal financial analysis is the presentation of comparative operating and financial statements. Comparative financial statements are summaries of a company's financial position that are intended to provide time perspective to the analysis of various factors of financial status reflected in these kinds of statements. Typically, the balance sheet and income statement are presented in comparative type as they are the most key financial statements. Figures for two or more periods are given side by side in these statements to simplify comparison. These statements compare two time periods and show the extent and direction of past changes in a company's operating outcomes and financial position. Financial statements from two or more companies can also be analysed to establish conclusions. This is termed an intern-firm comparison. The statement also includes columns for indicating the change from one year to the next in both absolute and percentage terms. Comparative statements are classified into two main types:

a. **Comparative Income Statement:**

A comparative income statement shows the outcomes of various financial period in different columns. The purpose of this approach is to help the viewer to compare the outcomes of various historical periods, providing insight into how an organization performs over time. The most usual presentation structure for a comparative income statement is to present the outcomes of the most recent financial period in the column directly adjacent to the row headings, with the results of previous periods shown progressively to the right.

b. Comparative Balance Sheet

A comparative balance sheet compares the assets, liabilities, and equity shareholders of an at multiple points in time. A comparative balance sheet, for example, may provide the balance sheet at the end of every fiscal year of the previous three years. Another alternative is to provide the balance sheet for the last 12 months as of the end of every month. The purpose in both situations is to give the reader a progression of images of a business's financial position over time in order to build trend lines for assessments.

3. TREND ANALYSIS

It is a tool for understanding operational performance and financial health over time. Trend analysis is performed on the previous year's data of a business entity to analyse the percentage changes over time in the data extracted. The trend percentage is the proportional relationship that each item from various years holds with a single item from the base year. Trend analysis is necessary because, with its long-term perspective, it can reveal fundamental changes in the structure of the firm. By analysing a trend in a specific ratio, one can determine if the ratio is decreasing, rising, or holding relatively steady. This assessment reveals a problem or an indication of healthy or poor management. Financial statements are also analysed by measuring trends in a set of data. Trend analysis evaluates whether the trend is upward or downward and requires computing the percentage relationship in which each item is with the corresponding item in the base year.

4. COMMON SIZE ANALYSIS

The common size analysis assesses financial statements by presenting each line item as a percentage of the period's base value. The value of the line item divided by the value of the base item is the common size analysis equation. For example, income (the base item) divided by the cost of the products sold (the line item) equals The advantages of a common size analysis include the capacity for investors to identify significant changes in a company's financial statements and the ability to compare companies of various sizes. Common size statements are classified into two main types:

a. **Common size income statement**

The income statement's base item is typically overall sales or total revenues. The net profit margin, along with gross and operating margins, are calculated using common size analysis. The ratios inform investors and finance managers about the company's income status and can be used to forecast future income and expenditures. Companies are also able to employ this tool to examine competitors to learn how much of their revenue is used for marketing, R&D, and other necessary expenditures.

b. **Common size balance sheet**

The overall asset value is used as the base value in the common size analysis of the balance sheet. A financial manager or investor may employ the common size analysis to compare a firm's capital structure to that of competitors. They can make key observations by comparing particular line items to total assets. For example, if the amount of long-term debt in relation to overall asset value is large, it may indicate that the company is in crisis.

5. FUND FLOW STATEMENT

The word "fund" denotes cash, cash equivalents, or working capital, as well as all financial means employed by the company. Men, materials, money, plant and machinery, and other resources comprise a company's overall resources. The term "fund" refers to working capital in a broader context. The term "flow of funds" refers to changes or movements in funds or variations in working capital that occur in the ordinary course of business activities. Working capital movements usually appear in the form of an inflow or an outflow of working capital. In other terms, "flow of funds" also refers to any rise or fall in working capital that occurs as a result of business activities.

6. **CASH FLOW STATEMENT**

It involves the analysis of actual cash movement into and out of a business. The flow of cash into the business is referred to as the "cash inflow" or "positive flow of cash," whereas the flow of cash out of the business is referred to as the "cash outflow" or "negative flow of cash." The "net cash flow" refers to the difference between the inflow and outflow of funds. As it indicates the sources of cash inflows and the reasons for which the payments are made, a cash flow statement is generated to predict the way in which cash has been acquired and then used during a financial year.

7. **AVERAGE ANALYSIS**

It is an advancement over the trend analysis tool. When the trend ratios for the company have been obtained, these results are compared to the firm's average trend. Both these trends are represented on graph paper in the form of curves. This representation of facts makes the study and comparison more accurate and useful.

8. **COST VOLUME PROFIT ANALYSIS**

This analysis shows the fundamental connection between sales, cost, and profit. The total cost is divided into two parts: fixed costs and variable costs. The relationship between sales and variable costs stays constant. The management can plan their profits more effectively due to cost analysis.

MERITS OF FINANCIAL ANALYSIS

- The primary benefit of financial statement analysis is that it gives investors guidance on whether to invest their money in a specific company.
- Financial statement analysis also has the advantage of enabling regulatory bodies like the IASB (International Accounting Standards Board) to verify if a company is remaining true to the necessary accounting standards.
- Government agencies can analyse the taxes due by the company using financial statement analysis.
- Moreover, the business may assess how it performed over a particular period of time.

DEMERITS OF FINANCIAL ANALYSIS

- The analysis is merely a tool for reaching conclusions, not the findings themselves.
- The primary aspect of financial statements is historical. The past need not be completely predictive of the future.
- Furthermore, an analyst needs to be more careful about “window dressing” in the accounts.
- The reasons for the changes are not specified.
- Any alterations to the accounting system or procedure weaken the efficacy of such an analysis. The figures from various financial statements lack comparability.

CHAPTER – 3

COMPANY PROFILE

3.1 COMPANY PROFILE

3.1.1 STATE BANK OF INDIA (SBI)

Established in : 1 July 1955

Type of bank : Public sector bank

Chairman : Dinesh Kumar Khara

Headquarters : Mumbai, Maharashtra

The State Bank of India (SBI) is a statutory body in India that provides public sector banking and financial services. SBI, the fastest-growing Indian bank with a quarter share of the market, supports over 45 crore customers through its extensive network of over 22,000 branches, 62617 ATMs, and 71,968 BC branches, with an unwavering commitment to innovation and customer focus arising from the bank's prime values of Service, Transparency, Ethics, Politeness, and Sustainability.

SBI General Insurance, SBI Life Insurance, SBI Mutual Fund, SBI Card, and other subsidiaries have successfully diversified the bank's business. It has a worldwide presence and operates across time zones, with 229 offices in 31 different countries.

HISTORY

SBI’s rich history and reputation of over 200 years establish it as the most trusted bank among Indians across generations. The Bank of Calcutta, formally known as the Bank of Bengal, was founded on June 2, 1806, and serves as the foundation for the state bank of India. This bank traces its roots back to the first ten years of the 19th century. It was the first joint-stock bank in British India, funded by the government of Bengal.

On January 27, 1921, the Bank of Bombay (15 April 1840) and the Bank of Madras (1 July 1843) amalgamated with the Bank of Bengal and were restructured as the Imperial Bank of India. These three banks were the pinnacle of modern banking in India before their merger as the Imperial Bank of India. The Reserve Bank of India, India’s central bank, acquired a majority shareholding in the Imperial Bank of India under the terms of the State Bank of India Act of 1955. The Imperial Bank of India became the State Bank of India on April 30, 1955.

SBI merged with Bhartiya Mahila Bank and five of its associate banks on April 1st, 2017. The State Bank of Jaipur, Patiala, Bikaner, Mysore, Travancore, and Hyderabad were among these associate banks.

OPERATIONS

- It offers a broad range of banking products and services.
- It accepts deposits from both the public and institutional depositors.
- It lends money to firms that SBI strongly believes are indeed worthy of financing.
- It also sells and purchases gold.
- It is acting as a representative for India's cooperative bank and the Reserve Bank of India.
- It buys and sells foreign currency payments.
- It fulfils the roles of state property administrator and board member.
- It is not permitted to purchase immovable property but may purchase buildings for authorized commercial reasons.
- It has no authority to get the bills rediscounted. The bills will be completed with two valid signatures.

3.1.2 INDUSTRIAL CREDIT AND INVESTMENT CORPORATION OF INDIA (ICICI BANK)

Established in : 5 January 1994

Type of bank : Private sector bank

Managing Director & CEO : Girish Chandra Chaturvedi

Headquarters : Mumbai, Maharashtra

The Industrial Credit and Investment Corporation of India (ICICI) Bank Ltd. is an International Indian bank and financial services company. It provides a diverse range of financial products and services to institutional and individual customers through a system of delivery channels and customized subsidiaries in investment banking, life and non-life insurance, venture capital, and asset management.

This multinational financial institution operates in 17 nations and has a network of 5,275 branches and 15,589 ATMs across India. The bank includes branches in the United Kingdom and Canada, in addition to branches and representative offices in the United States, Singapore, Bahrain, Hong Kong, Qatar, Oman, the Dubai International Financial Centre, China, and South Africa. The UK division of the corporation has also established branches in Belgium and Germany.

HISTORY

ICICI was founded in 1955. ICICI joined the banking industry in 1994 with the launch of ICICI Bank as its financial division. ICICI Bank was the first bank in India to offer internet banking in 1998.It was the first Indian bank to be listed on the New York Stock Exchange in 1999. It acquired the Bank of Madura in 2001, which was established in 1943.The bank directors approved the backward merger of the parent business into the ICICI Bank subsidiary in 2002.In 2003, ICICI Bank opened branches in Canada, the United Kingdom, and Singapore. It has established representative banking branches in Dubai and Shanghai. It established an office in Bangladesh in 2004 to participate in the extensive banking business in Bangladesh and South Africa.

ICICI Bank acquired the Russian affiliate IKB (Investitsionno-Kreditny Bank) and renamed it ICICI Bank Eurasia in 2005. In the same year, it also opened branches in Hong Kong and Dubai. They established a branch in Antwerp, Belgium, as well as representative offices in Jakarta, Bangkok and Kuala Lumpur in 2006. Sangli Bank was founded in 2007 and has 158 branches in Maharashtra and 31 offices in Karnataka. With the US Federal Reserve's approval, it changed its New York branch into an ICICI Bank branch in 2008. In the same year, it launched an office in Frankfurt.

In 2013, it was the first private-sector bank to launch a mobile branch with an ATM in Maharashtra. The board of directors of ICICI Bank authorized a Rs 1,000 crore investment in Yes Bank Ltd. in March 2020. As a result of this investment, ICICI Bank now owns more than 5% of Yes Bank.

OPERATIONS

- Retail asset operations handles mortgages, auto loans, personal loans, consumer financing, and agricultural loans, among other things.
- Card activities include credit, commercial, INR prepaid, Forex cards, FASTag, and so on.
- Pre-disbursement checks including document verification for small and medium enterprises and corporate clients are important activities for the Lending Services Operations team.
- Corporate operations handle disbursement and servicing for this group of clients, which includes Term and Demand Loan facilities, Overdraft, Cash credit, and so on.
- Tax-advantaged investments, mutual funds, and Public Provident Funds.
- Health, life, and general insurance are all forms of insurance.
- Deposit schemes comprise FD (Fixed Deposit) and RD (Recurring Deposit) plans.
- Commercial banking that includes a wide range of products for current accounts, internet banking, as well as mobile banking.

CHAPTER – 4

DATA ANALYSIS

AND

INTERPRETATION

4.1 COMPARATIVE POSITION STATEMENT

4.1.1 COMPARATIVE BALANCE SHEET OF SBI FOR THE YEAR ENDED 31st MARCH 2021 AND 2022

(RS IN CRORES)

Particular	Mar-21	Mar-22	ABSOLUTE CHANGE	CHANGE IN %
CAPITAL AND LIABILITIES				
Capital	892.46	892.46	-	-
Reserves & Surplus	274,669.10	304,695.58	30,026.48	10.93
Minority Interest	9,625.92	11,207.43	1,581.51	16.43
Deposits	3,715,331.24	4,087,410.6	372,079.36	10.01
Borrowings	433,796.22	449,159.78	15,363.56	3.54
Other Liabilities and Provisions	411,303.62	507,517.68	96,214.06	23.39
TOTAL	**4,845,618.56**	**5,360,883.53**	**515,264.97**	**10.63**
ASSETS				
Cash and Balances with Reserve Bank of India	213,498.62	258,086.43	44,587.81	20.88
Balances with Banks and Money at Call & Short Notice	134,208.42	140,818.69	6,610.27	4.93
Investments	1,595,100.27	1,776,489.9	181,389.63	11.37
Advances	2,500,598.99	2,794,076	293,477.01	11.74
Fixed Assets	40,166.79	39,510.03	(656.76)	(1.64)
Other Assets	362,045.47	351,902.48	(10,142.99)	(2.80)
TOTAL	**4,845,618.56**	**5,360,883.53**	**515,264.97**	**10.63**

INTERPRETATION

- Reserves and surplus are increased by 10.93%, hence they retained the amount of earnings.
- Cash and Balances of SBI with Reserve Bank of India increases by 20.88%, thus it shows that there is liquidity.

4.1.2 COMPARATIVE BALANCE SHEET OF SBI FOR THE YEAR ENDED 31st MARCH 2020 AND 2021

(RS IN CRORES)

Particular	Mar-20	Mar-21	ABSOLUTE CHANGE	CHANGE IN %
CAPITAL AND LIABILITIES				
Capital	892.46	892.46	-	-
Reserves & Surplus	250,167.66	274,669.10	24,501.44	9.79
Minority Interest	7,943.82	9,625.92	1,682.10	21.17
Deposits	3,274,160.63	3,715,331.24	441,170.61	13.47
Borrowings	332,900.67	433,796.22	100,895.55	30.31
Other Liabilities and Provisions	331,427.10	411,303.62	79,876.52	24.10
TOTAL	**4,197,492.34**	**4,845,618.56**	**648,126.22**	**15.44**
ASSETS				
Cash and Balances with Reserve Bank of India	166,968.46	213,498.62	46,530.16	27.87
Balances with Banks and Money at Call & Short Notice	87,346.80	134,208.42	46,861.62	53.65
Investments	1,228,284.28	1,595,100.27	366,815.99	29.86
Advances	2,374,311.18	2,500,598.99	126,287.81	5.32
Fixed Assets	40,078.17	40,166.79	88.62	0.22
Other Assets	300,503.45	362,045.47	61,542.02	20.48
TOTAL	**4,197,492.34**	**4,845,618.56**	**648,126.22**	**15.44**

INTERPRETATION

- Investments shows an increase of 29.86%, thus it indicates that there is capital appreciation.
- Reserves and surplus are increased by 9.79%, hence they maintained the amount of earnings.

4.1.3 COMPARATIVE BALANCE SHEET OF SBI
FOR THE YEAR ENDED 31st MARCH 2019 AND 2020

(RS IN CRORES)

Particular	Mar-19	Mar-20	ABSOLUTE CHANGE	CHANGE IN %
CAPITAL AND LIABILITIES				
Capital	892.46	892.46	-	-
Reserves & Surplus	233,603.20	250,167.66	16,564.46	7.09
Minority Interest	6,036.99	7,943.82	1,906.83	31.59
Deposits	2,940,541.06	3,274,160.63	333,619.57	11.35
Borrowings	413,747.66	332,900.67	(80,846.99)	(19.54)
Other Liabilities and Provisions	293,645.69	331,427.10	37,781.41	12.87
TOTAL	**3,888,467.06**	**4,197,492.34**	**309,025.28**	**7.95**
ASSETS				
Cash and Balances with Reserve Bank of India	177,362.74	166,968.46	(10,394.28)	(5.86)
Balances with Banks and Money at Call & Short Notice	48,149.52	87,346.80	39,197.28	81.41
Investments	1,119,247.77	1,228,284.28	109,036.51	9.74
Advances	2,226,853.67	2,374,311.18	147,457.51	6.62
Fixed Assets	40,703.05	40,078.17	(624.88)	(1.54)
Other Assets	276,150.31	300,503.45	24,353.14	8.82
TOTAL	**3,888,467.06**	**4,197,492.34**	**309,025.28**	**7.95**

INTERPRETATION

- Overall borrowings decreased by 19.5% whereas balances with bank and call money & short notice increased by 81.41%, it shows the liquidity.

4.1.4 COMPARATIVE BALANCE SHEET OF SBI
FOR THE YEAR ENDED 31st MARCH 2018 AND 2019

(RS IN CRORES)

Particular	Mar-18	Mar-19	ABSOLUTE CHANGE	CHANGE IN %
CAPITAL AND LIABILITIES				
Capital	892.46	892.46	-	-
Reserves & Surplus	229,429.49	233,603.20	4,173.71	1.82
Minority Interest	4,615.25	6,036.99	1,421.74	30.81
Deposits	2,722,178.28	2,940,541.06	218,362.78	8.02
Borrowings	369,079.34	413,747.66	44,668.32	12.10
Other Liabilities and Provisions	290,238.19	293,645.69	3,407.50	1.17
TOTAL	**3,616,433.01**	**3,888,467.06**	**272,034.05**	**7.52**
ASSETS				
Cash and Balances with Reserve Bank of India	150,769.46	177,362.74	26,593.28	17.64
Balances with Banks and Money at Call & Short Notice	44,519.65	48,149.52	3,629.87	8.15
Investments	1,183,794.24	1,119,247.77	(64,546.47)	(5.45)
Advances	1,960,118.54	2,226,853.67	266,735.13	13.61
Fixed Assets	41,225.79	40,703.05	(522.74)	(1.27)
Other Assets	236,005.33	276,150.31	40,144.98	17.01
TOTAL	**3,616,433.01**	**3,888,467.06**	**272,034.05**	**7.52**

INTERPRETATION

- Cash and Balances of SBI with Reserve Bank of India shows an increase of 17.64%, it shows the liquidity of the bank.

4.1.5 COMPARATIVE BALANCE SHEET OF ICICI BANK FOR THE YEAR ENDED 31st MARCH 2021 AND 2022

(RS IN CRORES)

Particular	Mar-21	Mar-22	ABSOLUTE CHANGE	CHANGE IN %
CAPITAL AND LIABILITIES				
Capital	1,383.41	1,389.97	6.56	0.47
Employees stock options outstanding	3.10	266.61	263.51	8,500.32
Reserves and surplus	156,200.99	180,396.12	24,195.13	15.49
Minority interest	9,588.34	5,980.89	(3,607.45)	(37.62)
Deposits	959,940.04	1,091,365.58	131,425.54	13.69
Borrowings	143,899.94	161,602.68	17,702.74	12.30
Liabilities on policies in force	203,180.00	228,827.19	25,647.19	12.62
Other liabilities and provisions	99,616.43	82,808.34	(16,808.09)	(16.87)
TOTAL	**1,573,812.25**	**1,752,637.38**	**178,825.13**	**11.36**
ASSETS				
Cash and balances with Reserve Bank of India	46,302.20	60,228.71	13,926.51	30.08
Balances with banks and money at call and short notice	101,268.33	122,897.28	21,628.95	21.36
Investments	536,578.62	567,097.72	30,519.10	5.69
Advances	791,801.39	920,308.14	128,506.75	16.23
Fixed assets	10,809.26	10,605.40	(203.86)	(1.89)
Other assets	87,052.45	71,500.13	(15,552.32)	(17.87)
TOTAL	**1,573,812.25**	**1,752,637.38**	**178,825.13**	**11.36**

INTERPRETATION

- Cash and balances with Reserve Bank of India of ICICI bank increases by 30.08%, this shows the time liability and net demand of the bank.

4.1.6 COMPARATIVE BALANCE SHEET OF ICICI BANK FOR THE YEAR ENDED 31st MARCH 2020 AND 2021

(RS IN CRORES)

Particular	Mar-20	Mar-21	ABSOLUTE CHANGE	CHANGE IN %
CAPITAL AND LIABILITIES				
Capital	1,294.76	1,383.41	88.65	6.85
Employees stock options outstanding	3.49	3.10	(0.39)	(11.17)
Reserves and surplus	121,661.81	156,200.99	34,539.18	28.39
Minority interest	6,794.77	9,588.34	2,793.57	41.11
Deposits	800,784.46	959,940.04	159,155.58	19.87
Borrowings	213,851.78	143,899.94	(69,951.84)	(32.71)
Liabilities on policies in force	145,486.25	203,180.00	57,693.75	39.66
Other liabilities and provisions	87,414.91	99,616.43	12,201.52	13.96
TOTAL	**1,377,292.23**	**1,573,812.25**	**196,520.02**	**14.27**
ASSETS				
Cash and balances with Reserve Bank of India	35,311.93	46,302.20	10,990.27	31.12
Balances with banks and money at call and short notice	92,540.99	101,268.33	8,727.34	9.43
Investments	443,472.63	536,578.62	93,105.99	20.99
Advances	706,246.11	791,801.39	85,555.28	12.11
Fixed assets	10,408.66	10,809.26	400.60	3.85
Other assets	89,311.91	87,052.45	(2,259.46)	(2.53)
TOTAL	**1,377,292.23**	**1,573,812.25**	**196,520.02**	**14.27**

INTERPRETATION

- Investment shows an increase of 20.99%, thus it signifies capital growth.
- Overall fixed asset increased by 3.85%, it indicates that the amount raised is utilized in procuring fixed asset.

4.1.7 COMPARATIVE BALANCE SHEET OF ICICI BANK FOR THE YEAR ENDED 31st MARCH 2019 AND 2020

(RS IN CRORES)

Particular	Mar-19	Mar-20	ABSOLUTE CHANGE	CHANGE IN %
CAPITAL AND LIABILITIES				
Capital	1,289.46	1,294.76	5.30	0.41
Employees stock options outstanding	4.68	3.49	(1.19)	(25.43)
Reserves and surplus	112,959.27	121,661.81	8,702.54	7.70
Minority interest	6,580.54	6,794.77	214.23	3.26
Deposits	681,316.94	800,784.46	119,467.52	17.53
Borrowings	210,324.12	213,851.78	3,527.66	1.68
Liabilities on policies in force	152,378.75	145,486.25	(6,892.50)	(4.52)
Other liabilities and provisions	73,940.14	87,414.91	13,474.77	18.22
TOTAL	**1,238,793.90**	**1,377,292.23**	**138,498.33**	**11.18**
ASSETS				
Cash and balances with Reserve Bank of India	38,066.28	35,311.93	(2,754.35)	(7.24)
Balances with banks and money at call and short notice	49,324.62	92,540.99	43,216.37	87.62
Investments	398,200.76	443,472.63	45,271.87	11.37
Advances	646,961.68	706,246.11	59,284.43	9.16
Fixed assets	9,660.42	10,408.66	748.24	7.75
Other assets	96,580.14	89,311.91	(7,268.23)	(7.53)
TOTAL	**1,238,793.90**	**1,377,292.23**	**138,498.33**	**11.18**

INTERPRETATION

- Balances with banks and call money and short notice increased by 87.62%, hence there is liquidity.

4.1.8 COMPARATIVE BALANCE SHEET OF ICICI BANK FOR THE YEAR ENDED 31st MARCH 2018 AND 2019

(RS IN CRORES)

Particular	Mar-18	Mar-19	ABSOLUTE CHANGE	CHANGE IN %
CAPITAL AND LIABILITIES				
Capital	1,285.81	1,289.46	3.65	0.28
Employees stock options outstanding	5.50	4.68	(0.82)	(14.91)
Reserves and surplus	109,338.31	112,959.27	3,620.96	3.31
Minority interest	6,008.10	6,580.54	572.44	9.53
Deposits	585,796.11	681,316.94	95,520.83	16.31
Borrowings	229,401.82	210,324.12	(19,077.70)	(8.32)
Liabilities on policies in force	131,488.63	152,378.75	20,890.12	15.89
Other liabilities and provisions	60,956.76	73,940.14	12,983.38	21.30
TOTAL	**1,124,281.04**	**1,238,793.90**	**114,512.86**	**10.19**
ASSETS				
Cash and balances with Reserve Bank of India	33,272.60	38,066.28	4,793.68	14.41
Balances with banks and money at call and short notice	55,726.53	49,324.62	(6,401.91)	(11.49)
Investments	372,207.68	398,200.76	25,993.08	6.98
Advances	566,854.22	646,961.68	80,107.46	14.13
Fixed assets	9,465.01	9,660.42	195.41	2.06
Other assets	86,755.00	96,580.14	9,825.14	11.33
TOTAL	**1,124,281.04**	**1,238,793.90**	**114,512.86**	**10.19**

INTERPRETATION

- Total borrowings decreased by 8.32%, it reveals that the bank has paid off certain debts
- Overall investment increased by 6.98%, thus it shows that there is capital appreciation.

4.2 COMPARATIVE INCOME STATEMENT

4.2.1 COMPARATIVE INCOME STATEMENT OF SBI FOR THE YEAR ENDED 31st MARCH 2021 AND 2022

Particulars (RS IN CRORES)	Mar-21	Mar-22	ABSOLUTE CHANGE	CHANGE IN %
I. INCOME				
Interest earned	278,115.48	289,972.69	11,857.21	4.26
Other income	107,222.41	117,000.40	9,777.99	9.12
TOTAL INCOME	**385,337.89**	**406,973.09**	**21,635.20**	**5.61**
II. EXPENDITURE				
Interest expended	156,010.17	156,194.34	184.17	0.12
Operating expenses	150,429.59	174,363.43	23,933.84	15.91
Provisions and contingencies	54,618.41	40,059.15	(14,559.26)	(26.66)
TOTAL EXPENDITURE	**361,058.17**	**370,616.92**	**9,558.75**	**2.65**
III. PROFIT/(LOSS)				
Net profit/(loss) for the year	24,279.72	36,356.17	12,076.45	49.74
Add: Share of profit in associates	-391.9	827.01	1,218.91	(311.03)
Net profit for the year before minority interest	23,887.82	37,183.18	13,295.36	55.66
Less: Minority interest	1,482.36	1,809.30	326.94	22.06
Net profit after minority interest	22,405.46	35,373.88	12,968.42	57.88
Profit brought forward	(1,361.74)	8,096.54	9,458.28	(694.57)
TOTAL PROFIT/(LOSS)	**21,043.72**	**43,470.42**	**22,426.70**	**106.57**
IV.APPROPRIATIONS/TRANSFERS				
Transfer to Reserves	9,373.69	16,738.73	7,365.04	78.57
Dividend paid during the year	3,573.49	6,337.34	2,763.85	77.34
Balance carried over to balance sheet	8,096.54	20,394.35	12,297.81	151.89
TOTAL	**21,043.72**	**43,470.42**	**22,426.70**	**106.57**

INTERPRETATION

- Interest earned in the financial year 2022 was Rs 289,972.69 crores as compared to Rs 278,115.48 crores in the financial year 2021, indicating a 4.26% rise.
- Net profit reached Rs 35,373.88 crores during the financial year 2022, a 57.88% increase over the previous year.

4.2.2 COMPARATIVE INCOME STATEMENT OF SBI FOR THE YEAR ENDED 31st MARCH 2020 AND 2021

Particulars (RS IN CRORES)	Mar-20	Mar-21	ABSOLUTE CHANGE	CHANGE IN %
I. INCOME				
Interest earned	269,851.66	278,115.48	8,263.82	3.06
Other income	98,158.99	107,222.41	9,063.42	9.23
TOTAL INCOME	**368,010.65**	**385,337.89**	**17,327.24**	**4.71**
II. EXPENDITURE				
Interest expended	161,123.80	156,010.17	(5,113.63)	(3.17)
Operating expenses	131,781.57	150,429.59	18,648.02	14.15
Provisions and contingencies	56,928.46	54,618.41	(2,310.05)	(4.06)
TOTAL EXPENDITURE	**349,833.83**	**361,058.17**	**11,224.34**	**3.21**
III. PROFIT/(LOSS)				
Net profit/(loss) for the year	18,176.83	24,279.72	6,102.89	33.58
Add: Share of profit in associates	2963.14	-391.9	(3,355.04)	(113.23)
Net profit for the year before minority interest	21,139.97	23,887.82	2,747.85	13.00
Less: Minority interest	1,372.17	1,482.36	110.19	8.03
Net profit after minority interest	19,767.80	22,405.46	2,637.66	13.34
Profit brought forward	(8,328.40)	(1,361.74)	6,966.66	(83.65)
TOTAL PROFIT/(LOSS)	**11,439.40**	**21,043.72**	**9,604.32**	**83.96**
IV.APPROPRIATIONS/TRANSFERS				
Transfer to Reserves	12,793.08	9,373.69	(3,419.39)	(26.73)
Dividend paid during the year	8.06	3,573.49	3,565.43	44,236.10
Balance carried over to balance sheet	(1,361.74)	8,096.54	9,458.28	(694.57)
TOTAL	**11,439.40**	**21,043.72**	**9,604.32**	**83.96**

INTERPRETATION

- Net profit was Rs 22,405.46 crores during the fiscal year 2021, a 13.34% rise over the past year.
- Interest expenses declined by 3.17% (year over year) during the period.

4.2.3 COMPARATIVE INCOME STATEMENT OF SBI FOR THE YEAR ENDED 31st MARCH 2019 AND 2020

Particulars (RS IN CRORES)	Mar-19	Mar-20	ABSOLUTE CHANGE	CHANGE IN %
I. INCOME				
Interest earned	253,322.14	269,851.66	16,529.52	6.53
Other income	77,365.22	98,158.99	20,793.77	26.88
TOTAL INCOME	**330,687.36**	**368,010.65**	**37,323.29**	**11.29**
II. EXPENDITURE				
Interest expended	155,867.46	161,123.80	5,256.34	3.37
Operating expenses	114,800.3	131,781.57	16,981.27	14.79
Provisions and contingencies	56,950.52	56,928.46	(22.06)	(0.04)
TOTAL EXPENDITURE	**327,618.28**	**349,833.83**	**22,215.55**	**6.78**
III. PROFIT/(LOSS)				
Net profit/(loss) for the year	3,069.07	18,176.83	15,107.76	492.26
Add: Share of profit in associates	281.48	2,963.14	2,681.66	952.70
Net profit for the year before minority interest	3,350.55	21,139.97	17,789.42	530.94
Less: Minority interest	1,050.91	1,372.17	321.26	30.57
Net profit after minority interest	2,299.64	19,767.80	17,468.16	759.60
Profit brought forward	(9,941.20)	(8,328.40)	1,612.80	(16.22)
TOTAL PROFIT/(LOSS)	**(7,641.56)**	**11,439.40**	**19,080.96**	**(249.70)**
IV.APPROPRIATIONS/TRANSFERS				
Transfer to Reserves	629.85	12,793.08	12,163.23	1,931.13
Dividend paid during the year	56.98	8.06	(48.92)	(85.85)
Balance carried over to balance sheet	(8,328.40)	(1,361.74)	6,966.66	(83.65)
TOTAL	**(7,641.57)**	**11,439.40**	**19,080.97**	**(249.70)**

INTERPRETATION

- Total profit decreased by 249.70% year over year in the financial year.
- Interest earned in the financial year 2020 was Rs 269,851.66 crores as compared to Rs 253,322.14 crores in the financial year 2019, showing a 6.53 % increase.

4.2.4 COMPARATIVE INCOME STATEMENT OF SBI

FOR THE YEAR ENDED 31st MARCH 2018 AND 2019

Particulars (RS IN CRORES)	Mar-18	Mar-19	ABSOLUTE CHANGE	CHANGE IN %
I. INCOME				
Interest earned	228,970.28	253,322.14	24,351.86	10.64
Other income	77,557.24	77,365.22	(192.02)	(0.25)
TOTAL INCOME	**306,527.52**	**330,687.36**	**24,159.84**	**7.88**
II. EXPENDITURE				
Interest expended	146,602.98	155,867.46	9,264.48	6.32
Operating expenses	96154.37	114800.3	18,645.93	19.39
Provisions and contingencies	67957.58	56950.52	(11,007.06)	(16.20)
TOTAL EXPENDITURE	**310,714.93**	**327,618.28**	**16,903.35**	**5.44**
III. PROFIT/(LOSS)				
Net profit/(loss) for the year	(4,187.41)	3069.07	7,256.48	(173.29)
Add: Share of profit in associates	438.16	281.48	(156.68)	(35.76)
Net profit for the year before minority interest	(3,749.25)	3,350.55	7,099.80	(189.37)
Less: Minority interest	807.04	1,050.91	243.87	30.22
Net profit after minority interest	(4,556.29)	2,299.64	6,855.93	(150.47)
Profit brought forward	(4,340.04)	(9,941.20)	(5,601.16)	129.06
TOTAL PROFIT/(LOSS)	**(8,896.33)**	**(7,641.56)**	**1,254.77**	**(14.10)**
IV.APPROPRIATIONS/TRANSFERS				
Transfer to Reserves	981.16	629.85	(351.31)	(35.81)
Dividend paid during the year	63.71	56.98	(6.73)	(10.56)
Balance carried over to balance sheet	(9,941.20)	(8,328.40)	1,612.80	(16.22)
TOTAL	**(8,896.33)**	**(7,641.57)**	**1,254.76**	**(14.10)**

INTERPRETATION

- On a year-on-year basis, interest earned increased 10.64% throughout the year.
- Other income reduced by 0.25% year over year.

4.2.5 COMPARATIVE INCOME STATEMENT OF ICICI BANK FOR THE YEAR ENDED 31st MARCH 2021 AND 2022

Particulars (RS IN CRORES)	Mar-21	Mar-22	ABSOLUTE CHANGE	CHANGE IN %
I. INCOME				
Interest earned	89,162.66	95,406.87	6,244.21	7.00
Other income	72,029.53	62,129.45	(9,900.08)	(13.74)
TOTAL INCOME	**161,192.19**	**157,536.32**	**(3,655.87)**	**(2.27)**
II. EXPENDITURE				
Interest expended	42,659.09	41,166.67	(1,492.42)	(3.50)
Operating expenses	76,271.67	73,151.72	(3,119.95)	(4.09)
Provisions and contingencies	22,041.76	17,434.09	(4,607.67)	(20.90)
TOTAL EXPENDITURE	**140,972.52**	**131,752.48**	**(9,220.04)**	**(6.54)**
III. PROFIT/(LOSS)				
Net profit/(loss) for the year	20,219.68	25,783.83	5,564.15	27.52
Add: Share of profit in associates	144.29	754.43	610.14	422.86
Net profit for the year before minority interest	20,363.97	26,538.26	6,174.29	30.32
Less: Minority interest	1,979.65	1,428.16	(551.49)	(27.86)
Net profit after minority interest	18,384.32	25,110.10	6,725.78	36.58
Profit brought forward	26,800.00	38,515.60	11,715.60	43.71
TOTAL PROFIT/(LOSS)	**45,184.32**	**63,625.70**	**18,441.38**	**40.81**
IV.APPROPRIATIONS/TRANSFERS				
Transfer to Reserves	6,668.72	9,390.58	2,721.86	40.82
Dividend paid during the year	-	1,385.23	1,385.23	-
Balance carried over to balance sheet	38,515.60	52,849.89	14,334.29	37.22
TOTAL	**45,184.32**	**63,625.70**	**18,441.38**	**40.81**

INTERPRETATION

- Interest earned during the financial year 2022 was Rs 95,406.87crores as compared to Rs 89,162.66 crores during the financial year 2021, showing a 7% growth.
- During the same timeframe, interest expended decreased by 3.5% (year on year basis).

4.2.6 COMPARATIVE INCOME STATEMENT OF ICICI BANK FOR THE YEAR ENDED 31st MARCH 2020 AND 2021

Particulars (RS IN CRORES)	Mar-20	Mar-21	ABSOLUTE CHANGE	CHANGE IN %
I. INCOME				
Interest earned	84,835.77	89,162.66	4,326.89	5.10
Other income	64,950.33	72,029.53	7,079.20	10.90
TOTAL INCOME	**149,786.10**	**161,192.19**	**11,406.09**	**7.61**
II. EXPENDITURE				
Interest expended	44,665.52	42,659.09	(2,006.43)	(4.49)
Operating expenses	71,517.91	76,271.67	4,753.76	6.65
Provisions and contingencies	22,377.21	22,041.76	(335.45)	(1.50)
TOTAL EXPENDITURE	**138,560.64**	**140,972.52**	**2,411.88**	**1.74**
III. PROFIT/(LOSS)				
Net profit/(loss) for the year	11,225.47	20,219.68	8,994.21	80.12
Add: Share of profit in associates	-	144.29	144.29	-
Net profit for the year before minority interest	11,225.47	20,363.97	9,138.50	81.41
Less: Minority interest	1,659.16	1,979.65	320.49	19.32
Net profit after minority interest	9,566.31	18,384.32	8,818.01	92.18
Profit brought forward	22,020.11	26,800.00	4,779.89	21.71
TOTAL PROFIT/(LOSS)	**31,586.42**	**45,184.32**	**13,597.90**	**43.05**
IV.APPROPRIATIONS/TRANSFERS				
Transfer to Reserves	3,912.87	6,668.72	2,755.85	70.43
Dividend paid during the year	873.55	-	(873.55)	(100.00)
Balance carried over to balance sheet	26,800.00	38,515.60	11,715.60	43.71
TOTAL	**31,586.42**	**45,184.32**	**13,597.90**	**43.05**

INTERPRETATION

- Interest expenses fall by 4.49% (year on year) during the year.
- Net profit during the year rises by 92.18 on a year-on-year basis.

4.2.7 COMPARATIVE INCOME STATEMENT OF ICICI BANK FOR THE YEAR ENDED 31st MARCH 2019 AND 2020

Particulars (RS IN CRORES)	Mar-19	Mar-20	ABSOLUTE CHANGE	CHANGE IN %
I. INCOME				
Interest earned	71,981.65	84,835.77	12,854.12	17.86
Other income	59,324.85	64,950.33	5,625.48	9.48
TOTAL INCOME	**131,306.50**	**149,786.10**	**18,479.60**	**14.07**
II. EXPENDITURE				
Interest expended	39,177.54	44,665.52	5,487.98	14.01
Operating expenses	64,258.88	71,517.91	7,259.03	11.30
Provisions and contingencies	22,180.92	22,377.21	196.29	0.88
TOTAL EXPENDITURE	**125,617.34**	**138,560.64**	**12,943.30**	**10.30**
III. PROFIT/(LOSS)				
Net profit/(loss) for the year	5,689.16	11,225.47	5,536.31	97.31
Add: Share of profit in associates	-	-	-	-
Net profit for the year before minority interest	5,689.16	11,225.47	5,536.31	97.31
Less: Minority interest	1,434.92	1,659.16	224.24	15.63
Net profit after minority interest	4,254.24	9,566.31	5,312.07	124.87
Profit brought forward	21,999.16	22,020.11	20.95	0.10
TOTAL PROFIT/(LOSS)	**26,253.40**	**31,586.42**	**5,333.02**	**20.31**
IV.APPROPRIATIONS/TRANSFERS				
Transfer to Reserves	3,048.58	3,912.87	864.29	28.35
Dividend paid during the year	1,158.44	873.55	(284.89)	(24.59)
Balance carried over to balance sheet	22,046.38	26,800.00	4,753.62	21.56
TOTAL	**26,253.40**	**31,586.42**	**5,333.02**	**20.31**

INTERPRETATION

- Interest income for the year increased by 17.86% on a year-on-year basis.
- Operating expenses increased by 11.30% (year on year basis) during the year.

4.2.8 COMPARATIVE INCOME STATEMENT OF ICICI BANK FOR THE YEAR ENDED 31st MARCH 2018 AND 2019

Particulars (RS IN CRORES)	Mar-18	Mar-19	ABSOLUTE CHANGE	CHANGE IN %
I. INCOME				
Interest earned	62,162.35	71,981.65	9,819.30	15.80
Other income	56,806.75	59,324.85	2,518.10	4.43
TOTAL INCOME	**118,969.10**	**131,306.50**	**12,337.40**	**10.37**
II. EXPENDITURE				
Interest expended	34,262.05	39,177.54	4,915.49	14.35
Operating expenses	55,755.63	64,258.88	8,503.25	15.25
Provisions and contingencies	19,851.88	22,180.92	2,329.04	11.73
TOTAL EXPENDITURE	**109,869.56**	**125,617.34**	**15,747.78**	**14.33**
III. PROFIT/(LOSS)				
Net profit/(loss) for the year	9,099.54	5,689.16	(3,410.38)	(37.48)
Add: Share of profit in associates	-	-	-	-
Net profit for the year before minority interest	9,099.54	5,689.16	(3,410.38)	(37.48)
Less: Minority interest	1,387.36	1,434.92	47.56	3.43
Net profit after minority interest	7,712.18	4,254.24	(3,457.94)	(44.84)
Profit brought forward	21,504.55	21,999.16	494.61	2.30
TOTAL PROFIT/(LOSS)	**29,216.73**	**26,253.40**	**(2,963.33)**	**(10.14)**
IV. APPROPRIATIONS/TRANSFERS				
Transfer to Reserves	5,526.97	3,048.58	(2,478.39)	(44.84)
Dividend paid during the year	1,690.60	1,158.44	(532.16)	(31.48)
Balance carried over to balance sheet	21,999.16	22,046.38	47.22	0.21
TOTAL	**29,216.73**	**26,253.40**	**(2,963.33)**	**(10.14)**

INTERPRETATION

- Interest earned in the financial year 2019 was Rs 71,981.65 crores as compared to Rs 62,162.35 crores in the financial year 2018, indicating a 15.80% rise.
- Net profit after minority interest decreased by 44.84% (year on year basis) during the year.

4.3 RATIO ANALSIS

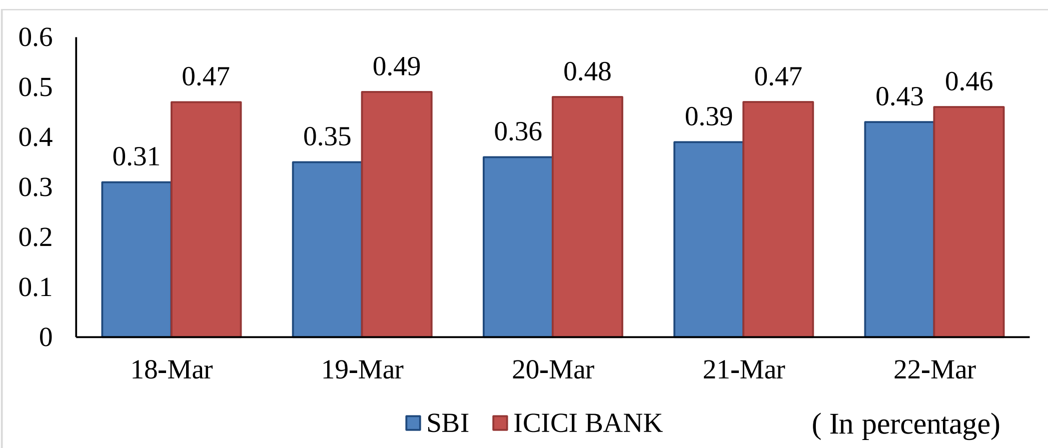
4.3.1 BANK EFFICIENCY RATIO

The Bank Efficiency Ratio is a key performance measure for determining a bank's profitability. It is also known as a bank's "Cost-to-Income Ratio" and is computed by dividing operating expenses by total income. Lowering the ratio makes the bank profitable, efficient, and competitive.

Table 4.3.1 BANK EFFICIENCY RATIO (In percentage)

Year	SBI	ICICI BANK
Mar-18	0.31	0.47
Mar-19	0.35	0.49
Mar-20	0.36	0.48
Mar-21	0.39	0.47
Mar-22	0.43	0.46
Average	**0.37**	**0.47**

Figure 4.3.1 BANK EFFICIENCY RATIO



The above table and chart show the Bank Efficiency Ratio of SBI and ICICI Bank from 2017-18 to 2021-22. It is observed that ICICI bank's efficiency ratio is displaying a fluctuating trend whereas SBI's efficiency ratio is showing an increasing trend. The average comparison of Efficiency Ratio of SBI for the past five years is 0.37, which is less than ICICI Bank i.e., 0.47.

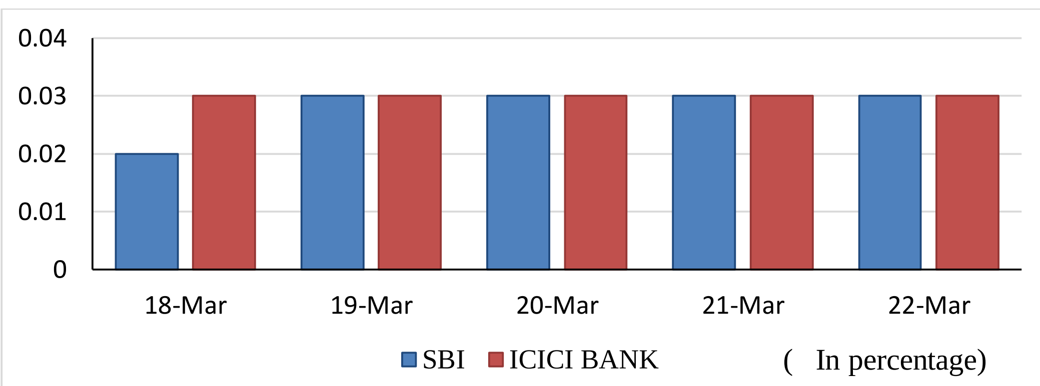
4.3.2 NET INTEREST MARGIN

The Net Interest Margin (NIM) is a measure of a bank's profitability and financial performance. The net interest margin is the difference between the interest earned and the interest expended, divided by the average total assets owned by the bank. A positive net interest margin indicates that a company is profitable over time.

Table 4.3.2 NET INTEREST MARGIN (In percentage)

Year	SBI	ICICI BANK
Mar-18	0.02	0.03
Mar-19	0.03	0.03
Mar-20	0.03	0.03
Mar-21	0.03	0.03
Mar-22	0.03	0.03
Average	**0.03**	**0.03**

Figure 4.3.2 NET INTEREST MARGIN



The above table and chart show the Net Interest Margin of SBI and ICICI Bank from 2017-18 to 2021-22. The average comparison of Net Interest Margin of both banks are 0.03 for the past five years, which is a good sign.

4.3.3 RETURN ON EQUITY RATIO

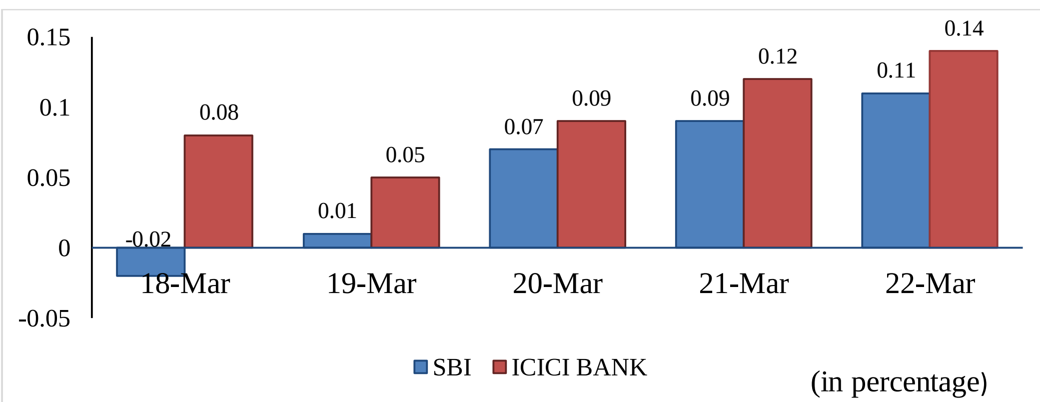
Return on Equity (ROE) analyses a company's ability to generate profit according to the funds invested by the shareholders. It helps to analyse and compare the profitability of companies in the same industry. A high ratio signifies that a shareholder's funds are being employed more efficiently.

Table 4.3.3 RETURN ON EQUITY

(In percentage)

Year	SBI	ICICI BANK
Mar-18	(0.02)	0.08
Mar-19	0.01	0.05
Mar-20	0.07	0.09
Mar-21	0.09	0.12
Mar-22	0.11	0.14
Average	**0.05**	**0.09**

Figure 4.3.3 RETURN ON EQUITY



The above table and chart show the Return on Equity of SBI and ICICI Bank from 2017-18 to 2021-22. It is evident that Return on Equity of SBI and ICICI Bank have both shown a fluctuating trend over the past five years. Average Return on Equity of ICICI Bank is 0.09 which is much more than average of SBI i.e.,0.05.

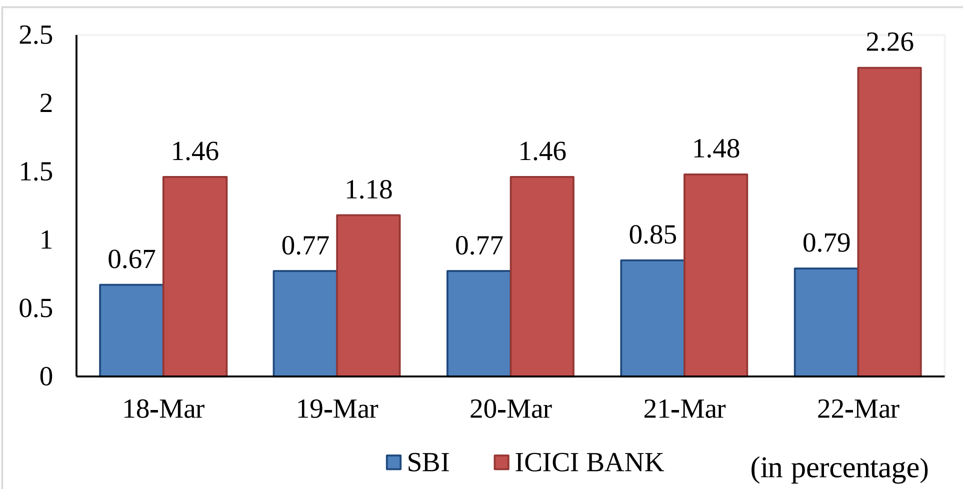
4.3.4 CURRENT RATIO

The current ratio reveals a company's solvency. A current ratio of 2.1 is regarded as ideal.

Table 4.3.4 CURRENT RATIO

Year	SBI	ICICI BANK
Mar-18	0.67	1.46
Mar-19	0.77	1.18
Mar-20	0.77	1.46
Mar-21	0.85	1.48
Mar-22	0.79	2.26
Average	**0.77**	**1.57**

Figure 4.3.4 CURRENT RATIO



The above table and chart show the Current Ratio of SBI and ICICI Bank from 2017-18 to 2021-22. It is observed that ICICI bank’s Current Ratio is displaying an increasing trend whereas SBI’s Current Ratio is showing a fluctuating trend. The average comparison of Current Ratio of ICICI Bank for the past five years is 1.57, which is much higher than SBI i.e., 0.77.

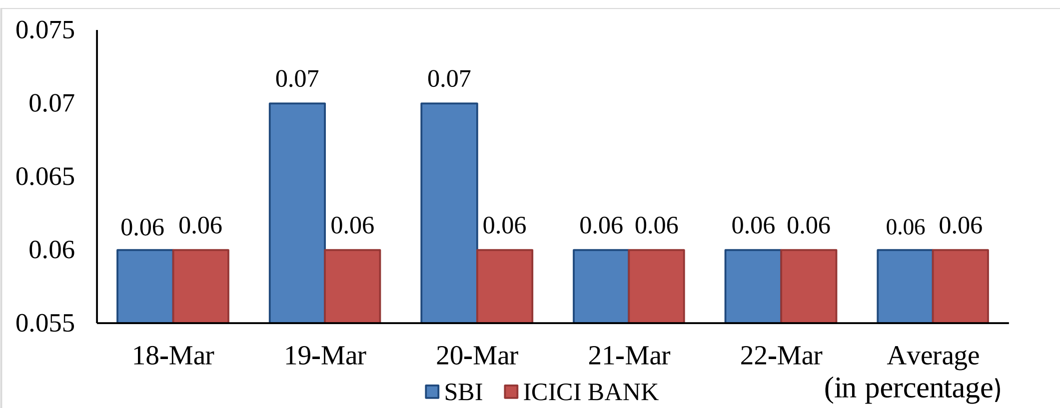
4.3.5 ASSET TURNOVER RATIO

The Asset Turnover Ratio is a metric that reveals how effectively a company uses its own assets to earn income or revenue. The ratio measures the company's net revenue (interest earned) by the average total assets of the company.

Table 4.3.5 ASSET TURNOVER RATIO (In percentage)

Year	SBI	ICICI BANK
Mar-18	0.06	0.06
Mar-19	0.07	0.06
Mar-20	0.07	0.06
Mar-21	0.06	0.06
Mar-22	0.06	0.06
Average	**0.06**	**0.06**

Figure 4.3.5 ASSET TURNOVER RATIO



The above table and chart show the Asset Turnover Ratio of SBI and ICICI Bank from 2017-18 to 2021-22. The average comparison of Asset Turnover Ratio of both banks are 0.06 for the past five years.

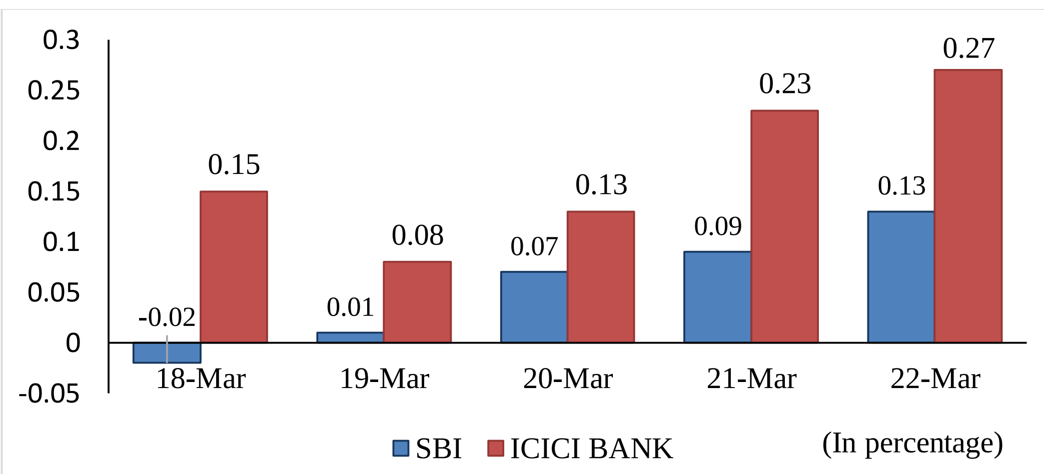
4.3.6 NET PROFIT MARGIN

The Net Profit Margin is ideally the most significant indicator of a company's overall profitability. The net profit margin is expressed as a percentage of net profit divided by net revenue (interest earned).

Table 4.3.6 NET PROFIT MARGIN (In percentage)

Year	SBI	ICICI BANK
Mar-18	(0.02)	0.15
Mar-19	0.01	0.08
Mar-20	0.07	0.13
Mar-21	0.09	0.23
Mar-22	0.13	0.27
Average	**0.05**	**0.17**

Figure 4.3.6 NET PROFIT MARGIN



The above table and chart show the Net Profit Margin of SBI and ICICI Bank from 2017-18 to 2021-22. It is evident that Net Profit Margin of SBI and ICICI Bank have both shown an increasing trend over the past five years. Average Net Profit Margin of ICICI Bank is 0.17 which is much more than average of SBI i.e., 0.05.

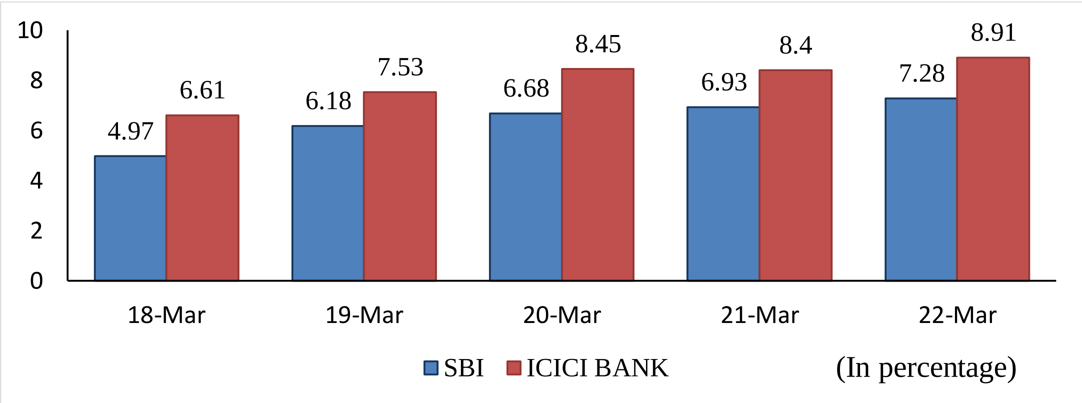
4.3.7 FIXED ASSET TURNOVER RATIO

The Fixed Asset Turnover Ratio evaluates the efficiency with which a company can generate income from its long-term fixed asset base. net revenue (interest earned) is divided by the average of total fixed assets to determine the fixed asset turnover ratio.

Table 4.3.7 FIXED ASSET TURNOVER RATIO (In percentage)

Year	SBI	ICICI BANK
Mar-18	4.97	6.61
Mar-19	6.18	7.53
Mar-20	6.68	8.45
Mar-21	6.93	8.40
Mar-22	7.28	8.91
Average	**6.41**	**7.98**

Figure 4.3.7 FIXED ASSET TURNOVER RATIO



The above table and chart show the Fixed Asset Turnover Ratio of SBI and ICICI Bank from 2017-18 to 2021-22. It is evident that both banks Fixed Asset Turnover Ratio is showing an increasing trend (which is a good sign) over the past five years. Average Fixed Asset Turnover Ratio of ICICI Bank is 7.98 which is greater than average of SBI i.e., 6.41.

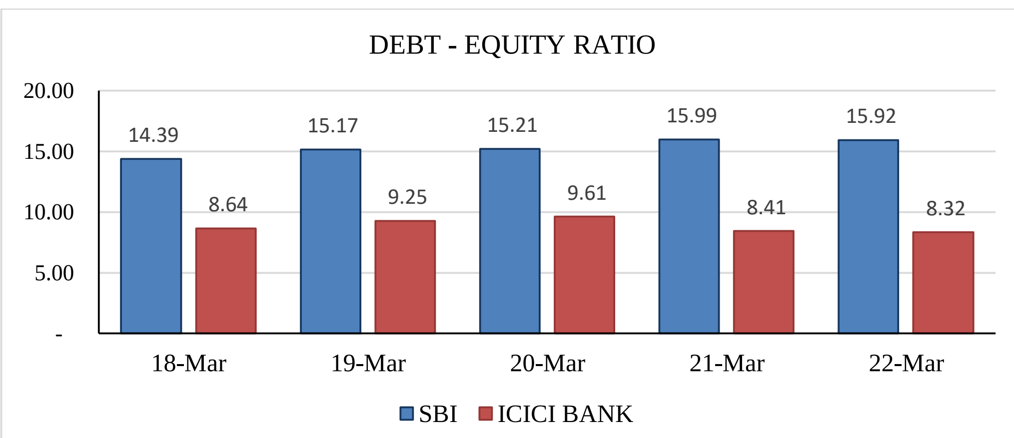
4.3.8 DEBT - EQUITY RATIO

The Debt-Equity ratio is an analysis of an entity's solvency and managerial efficiency and is measured as the ratio of total debt to shareholders' funds. It reveals how much of the financial institution is funded through debt and how much through equity. A higher ratio indicates poor performance, whereas a lower ratio indicates good performance for shareholders.

Table 4.3.8 DEBT - EQUITY RATIO

Year	SBI	ICICI BANK
Mar-18	14.39	8.64
Mar-19	15.17	9.25
Mar-20	15.21	9.61
Mar-21	15.99	8.41
Mar-22	15.92	8.32
Average	**15.34**	**8.85**

Figure 4.3.8 DEBT - EQUITY RATIO



The above table and chart show the Debt-Equity Ratio of SBI and ICICI Bank from 2017-18 to 2021-22. It is evident that ICICI bank's Debt/Equity is displaying a decreasing trend whereas SBI's is displaying an increasing trend (which is not a positive sign) over the past five years. Average Debt/Equity of ICICI Bank is 8.85 which is less than average of SBI i.e., 15.34.

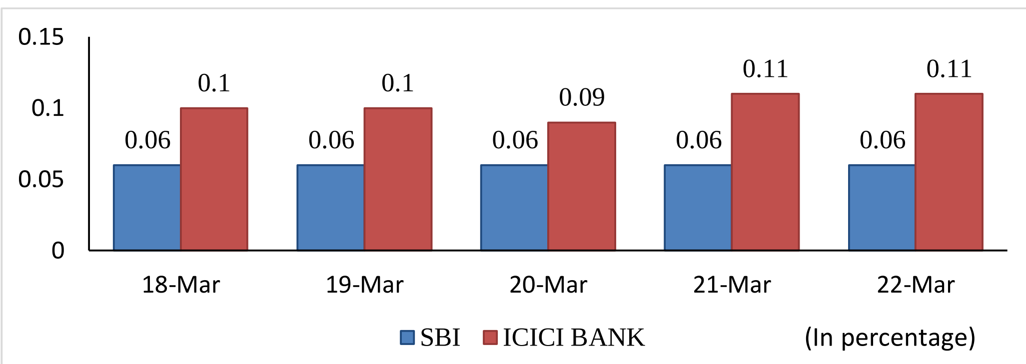
4.3.9 PROPRIETARY RATIO

A Proprietary Ratio is a type of solvency ratio that is helpful in identifying the amount or contribution of shareholders to the overall assets of a company. It acts as a tool for determining the long-term financial efficiency of the bank.

Table 4.3.9 PROPRIETARY RATIO (In percentage)

Year	SBI	ICICI BANK
Mar-18	0.06	0.10
Mar-19	0.06	0.10
Mar-20	0.06	0.09
Mar-21	0.06	0.11
Mar-22	0.06	0.11
Average	**0.06**	**0.10**

Figure 4.3.9 PROPRIETARY RATIO



The above table and chart show the Proprietary Ratio of SBI and ICICI Bank from 2017-18 to 2021-22. It is evident that Proprietary Ratio of ICICI bank is showing an increasing trend over the past five years. Average Proprietary Ratio of ICICI Bank is 0.10 which is more than average of SBI i.e.,0.06.

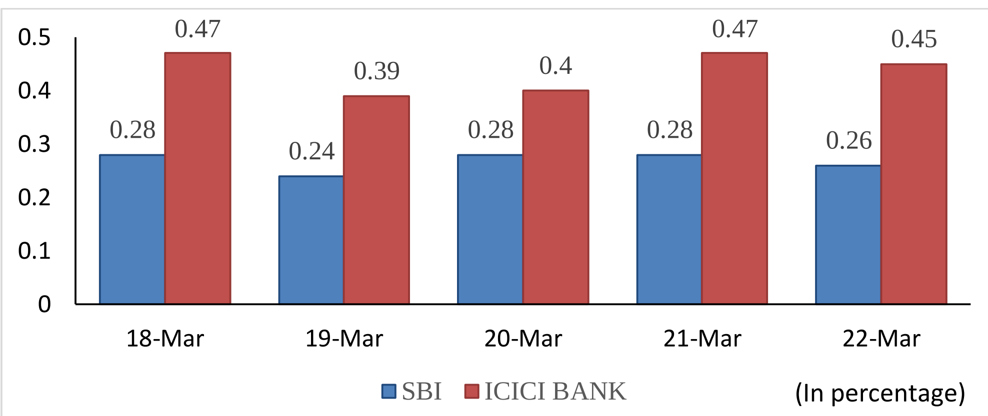
4.3.10 OPERATING PROFIT MARGIN

The Operating Profit Margin is a key indicator of a company's overall profitability through operations. It is a company's operating profit-to-revenue ratio.

Table 4.3.10 OPERATING PROFIT MARGIN (In percentage)

Year	SBI	ICICI BANK
Mar-18	0.28	0.47
Mar-19	0.24	0.39
Mar-20	0.28	0.40
Mar-21	0.28	0.47
Mar-22	0.26	0.45
Average	**0.27**	**0.44**

Figure 4.3.10 OPERATING PROFIT MARGIN



The above table and chart show the Operating Profit Margin of SBI and ICICI Bank from 2017-18 to 2021-22. It is evident that both banks Operating Profit Margin is displaying a fluctuating trend over the past five years. Average Operating Profit Margin of ICICI Bank is 0.44 which is more than average of SBI i.e.,0.27.

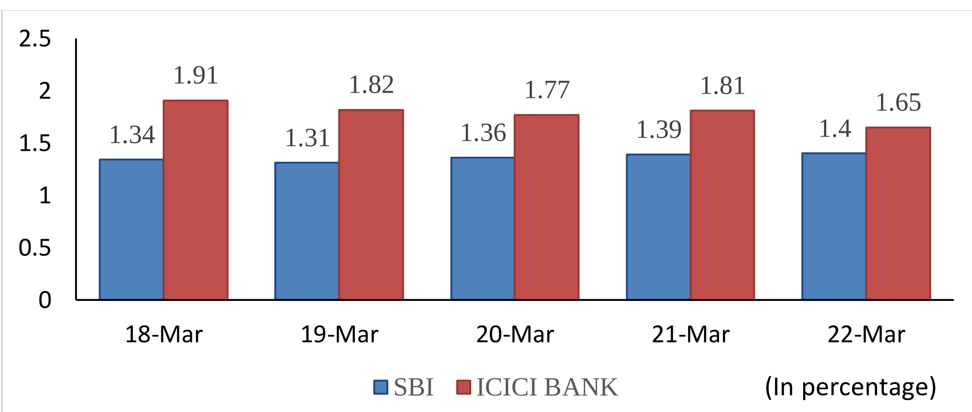
4.3.11 GROSS PROFIT MARGIN

Gross Profit Margin gives information about a company's financial strength over time. It helps to understand how the company's gross margin has changed over time. Gross Profit Margin is determined by dividing gross profit (total income) by net revenue.

Table 4.3.11 GROSS PROFIT MARGIN (In percentage)

Year	SBI	ICICI BANK
Mar-18	1.34	1.91
Mar-19	1.31	1.82
Mar-20	1.36	1.77
Mar-21	1.39	1.81
Mar-22	1.40	1.65
Average	**1.36**	**1.79**

Figure 4.3.11 GROSS PROFIT MARGIN



The above table and chart show the Gross Profit Margins of SBI and ICICI Bank from 2017–18 to 2021–22. It is evident that ICICI Bank's Gross Profit Margin is displaying a decreasing trend, whereas SBI has been displaying an increasing trend for the past five years. The average Gross Profit Margin of ICICI Bank is 1.79, which is more than the average of SBI, i.e., 1.36.

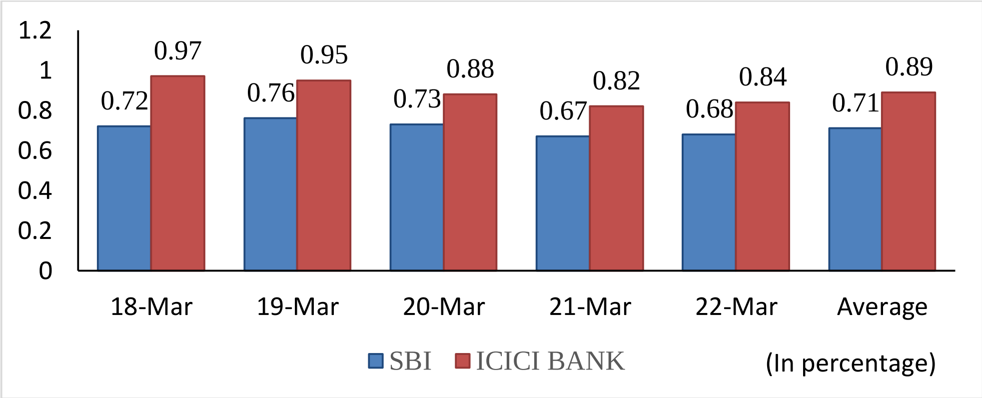
4.3.12 CREDIT TO DEPOSIT RATIO

The Credit-to-Deposit Ratio evaluates a bank's liquidity and solvency. It is calculated by dividing total advances by total deposits. An extremely low ratio indicates that banks are not fully utilizing their deposits and are experiencing inadequate loan expansion.

Table 4.3.12 CREDIT TO DEPOSIT RATIO (In percentage)

Year	SBI	ICICI BANK
Mar-18	0.72	0.97
Mar-19	0.76	0.95
Mar-20	0.73	0.88
Mar-21	0.67	0.82
Mar-22	0.68	0.84
Average	**0.71**	**0.89**

Figure 4.3.12 CREDIT TO DEPOSIT RATIO



The above table and chart show the Credit-to-Deposit Ratio of SBI and ICICI Bank from 2017–18 to 2021–22. The Credit-to-Deposit Ratio of SBI in the financial year 2022 was almost 68 percent. This was an increase compared to previous financial year. In the financial year 2022, the Credit-to-Deposit Ratio showed highest for ICICI Bank, i.e., 84 percent.

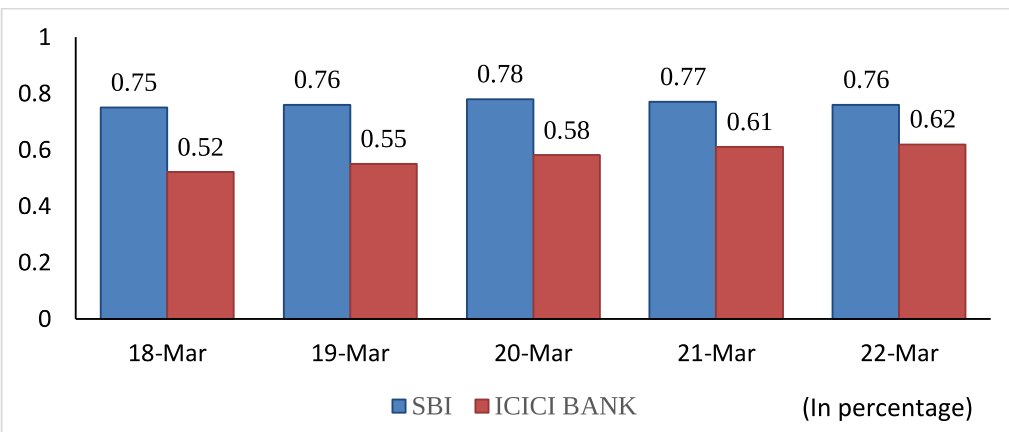
4.3.13 DEPOSIT TO ASSET RATIO

The Deposit-to-Asset Ratio measures the value of assets funded by public deposits. To calculate a bank's deposits-to-asset ratio, divide its total deposits by its total assets

Table 4.3.13 DEPOSIT TO ASSET RATIO (In percentage)

Year	SBI	ICICI BANK
Mar-18	0.75	0.52
Mar-19	0.76	0.55
Mar-20	0.78	0.58
Mar-21	0.77	0.61
Mar-22	0.76	0.62
Average	**0.76**	**0.58**

Figure 4.3.13 DEPOSIT TO ASSET RATIO



The above table and chart show the Deposit-to-Asset Ratio of SBI and ICICI Bank from 2017–18 to 2021–22. ICICI Bank's Deposit-to-Asset Ratio is displaying a decreasing trend, whereas SBI has been displaying an increasing trend for the past five years. The average Deposit-to-Asset Ratio of SBI is 0.76, which is more than the average of ICICI Bank, i.e., O.58.

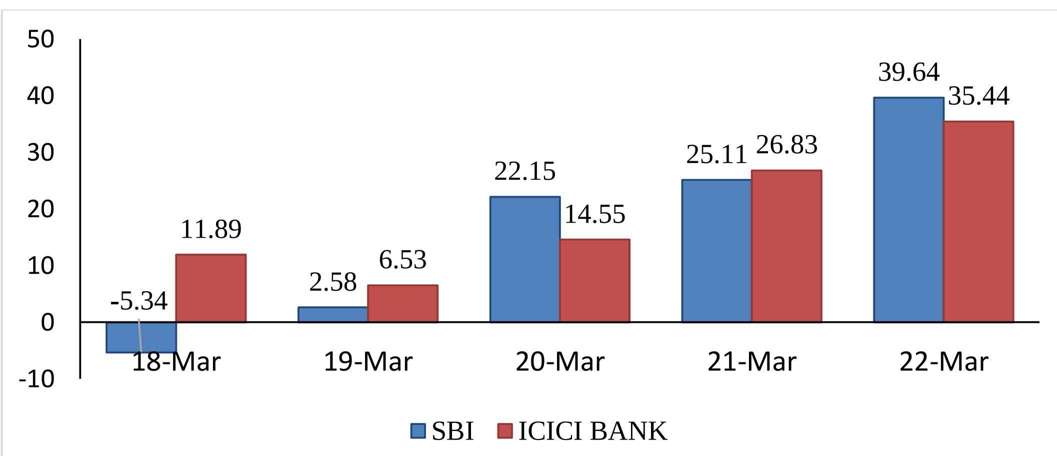
4.3.14 EARNING PER SHARE

Earnings per Share (EPS) is an estimate of a company's profitability determined by dividing the net income of the company by the average number of outstanding stock shares. The higher a company's EPS, the more profit and value investors perceive.

Table 4.3.14 EARNING PER SHARE

Year	SBI	ICICI BANK
Mar-18	(5.34)	11.89
Mar-19	2.58	6.53
Mar-20	22.15	14.55
Mar-21	25.11	26.83
Mar-22	39.64	35.44
Average	**16.83**	**19.05**

Figure 4.3.14 EARNING PER SHARE



The above table and chart show the Earnings per Share of SBI and ICICI Bank from 2017–18 to 2021–22. Both banks' Earnings per Share is showing an increasing trend for the past five years. The average Earnings per Share of ICICI Bank is 19.05, which is more than the average of SBI, i.e., 16.83.

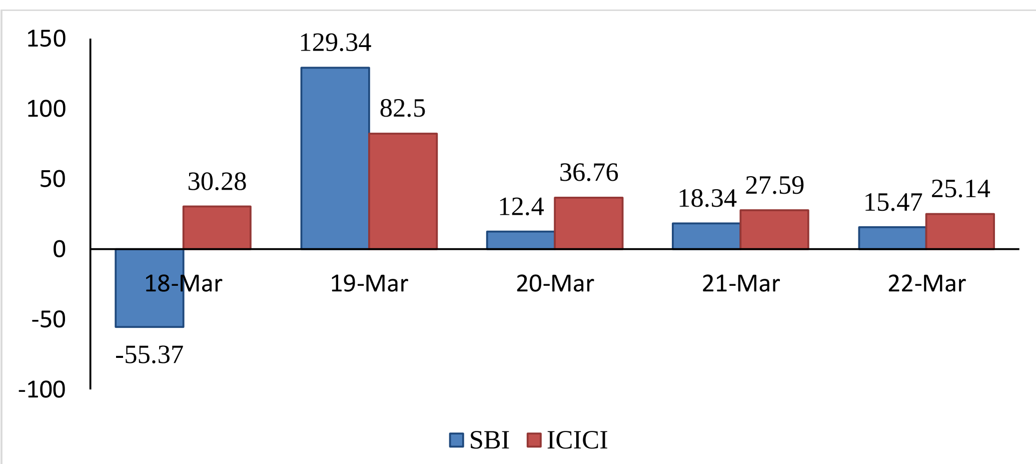
4.3.15 PRICE TO EARNINGS RATIO

The Price-Earnings (P/E) Ratio is a comparison of a company's stock price to its earnings per share. A positive and high P/E ratio can predict the future's favorable performance, and investors are able to forecast earnings growth.

Table 4.3.15 PRICE EARNING RATIO

Year	SBI	ICICI
Mar-18	(55.37)	30.28
Mar-19	129.34	82.50
Mar-20	12.40	36.76
Mar-21	18.34	27.59
Mar-22	15.47	25.14
Average	**24.04**	**40.45**

Table 4.3.15 PRICE EARNING RATIO



The above table and chart show the Price-Earnings (P/E) Ratio of SBI and ICICI Bank from 2017–18 to 2021–22. Both banks' P/E Ratio is showing a fluctuating trend for the past five years.

CHAPTER – 5

FINDINGS, SUGGESTIONS

AND

CONCLUSION

5.1 FINDINGS

- Interest earned in the financial year 2022 of SBI was Rs 289,972.69 crore, a 4.26% increase from Rs 278,115.48 crore in the previous fiscal year.
- During the financial year 2022, SBI's net profit increased by 57.88% over the previous year, reaching Rs 35,373.88 crores.
- Net profit of SBI reached Rs 35,373.88 crores during the financial year 2022, a 57.88% increase over the previous year whereas net profit of ICICI bank reached Rs 6725.78 crores during the financial year 2022 which increased only a 36.58% over the previous year.
- During the financial year 2022, Cash and balances with Reserve Bank of India of ICICI bank increases by 30.08% whereas Cash and Balances of SBI with Reserve Bank of India increased only by 20.88% over the previous year
- During the financial year 2021, Investments of SBI shows an increase of 29.86% whereas Investment of ICICI bank shows an increased only by 20.99% over the previous year.
- The average comparison of Bank Efficiency Ratio of SBI for the past five years is 0.37, which is much less than ICICI Bank i.e., 0.47.
- Average Debt/Equity of ICICI Bank is 8.85 which is less than average of SBI i.e., 15.34.
- Average Return on Equity of ICICI Bank is 0.09 which is much more than average of SBI i.e.,0.05.
- Average Net Profit Margin of ICICI Bank is 0.17 which is much more than average of SBI i.e., 0.05.
- The average comparison of Current Ratio of ICICI Bank for the past five years is 1.57, which is much higher than SBI i.e., 0.77
- The average comparison of Net Interest Margin of both banks are 0.03 for the past five years, which is a positive sign.
- Average Fixed Asset Turnover Ratio of ICICI Bank is 7.98 which is greater than average of SBI i.e., 6.41.

- The Proprietary Ratio of ICICI bank is showing an increasing trend over the past five years.
- SBI’s Gross Profit Margin is showing an increasing trend whereas ICICI bank has shown a decreasing trend the past five years
- The Credit-to-Deposit Ratio of SBI in the financial year 2022 was almost 68 percent. This was an increase from the previous financial year. In the financial year 2022, the Credit-to-Deposit Ratio was the highest for ICICI Banks i.e., 84 percent.
- The average Credit-to-Deposit Ratio of ICICI Bank is 0.89, which is more than the average of SBI, i.e.,0.71.
- The average Deposit-to-Asset Ratio of SBI is 0.76, which is more than the average of ICICI, i.e., O.58.
- In the last five years, there has been an upward trend in the Earnings per Share of both banks.
- P/E Ratio of SBI and ICICI Bank shows a fluctuating trend for the past five years.

5.2 SUGGESTIONS

- SBI and ICICI Bank should plan properly to maintain a higher Return on Net Worth, which improves both banks profitability.
- SBI should maintain a sufficient ratio between current assets and current liabilities, i.e., current assets should be greater than current liabilities.
- SBI and ICICI Bank should lower their long-term liabilities, which will help them boost their profits.
- SBI Bank should maintain their fixed assets.
- To enhance profits, SBI and ICICI Bank should reduce their operating expenses and increase interest earnings.
- ICICI Bank should maintain sufficient liquidity to meet any unexpected financial requirements.

5.3 CONCLUSION

State Bank of India (SBI) and ICICI Bank are India's two leading banks in the public and private sectors, respectively. The study relies on secondary data collection for five years, from 2017–18 to 2021–22. To compare the financial performance of these banks, a comparative income statement, a comparative position statement, and various ratios were used to analyze the bank's profitability, performance, and overall efficiency. Net profit of SBI reached Rs 35,373.88 crores during the financial year 2022, a 57.88% increase over the previous year whereas net profit of ICICI bank reached Rs 6725.78 crores during the financial year 2022 which increased only a 36.58% over the previous year which shows the profitability of the company. The average comparison of Efficiency Ratio of SBI for the past five years is 0.37, which is less than ICICI Bank i.e., 0.47. Lowering the Bank Efficiency Ratio makes SBI more profitable, efficient, and competitive in relation between cost to income of the bank. Average Return on Equity of ICICI Bank is 0.09 which is much more than average of SBI i.e.,0.05, hence a ICICI Bank earns profit according to the funds invested by the shareholders and provide higher return to shareholders compared to SBI. The average comparison of Net Interest Margin of SBI and ICICI Bank are positive, which indicates that both banks are profitable over time. The average Credit-to-Deposit Ratio of ICICI Bank is 0.89, which is more than the average of SBI, i.e.,0.71 over the past five years. It implies that, for every 100 deposits, Rs 89 are loaned, indicating that the ICICI Bank may not have sufficient liquidity to meet any unanticipated financial requirements. The average Earnings per Share of ICICI Bank is 19.05, which is more than the average of SBI, i.e., 16.83. The higher a Bank's EPS, the greater its profit and worth. Average Net Profit Margin of ICICI Bank is 0.17 which is much more than average of SBI i.e., 0.05. The increase is a result of ICICI Bank's higher total revenue percentage. According to the findings, both banks achieved their regulatory standards and were profitable. However, ICICI Bank's share price appears to be higher than SBI's. In both short- and long-term time frames, high-priced stocks have proven to be efficient and have produced high returns.

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- **https://www.icicibank.com/about-us/annual**
- **https://www.worldwidejournals.com/indian-journal-of-applied-research-(IJAR)/article/comparative-analysis-of-the-performance-of-two-largest-private-sector-banks-in-india/ODQ0OA==/?is=1&b1=29&k=8**
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- **https://www.bseindia.com/markets/equity/EQReports/StockPrcHistori.aspx?flag=0&type=ETF**

ANNEXURE

ANNEXURE

CONSOLIDATED BALANCE SHEET OF SBI

(Rs in Crores)

Particular	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
CAPITAL AND LIABILITIES					
Capital	892.46	892.46	892.46	892.46	892.46
Reserves & Surplus	229,429.49	233,603.20	250,167.66	274,669.10	304,695.58
Minority Interest	4,615.25	6,036.99	7,943.82	9,625.92	11,207.43
Deposits	2,722,178.28	2,940,541.06	3,274,160.63	3,715,331.24	4,087,410.60
Borrowings	369,079.34	413,747.66	332,900.67	433,796.22	449,159.78
Other Liabilities and Provisions	290,238.19	293,645.69	331,427.10	411,303.62	507,517.68
TOTAL	**3,616,433.01**	**3,888,467.06**	**4,197,492.34**	**4,845,618.56**	**5,360,883.53**
ASSETS					
Cash and Balances with Reserve Bank of India	150,769.46	177,362.74	166,968.46	213,498.62	258,086.43
Balances with Banks and Money at Call & Short Notice	44,519.65	48,149.52	87,346.80	134,208.42	140,818.69
Investments	1,183,794.24	1,119,247.77	1,228,284.28	1,595,100.27	1,776,489.90
Advances	1,960,118.54	2,226,853.67	2,374,311.18	2,500,598.99	2,794,076.00
Fixed Assets	41,225.79	40,703.05	40,078.17	40,166.79	39,510.03
Other Assets	236,005.33	276,150.31	300,503.45	362,045.47	351,902.48
TOTAL	**3,616,433.01**	**3,888,467.06**	**4,197,492.34**	**4,845,618.56**	**5,360,883.53**
Contingent Liabilities	1,044,433.85	1,121,246.28	1,221,083.11	1,714,239.52	2,007,232.49
Bills for Collection	195,961.17	70,047.23	55,790.70	56,557.64	77,783.06

CONSOLIDATED INCOME STATEMENT OF SBI

(Rs in Crores)

Particulars	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
I. INCOME					
Interest earned	228,970.28	253,322.14	269,851.66	278,115.48	289,972.69
Other income	77,557.24	77,365.22	98,158.99	107,222.41	117,000.40
TOTAL INCOME	**306,527.52**	**330,687.36**	**368,010.65**	**385,337.89**	**406,973.09**
II. EXPENDITURE					
Interest expended	146,602.98	155,867.46	161,123.80	156,010.17	156,194.34
Operating expenses	96,154.37	114,800.30	131,781.57	150,429.59	174,363.43
Provisions and contingencies	67,957.98	56,950.52	56,928.46	54,618.41	40,059.15
TOTAL EXPENDITURE	**310,714.93**	**327,618.28**	**349,833.83**	**361,058.17**	**370,616.92**
III. PROFIT/(LOSS)					
Net profit/(loss) for the year	(4,187.41)	3,069.07	18,176.83	24,279.72	36,356.17
Add: Share of profit in associates	438.16	281.48	2,963.14	(391.90)	827.01
Net profit for the year before minority interest	(3,749.25)	3,350.55	21,139.97	23,887.82	37,183.18
Less: Minority interest	807.04	1,050.91	1,372.17	1,482.36	1,809.30
Net profit after minority interest	(4,556.29)	2,299.64	19,767.80	22,405.46	35,373.88
Profit brought forward	(4,340.04)	(9,941.20)	(8,328.40)	(1,361.74)	8,096.54
TOTAL PROFIT/(LOSS)	**(8,896.33)**	**(7,641.56)**	**11,439.40**	**21,043.72**	**43,470.42**
IV. APPROPRIATIONS/ TRANSFERS					
Transfer to Reserves	981.16	629.85	12,793.08	9,373.69	16,738.73
Dividend paid during the year	63.71	56.98	8.06	3,573.49	6,337.34
Balance carried over to balance sheet	(9,941.20)	(8,328.40)	(1,361.74)	8,096.54	20,394.35
TOTAL	**(8,896.33)**	**(7,641.57)**	**11,439.40**	**21,043.72**	**43,470.42**

CONSOLIDATED BALANCE SHEET OF ICICI BANK

(Rs in Crores)

Particular	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
CAPITAL AND LIABILITIES					
Capital	1,285.81	1,289.46	1,294.76	1,383.41	1,389.97
Employees stock options outstanding	5.50	4.68	3.49	3.10	266.61
Reserves and surplus	109,338.31	112,959.27	121,661.81	156,200.99	180,396.12
Minority interest	6,008.10	6,580.54	6,794.77	9,588.34	5,980.89
Deposits	585,796.11	681,316.94	800,784.46	959,940.04	1,091,365.58
Borrowings	229,401.82	210,324.12	213,851.78	143,899.94	161,602.68
Liabilities on policies in force	131,488.63	152,378.75	145,486.25	203,180.00	228,827.19
Other liabilities and provisions	60,956.76	73,940.14	87,414.91	99,616.43	82,808.34
TOTAL	**1,124,281.04**	**1,238,793.90**	**1,377,292.23**	**1,573,812.25**	**1,752,637.38**
ASSETS					
Cash and balances with Reserve Bank of India	33,272.60	38,066.28	35,311.93	46,302.20	60,228.71
Balances with banks and money at call and short notice	55,726.53	49,324.62	92,540.99	101,268.33	122,897.28
Investments	372,207.68	398,200.76	443,472.63	536,578.62	567,097.72
Advances	566,854.22	646,961.68	706,246.11	791,801.39	920,308.14
Fixed assets	9,465.01	9,660.42	10,408.66	10,809.26	10,605.40
Other assets	86,755.00	96,580.14	89,311.91	87,052.45	71,500.13
TOTAL	**1,124,281.04**	**1,238,793.90**	**1,377,292.23**	**1,573,812.25**	**1,752,637.38**
Contingent liabilities	1,891,035.83	2,612,071.94	3,003,053.53	3,021,344.23	4,552,341.12
Bills for collection	28,705.41	49,579.19	48,401.26	54,846.38	75,232.60

CONSOLIDATED INCOME STATEMENT OF ICICI BANK

(Rs in Crores)

Particulars	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
I. INCOME					
Interest earned	62,162.35	71,981.65	84,835.77	89,162.66	95,406.87
Other income	56,806.75	59,324.85	64,950.33	72,029.53	62,129.45
TOTAL INCOME	**118,969.10**	**131,306.50**	**149,786.10**	**161,192.19**	**157,536.32**
II. EXPENDITURE					
Interest expended	34,262.05	39,177.54	44,665.52	42,659.09	41,166.67
Operating expenses	55,755.63	64,258.88	71,517.91	76,271.67	73,151.72
Provisions and contingencies	19,851.88	22,180.92	22,377.21	22,041.76	17,434.09
TOTAL EXPENDITURE	**109,869.56**	**125,617.34**	**138,560.64**	**140,972.52**	**131,752.48**
III. PROFIT/(LOSS)					
Net profit/(loss) for the year	9,099.54	5,689.16	11,225.47	20,219.68	25,783.83
Add: Share of profit in associates	-	-	-	144.29	754.43
Net profit for the year before minority interest	9,099.54	5,689.16	11,225.47	20,363.97	26,538.26
Less: Minority interest	1,387.36	1,434.92	1,659.16	1,979.65	1,428.16
Net profit after minority interest	7,712.18	4,254.24	9,566.31	18,384.32	25,110.10
Profit brought forward	21,504.55	21,999.16	22,020.11	26,800.00	38,515.60
TOTAL PROFIT/(LOSS)	**29,216.73**	**26,253.40**	**31,586.42**	**45,184.32**	**63,625.70**
IV.APPROPRIATIONS/ TRANSFERS					
Transfer to Reserves	5,526.97	3,048.58	3,912.87	6,668.72	9,390.58
Dividend paid during the year	1,690.60	1,158.44	873.55	-	1,385.23
Balance carried over to balance sheet	21,999.16	22,046.38	26,800.00	38,515.60	52,849.89
TOTAL	**29,216.73**	**26,253.40**	**31,586.42**	**45,184.32**	**63,625.70**