

An Analytical Study of Ratio Analysis Of The HDFC Bank, Nagpur

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Abstract: *Financial performance is the process of measuring how effectively a company utilizes its assets from primary mode of business to raise incomes. The study used 5 years of HDFC's secondary data and main objective is to find out the performance ratios of the bank that can be helpful in finding the growth aspects of the bank. The various tools like Return on assets ratio, Interest coverage ratio, and other performance ratios were used for the study. The suggestions reveal bank is generating sufficient income and they are making better profits but efficiency of the bank in generating profits is limited. Finally, Bank is performing well in terms of income and it is satisfactory*

Keywords: Financial performance

I. INTRODUCTION

Financial statement information is used by both external and internal users, including investors, creditors, managers, and executives. These users must analyze the information in order to make business decisions so understanding financial statements is of great importance. Several methods of performing financial statement analysis exist. This article discusses two of these methods: horizontal analysis and vertical analysis. Financial analysis: is a process which involves reclassification and summarization of information through the establishment of ratios and trends. Analysis of financial statement: Refers to the examination of the statements for the purpose of acquiring additional information regarding the activities of the business the users of the financial information often find analysis desirable for the interpretation of the firm's activities.

II. REVIEW OF LITERATURE

This part represents the review of those studies that have been carried out in the financial performance.

Rao (1993) discussed in his research about 'Financial appraisal of Indian Automotive Tire Industry'. Main objective of study was intended to probe into the financial condition-financial strength and weakness-of the Indian tire industry. He has been measured and evaluates the financial performance through inter-company and inter-sector analysis for the period of 1981-1988. He has found that the fixed assets utilization in many of the tire undertakings was not as productive as expected and inventory was managed fairly well. He has considered that the tire industry's overall profit performance was subjected to inconsistency and ineffective. He has suggested some recommendations to improve financial performance.

2.1 OBJECTIVES

The main objectives of Present study aimed as:

- Simplify accounting information of HDFC Bank.
- Determine liquidity or Short-term solvency and Long-term solvency. Short-term solvency is the ability of the HDFC Bank to meet its short-term financial obligations. Whereas, Long-term solvency is the ability of the enterprise to pay its long-term liabilities of the business.
- Assess the operating efficiency of the business.
- Analyze the profitability of the HDFC Bank.
- Help in comparative analysis, i.e. inter-firm and intra-firm comparisons

2.2 HYPOTHESIS

H0 -To study the significant analysis of profitability and it's impact is positive on HDFC sales.

H1- To study the significant analysis of profitability and it's impact is negative on HDFC sales

III. RESEARCH DESIGN

Sampling Methodology

The design of the sample is as follows

Population :Total population 100 employees

Sampling Technique :Simple Random sampling.

Sample : The study involved 50 respondents randomly selected from a total population of 100 employees

Type of Research (Exploratory/Descriptive/Casual/Experimental)

In this project we will used Exporatory Method for Data Analysis.

Method of data collection

Primary data collection tools: Data are collected from questionnaire and through personal interviews

Secondary data collection sources: Data was collected through various Books, Records, Journals, Brochure, and Company Websites.

IV. SCOPE OF THE STUDY

HDFC Bank offers a bunch of products and services to meet every need of the people. The company cares for both, individuals as well as corporate and small and medium enterprises. For individuals, the company has a range accounts, investment, and pension scheme, different types of loans and cards that assist the customers. The customers can choose the suitable one from arrange of products which will suit their life stage and needs. For organizations the company has host of customized solution that range from funded services, Non funded services, Value addition services, Mutual fund etc. These affordable plans apart from providing long term value to the employees help in enhancing goodwill of the company. Accounts and deposits, Loans, Investments and Insurance, Forex and payment services, Cards, Customer Center.

V. LIMITATION

The following are the limitation of the study

1. The study was limited to only five years Financial Data.
2. The study is purely based on secondary data which were taken primarily from Published annual reports of HDFC Bank,
3. There is no set industry standard for comparison and hence the inference is made on general standards.
4. The ratio is calculated from past financial statements and these are not indicators of future.

VI. CONCLUSION

From the above analysis of the company's financial statements it's concluded that the company's financial position is good because the company's leverage, activity and profitability positions are good and the company have to increase its liquidity position for better performance in future