

A STUDY OF VARIOUS FINANCIAL ANALYSIS OF CO-OPERATIVE URBAN BANK AT KOMARAPALAYAM

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Abstract—Financial is regarded as the life blood of a business enterprise. In the modern oriented economy, finance is one of the basic foundations of all kinds of economics activities. Finance statements are prepared primary for decision - making. Financial performance is done to evaluate capability, stability and profitability of the company. The process of identifying a company's strengths and weaknesses is referred to as financial analysis. By determining the relationship between the items on the balance sheet and profit and loss account of the business, the study is completed. The investigation was conducted by examining Urban Co-operative Bank Ltd five-year financial statements. The study's primary goals are to determine the company's financial analysis and to assist in determining the company's growth. Secondary data is used in this study. The current ratio, quick ratio, cash ratio, dividend pay-out ratio, debt to equity ratio, debt to asset ratio, asset turnover ratio, basic earnings per share, and other metrics were employed in the study. Finance is the life blood of any business every business under taking needs finance for its smooth working .it has to raise funds from the cheapest and risky source to utilize this in most effective manner. So every company will be interested in knowing its financial performance. It is analysed using Schedules changes in working capital, Statement analysis and profitability ratios for the period 2018-2023, based on the secondary data that is balance sheet and profit/loss account.

Keywords: Financial analysis, Ratio analysis, Working Capital and Profitability.

INTRODUCTION

Financial Analysis is the process of analyzing a bank's Financial Performance for decision-making purposes. External stakeholders use it to understand the overall health of an organization and to evaluate financial performance and business value. Financial Performance Analysis involves gaining an understanding of an organization's financial situation by reviewing its financial reports. This review involves identifying the following items for a bank's Financial Performance over a series of reporting periods.

Balance sheet: Summary of the assets, liabilities (debt) and equity of a business at the end of an accounting period and a report of the bank's financial worth in terms of book value.

Income statement: A detailed account of a bank's revenue earning (also known as the profit and loss statement).

Cash flow statement: Provides data on how much cash or cash equivalent circulates the bank via various inflows and outflows, spanning ongoing operational activities, external investment sources and cash from financing.

OBJECTIVES OF THE STUDY:

Primary objectives:

A study on various financial analysis of Co-Operative Urban Bank Ltd

Secondary objectives:

To analyze the financial analysis of the Bank by using ratio analysis

To study the movement of funds by using funds flow and cash flow statement of Bank Ltd

To analyze the financial position of the bank using trend analysis and comparative balance sheet analysis

To offer valuable suggestion for improving the financial analysis of the bank.

SCOPE OF THE STUDY:

Research is conducted only in Co-operative Urban Bank Ltd. The study is done based on the annual reports and the analysis is done only for financial years from 2018 - 2023. Research has used only profit and loss account and balance sheet for doing the analysis. Results are interpreted only on the basis of analysis.

LIMITATIONS OF THE STUDY:

The study has been conducted only in Bank Ltd for the purpose of measuring the Financial Performance

The study covers only limited duration that is five years only from 2018-2023 due to the limited time available for researcher.

Analysis and discussions are based are based only on the secondary data which were collected from the annual report of textile industry.

REVIEW OF LITERATURE:

Ravishankar Kumar Singh (2017) in his book entitled "Indian Banking and Financial Sector Reforms pointed out that the banking industry has undergone rapid changes, followed by a series of fundamental development most significant among them is the advancement in information technology as well as communication system. This has changed the very concept of traditional banking activities and has been instrumental behind broadening the dissemination of financial information along with lowering the cost of many financial activities.

Ipsita Bansal and Rinku Sharma (2017) in their article, "Indian Banking services: Achievements and Challenges", has considered that earlier banks were very conservative in their approach but the liberalization of banking sector has resulted in enhanced efficiency. With the growth in Indian economy, especially in service sector, the demand for banking services has grown strong. There was an expansion, greater expectations, competition and diversification of ownership of banks.

Gayatri. Balkrishnan. R (2018) in her research study under the title "financial performance about the Banking services", has studied that change is the only constant things in life and the present change in globalization economy and changes in the lifestyles by the banks by providing the good and qualitative services at the right time, at the right place.

MerveKiliç, (2019) Acquisitions and mergers are the growth and expansion strategies that are commonly used by the companies in all over the world because of several reasons such as increasing the profit, sales and market share, entering into new markets, operating with economics of scale, coping with managerial problems and so on. The performance of the banking sector in Turkey is analyzed to determine the effects of cross-border bank acquisitions on the Turkish banking sector by utilizing a non-parametric approach DEA (Data Envelopment Analysis).

V. Raman Nair (2020) in his article, "Financial services by commercial banks in Kerala", considered that financial services providers like banks have been design products and selling them. But the delivery and speed of changes in the environment due to deregulation and technological changes has considerably influenced customers and their preferences. This is the related in the course that banks are lay on relationship building with the customer and providing quality services to entice them to move from transaction banking to relationship banking.

RESEARCH METHODOLOGY:

Research is a process in which the researchers wish to find out the end result for a given problem and thus the solution helps in future course of action. The research has been defined as “A careful investigation or enquiry especially through search for new facts in branch of knowledge”.

TOOLS AND TECHNOQUES

Ratio analysis

Common Size balance sheet

Trend analysis

Correlation analysis

FINDINGS

The current ratio is decreasing trend during the study period.

The Fixed asset ratio is fluctuating in year by year, so the Fixed asset ratio is fluctuating trend in this study period.

There is a maintain high level position in the absolute liquidity ratio. It was 0.06 in the year 2018-19 then next three years ratio was 0.09, 0.07, 0.09 in the year of 2019-22. Next it come down was 0.07 in the year 2022-23.

Hence the bank is maintaining its good level position of assets. The Total assets turnover ratio was increasing trend.

The Bank has not better collection of debt, because the last year Debtors turnover is low. The Debtors turnover ratio is decreasing trend.

SUGGESTIONS

The firms have low current ratio so it should increase its current ratio where it can meet its Short term obligation smoothly.

Liquidity ratio of the firm is not better liquidity position in over the Ten years. So I suggested that the firm maintain proper liquid funds like cash and bank balance.

The firm high inventory so I suggested that the firm must reduce the stock and increase sales.

The direct material cost of the firm is very high so it's my Suggest to the firm that to decrease the direct material cost by purchasing raw material from the other suppliers.

The Bank should control fluctuations in cash and bank balances as it impacts the current ratio of the bank.

CONCLUSION

The project entitled “A Study on various financial aspect of Co-operative urban bank Limited” was undertaken with the objective of financial performance and to examine profitability performance of the company. From the study Gross Profit and Net profit position was good. Long term solvency position of company was satisfactory. Long term solvency position of company was satisfactory. The Overall Financial performance of urban bank Limited was good.

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