

A STUDY ON FINANCIAL PERFORMANCE ANALYSIS WITH REFERENCE TO TNSC BANK, CHENNAI

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ABSTRACT

A study has been carried at the TNSC bank to study the financial performance analysis of five years. Finance plays a vital role and life blood of the company to accomplish its objectives.

The main objective of the study was to analyze the comparative financial statement analysis of the TNSC bank.

The need for the study is to know the growing trends, performance, liquidity, and solvency position of the bank. The scope of the study is to give prompt solutions to increase the performance and to have future growth in order to achieve desired objectives of the bank.

The type of research design that is undertaken for my study is analytical research design.

The financial tools used are ratio analysis, trend analysis and comparative balance sheets. The current assets of the bank are found to be less than current liabilities. With help of comparative balance sheets it is found that the total assets and liabilities are increasing year after year. The trend sales are found to be increasing.

The bank should take necessary steps to increase current assets and decrease the current liabilities to meet the short term position. The fixed assets should be utilized at the greatest extent and techniques should be adopted.

INTRODUCTION

MEANING OF FINANCE:

Finance is the life blood and nerve center of a business, just as circulation of blood is essential in the human body for maintaining life.

Finance is very essential for smooth running of business. Right from the very beginning i.e., conceiving an idea to business, finance is needed to promote or establish the business, acquire fixed assets, make investigations such as market surveys etc., develop product, keep men and machines at work, encourage management to make progress and create values.

Financial performance analysis is the process of identifying the financial strength and weaknesses the firm by proper establishing the relationship between the items of balance sheet and profit and loss account.

DEFINITION

Financial performance analysis is the process of identifying the financial strengths and weaknesses of the firm by properly establishing the relationship between the items of balance sheet and profit and loss account. It also helps in short-term and long term forecasting and growth can be identified with the help of financial performance analysis.

AREAS OF FINANCIAL PERFORMANCE ANALYSIS:

Financial analysts often assess the firm's production and productivity performance (total business performance) profitability performance, liquidity performance, working capital performance fixed assets performance fund flow performance and social performance various financial ratios analysis includes.

- working capital analysis
- financial structure analysis
- Activity analysis
- profitability analysis

COMPANY PROFILE

Mission:

The Mission of the Bank is to mobilize resources, provide banking products and other professionalized services to the people, strengthen the affiliates, provide vibrant leadership to the co-operative banking system, achieve sustained growth and ultimately to attain prime position in the banking industry.

Growth of TNSC:

The Cooperative Banks functioning in Tamil Nadu are fulfilling the credit requirements of the farmers, weavers, rural artisans, consumers of urban area. These institutions are known as Cooperative Credit Institutions. Credit institutions functioning under short-term credit structure are of three-tier in nature. At the grass root level, the Primary Agricultural Coop. Banks (PACBs) functioning at village level. At the district level, the Central Coop. Banks (CCBs) functioning with the headquarters at district capital and their branches in various places of the districts concerned. At the apex level, the Tamil Nadu State Apex Coop bank Ltd. functioning at Chennai which coordinates the entire

TNSC Bank is a Schedule Coop. Bank and has been listed under the Second Schedule of RBI Act. TNSC Bank is a member of the Deposit Insurance and Credit Guarantee Corporation (DICGC) and is an insured coop. bank as per DICGC Act. TNSC Bank has got the privilege of having its share capital by the Government of Tamil Nadu. TNSC Bank has been under close supervision and monitoring of the higher financing agencies, viz., RBI, NABARD. Periodical inspection and supervision are done by NABARD as per RBI guidelines. Government of Tamil Nadu is reviewing the performance of the Bank periodically. Eminent Co-operators have contributed for the growth and development of the TNSC BANK.

NEED FOR THE STUDY

There is a need to make the study on changes happened in overall performance of the concern so that positive or negative changes can be known. It is also to known the profitability, short term solvency or liquidity and turnover position of the TNSC APEX CO-OPERATIVE BANK the growing trend projection to be analyzed will be helpful to make the prediction about profitability and growth prospects. It focuses as the basis for planning operation and as means of the control over financial position of the business and efficient use of assets.

OBJECTIVES OF THE STUDY

PRIMARY OBJECTIVES:

- To study and analyze the financial performance of the TNSC APEX CO-OPERATIVE BANK

SECONDARY OBJECTIVES:

- To analyze the financial stability and overall performance of the TNSC BANK
- To interpret the profitability turnover and liquidity or short term solvency position of TNSC BANK
- To determine the growing trends of the TNSC bank with the help of trend analysis
- To study the working capital position of TNSC BANK
- To provide suggestions for improving the overall performance of the bank

SCOPE OF THE STUDY

The study is conducted to know the deviation which happened in the financial performance so that the positive aspects will be improved and the adverse situation will be disappeared. The profitability turnover and short term solvency or liquidity position of the concern should be maintained so that the reputation cannot get affected. By updating about changes between past & present performance and prompt decision can be taken. Such decision is used to boost the performance of the concern which result is achieving the goals of the organization.

REVIEW OF LITERATURE

MANISH MITTAL AND ARUNNA DHADEMADE (2005) research on a comparative study on profitability and productivity in Indian banks, ISBN-978-81- 7446-983-0 :

The found that higher profitability is the only major parameter for evaluating banking sector performance from the shareholders point of view. It for the banks to strike a balance between commercial and social objectives They found that the public sector bank or less profitable than private sector bank. Foreign banks top the list in terms of net profitability.

I.M. PANDEY (2005) FINANCIAL MANAGEMENT –(ninth edition)ISBN-978-81- 259-1658-1:

An efficient allocation of capital is the most important financial function in modern times. It involves decision to commit the firm's fund to the long term assets. The firm's value will increase the investment are profitable and add to the shareholders wealth.

Financial decisions are important to influence the firm's growth and to involve commitment of large amount of funds.

NUTAN TROKE AND P K PACHORKAR (2012) CORRELATIO STUDY OF FINANCIAL PERFORMANCE INDICATOR IN INDIAN PUBLIC SECTOR AND PRIVATE SECTOR B A N K (ISSN-2277-7830):

The study related that the private sector bank the percentage of other income in the total income is higher than public sector bank.

VASANT DESAI (2013) BNAK MANAGEMENT HIMALAYA PUBLISHING HOUSE ISBN 978-93-5097 250-2:

The performance of a bank can be assessed in there broad dimension viz. business development customer service and housekeeping. The resources that a branch has are manpower premises planning system procedure organizational and general administration.

The efficiency of a branch would be measured by the extent which it has balanced between three parameters.

RESEARCH METHODOLOGY:

Research methodology is a way to systematically solve the research problem. It may be understood as a science of studying how research is done scientifically. In this study the various step that are generally adopted by a researcher in studying his research problem along with the logic behind them.

The researcher used analytical type of research to analyze the past data based on which certain future decision can be made.

FINANCIAL TOOLS USED FOR THE STUDY

Ratios analysis

Trend analysis

Comparative balance sheet

LIMITATIONS OF THE STUDY

- Due to inadequate time of research it is not possible to analyse all the aspects to the study.
- The quantitative aspects have been taken into account for the study whereas qualitative aspects haven't considered.
- Authorities were relevant to reveal information.

DATA ANALYSIS

Table 1: table showing current ratio of TNSC bank for the financial year 2012-2013 to 2016-2017

Particulars	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
Current assets	3213.29	3008.09	2929.33	5006.89	5769.85
Current liabilities	1434.07	1598.29	1834.84	1559.39	2061.13
Current ratio	224.06	188.26	159.65	321.08	279.93

Interpretation:

From the above table it is founded that the current liabilities are increased than liabilities the highest percentage is 279.93 in the year 2016-2017 and lowest percentage is 159.65 in the year 2014-2015 the current year percentage is 279.93.

Table 2: Table showing proprietary ratio of TNSC bank for the financial year 2012-2013 to 2016-2017

Particulars	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
Shareholders fund	6448.35	6514.69	7200.48	7194.16	7159.78
Total tangible assets	9560.42	5856.91	2506.62	2059.28	2451.76
Proprietary ratio	67.44	111.19	287.25	349.35	292.02

Interpretation:

From the above table it is founded that the tangible assets are increased than the share holders fund the highest percentage is 349.35 in the year 2015-2016 and lowest percentage is 67.44 in the year 2012-2013 the current year percentage is 292.02

Table 3 : Table showing working capital turnover ratio of TNSC bank for the financial year 2012-2013 to 2016-2017

Particulars	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
Current assets	3213.29	3008.09	2929.33	5006.89	5769.85
Current liabilities	1434.07	1598.29	1834.84	1559.39	2061.13
Working capital turnover	1779.22	1409.8	1094.49	3447.5	3708.72

Interpretation:

From the above table current liabilities are increased than the current assets the highest percentage is 3708.72 in the year 2016-2017 and the lowest percentage is 1094.49 in the year 2014-2015 the current year percentage is 3708.72.

Table 4 : Table showing trend percentage for cash of TNSC bank for the financial year 2012-2013 to 2016-2017

Particulars	2012	2013	2014	2015	2016
cash	956.04	585.69	250.6	352.23	245.17
Trend %	100	61.26	42.78	36.84	69.60

Interpretation :

From the above that the trend percentage shows variable changes for cash the highest percentage is 69.60 in the year 2016 and lowest percentage is 36.84 in the year 2015 and the current year percentage is 69.60.

Table 5 : Table showing trend percentage for current assets of TNSC bank for the financial year 2012-2013 to 2016-2017

Particulars	2012	2013	2014	2015	2016
Current assets	3213.29	3008.09	2929.33	5006.89	5769.85
Trend %	100	93.64	97.35	170.92	115.23

Interpretation :

From the above that the trend percentage shows variable changes for cash the highest percentage is 115.23 in the year 2016 and lowest percentage is 93.35 in the year 2014 and the current year percentage is 69.60.

Table 6 : Table showing trend percentage for current liabilities of TNSC bank for the financial year 2012-2013 to 2016-2017

Particulars	2012	2013	2014	2015	2016
Current liabilities	1434.07	1598.29	1834.84	1559.39	2061.13
Trend %	100	111.45	114.80	84.98	132.17

Interpretation :

From the above that the trend percentage shows variable changes for cash the highest percentage is 132.17 in the year 2016 and lowest percentage is 84.98 in the year 2014 and the current year percentage is 132.17.

SUGGESTIONS

- The current assets of the concern has been decreased so the bank need to take steps to meet the short term obligations.
- The bond buyers generally purchase debenture based on belief that the bond issuer is unlikely to default on the repayment
- The bank needs to increase the working capital to meet the short term obligations.
- A smaller goodwill to assets ratio will indicate that a large portion of a firm's total assets is comprised of tangible assets.
- The bank needs to maintain proper receivables.

Conclusion

Finance is the lifeblood which plays a vital role in the organization and a vital factor for the development of the business. financial performance analysis is used to know the performance of the concern. It is used to know the position of the company.

The existing performance of the concern is found to be good the current assets and cash of bank is in increasing trend whereas the steps be taken to continue it.

Further in order to improve and enhance the future growth various suggestions have been magnanimously put forth in this study.

Hence steps should be taken in order to increase the current assets and liabilities to meet the short term obligations.

The performance should be continued and improvement to be made in order to attain the objectives of the concern which pave the way to have the result in attaining the competitive advantage.

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