



Financial Analysis and Performance of Canara Bank

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ABSTRACT

Finance is regarded as the life-blood of every business enterprise. No business, either big, medium or small can be started without adequate amount of finance. Financial 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 analysis. This study is based on the "Financial analysis and performance of Canara Bank".

INTRODUCTION TO STUDY

Every business concern wants to know the various financial aspects for effective decision making. The term 'financial analysis' is also known as analysis and interpretation of financial statements. Financial analysis is the process of identifying the financial strengths and weaknesses of the firm, by properly establishing the relationships between the items contains in balance sheet and profit and loss account.

STATEMENT OF THE PROBLEM

The goal of such analysis is to determine the efficiency of operation of firm. The financial statement only shows the process and activity done but financial analysis shows dept efficiency of functions. Hence this study conducted analysis to know efficiency of Canara Bank and to identify their growth of bank and to know how financial performance plays a vital role in growth of the firm.

OBJECTIVES OF STUDY

To analyze the liquidity, Solvency and profitability of Canara Bank.

To make intra comparative analysis of the financial statements of Canara Bank

SCOPE OF STUDY

The study entitled "Financial analysis and performance of Canara Bank" is to analyze the financial position of Canara bank for last 5 years. The study is based on financial position of the bank by using ratio analysis and trend analysis. This study will help the management to understand more possibilities.

REVIEW OF LITERATURE

Gupta Sumeet&VermaRenu (2008) concluded that management of non-performing assets and risk emanating from adverse event is the key to higher profitability of the Indian banking. Transparency and good governance would work as principal guiding force in present scenario.

Dr. Ibrahim Syed M (2011) concluded that this is diagnostic and exploratory in nature and makes use secondary data. The study finds and concludes that the scheduled commercial banks in India have significantly improved their operational performance.

RESEARCH METHODOLOGY DATA COLLECTION SECONDARY DATA

Secondary data have been mainly obtained from the annual reports, Articles, records and Books.

Data on performance of working capital and company's liquidity position related data also taken as a secondary data.

PERIOD OF STUDY

The study covers an analyze of the overall financial performance of the company which help of financial ratio for 5 years from 2018-2022.

TOOLS USED FOR THE STUDY

Comparative Balance sheet Ratio analysis

LIMITATION OF STUDY

The financial analysis is done only with 5 years of financial statement of the company and it's based on the past and historical information

The study is done with the sources and data collected from secondary data from website

DATA ANALYSIS OF BANK AND INTERPREATATION

COMPARATIVE BALANCE SHEET OF 2021-2022

Particulars	Mar-21	Mar-22	Increase /decrease	Percentage
SHAREHOLDER'S FUNDS				
Equity Share Capital	1,646.74	1,814.13	167.39	10.16
TOTAL SHARE CAPITAL	1,646.74	1,814.13	167.39	10.16
Revaluation Reserve	8,284.24	8,506.23	221.99	2.68
Reserves and Surplus	48,953.96	55,790.95	6836.99	13.97
Total Reserves and Surplus	57,238.19	64,297.18	7058.99	12.33
TOTAL SHAREHOLDERS FUNDS	58,884.93	66,111.31	7226.38	12.27
Deposits	10,10,874.58	10,86,409.25	75534.67	7.47
Borrowings	49,983.56	46,284.96	-3698.6	-7.4
Other Liabilities and Provisions	33,931.96	28,174.15	-5757.81	-16.97
TOTAL CAPITAL AND LIABILITIES	11,53,675.03	12,26,979.67	73304.64	6.35
ASSETS				
Cash and Balances with Reserve Bank of India	43,111.62	51,602.91	8491.29	19.7
Balances with Banks Money at Call and Short Notice	1,35,296.41	1,30,451.39	-4845.02	-3.58
Investments	2,61,690.39	2,82,012.90	20322.51	7.77
Advances	6,39,048.99	7,03,601.82	64552.83	10.1
Fixed Assets	11,206.53	11,356.30	149.77	1.34
Other Assets	63,321.09	47,954.34	-15366.75	-24.27
TOTAL ASSETS	11,53,675.03	12,26,979.67	73304.64	6.35

INTERPRETATION

The comparative balance sheet shows that the Company's equity and liabilities, as well as its assets, have been steadily increasing over the years, indicating a positive financial position

RATIO ANALYSIS:

GROSS PROFIT RATIO

Year	GrossProfit(in n Rs.Crs)	Sales(in Rs.Cr)	Grossprof it Ratio
2018	1217.37	15175.41	8.02
2019	1360.23	18209.92	7.47
2020	1243.44	16423.34	7.57
2021	1319.92	16750.54	7.88
2022	1824.65	20790.51	8.78

INTERPRETATION OF GROSS PROFIT RATIO:

The table indicates the Gross profit ratios from year 2018 to 2022, It is generally positive trend over time , there was a significant increase in gross profit ratio from 2021 to 2022, which suggests that the company was able to improve its profitability by increasing its gross profit relative to its net sales revenue



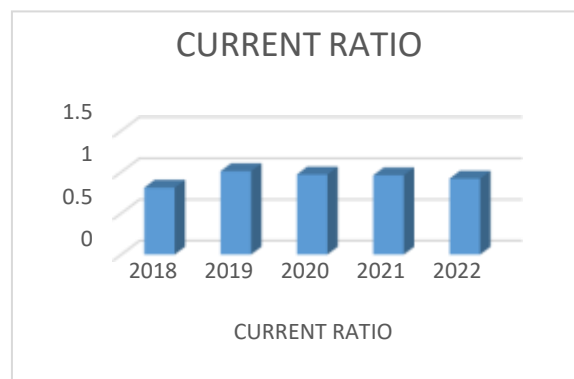
CURRENT RATIO:

Year	Current Assets (in Rs.Crs)	Current Liabilities (in Rs.Crs)	Current Ratio
2018	6372.89	7853.08	0.81
2019	8331.67	8184.79	1.01
2020	9739.00	10025.24	0.97
2021	10536.84	10908.71	0.96
2022	12848.08	13851.72	0.92

INTERPRETATION OF CURRENT RATIO:

The table indicates the current ratio from the year 2018 to 2022

The trend of the current ratio suggests that the company's liquidity position may have declined over the past few years, with the current ratio consistently below 1. indicating a higher level of short-term liabilities than short-term assets.



FINDINGS, SUGGESTIONS AND CONCLUSIONS

FINDINGS

- The gross profit ratio has fluctuated between 7.47% and 8.78% over the years, with the highest ratio seen in 2022
- The trend of the current ratio suggests that the company's liquidity position may have declined over the past few years, with the current ratio consistently below 1. indicating a higher level of short-term liabilities than short-term assets.
- The comparative balance sheet shows that the Company's equity and liabilities, as well as its assets, have been steadily increasing over the years, indicating a positive financial position

SUGGESTIONS:

- The current ratio is less than the ideal ratio, the effective measures are to be taken to retain the inventories and other receivables accounts of the company
- As profitability ratio have average level of performance so they need to increase their profitability position so they need to reduce their expenses and cash outflow and increase their turnover.

CONCLUSION:

The present study was conducted with main objective of analyzing the financial performance of Canara bank and for this purpose I have taken five years financial statements this included analyzing the working capital management, liquidity, profitability and solvency position of Canara Bank. The study reveals that the liquidity position and solvency position is not that much satisfactory. The study also indicates that they have incurred low profitability in the last five years. The working capital management of the company is in a good position. But still the bank runs in a good manner and the overall performance of the bank is satisfactory.