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Analyzing The Impact Of 5G Technology On Urban Development.

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Abstract : **For any business institution, finance forms the foundation of its operations and subsequent growth. Financial statements are prepared with a view to provide relevant insight into the entity's financial performance for a period, its financial position and other matters that are material to the decisions made by various stakeholders. Analyzing these statements enables the evaluation of the effectiveness of the company's operations and policies in meeting its objectives, and especially in the post pandemic economic scenario, serve to provide insight into the measures taken to recover from its impact as well as scope for future growth. Banks being key economic institutions, an analysis of their performance is essential to gain an insight into their contribution towards people's economic wellbeing and the wider national economy. This paper aims to evaluate key figures and indicators through the use of ratios and trend analysis to assess if the bank's financial operations were satisfactory over the period of study. The findings from the study will benefit the authorities in decision making and in their efforts to improve the bank's performance as well as the general public in being aware of the bank's operations and progress from the COVID-19 period. The banking industry is a very competitive landscape, and increasing globalization and financial awareness among the banking public and potential customers develops the need for banks to be vigilant and consistently monitor their options for growth and stability. This study shall be beneficial in providing insight for drafting future actions and enhancing strategic decision making. [Keywords: finance, financial performance, economy, operations]**

.1 OVERVIEW For any business institution, finance forms the foundation of its operations and subsequent growth. Finance involves the acquisition, management and investment of funds for any type of economic activity. For a business entity, a major function is to raise and maintain adequate finance for its activities and to achieve its goals. An entity's financial information are presented in an objective manner that enables comparability and understandability in its financial statements prepared according to the applicable financial reporting framework. Financial statements are prepared with a view to provide relevant insight into the entity's financial performance for a period, its financial position and other matters that are material to the decisions made by various stakeholders.

An analysis of the financial performance of the entity is conducted by examining these financial statements. Such analysis enables the evaluation of the effectiveness of the company's operations and policies in meeting its objectives. It also aims to measure liquidity and gain understanding of the entity's financial position. Banks are key institutions which play an important role in the flow of money and

credit in an economy, contributing to its growth and development. Commercial banks in particular, lend money and accept deposits from the public, mobilize these savings and channelize these into productive channels. Financial performance analysis is essential to gain understanding of the operational efficiency and areas for improvement in an entity

1.2 STATEMENT OF THE PROBLEM To analyze and interpret the financial performance of South Indian Bank Limited over a period of 5 years and gain insight into its financial position. The focus is on the use of ratios and trend analysis to evaluate various key figures and financial indicators of performance to gain insight into the bank's financial operations over the period of study. 1.3. SCOPE OF THE STUDY The study focuses on the analysis of the financial performance of South Indian Bank Ltd which covers the financial statements of the bank as a whole. The study covers all relevant financial activities of the bank for a period of 5 financial years (2018-19 – 2022-23) without considering the non-financial aspects.

1.3 OBJECTIVES OF THE STUDY

• To study the financial performance of South Indian Bank • To know the profitability of the bank during the period of study. • To suggest measures to improve the performance of the bank based on the findings from the study.

1.4 SIGNIFICANCE OF THE STUDY The goal of the study is to analyze the financial performance of South Indian Bank. Analysis of financial statements offers crucial information that aids in managerial decision-making. The current study aims to analyze whether the financial performance of South Indian Bank was satisfactory or not during the period of study. The findings from the study will benefit the authorities in decision making and in their efforts to improve the performance of the bank. 3 1.5 RESEARCH METHODOLOGY Research is a method of acquiring knowledge that is required to analyze, write, explore deeper, and share data. Research methodology is the methodical approach to planning, carrying out, and evaluating research. It involves a structured pathway for gathering data, analyzing key financial figures and drawing apt conclusions. This study is centered on a quantitative research approach, to conduct an evaluation and interpretation of financial data, which has been collected from the bank's financial statements and analyzed and interpreted through the use of ratio and trend analysis.

1.5.1 Nature of study: The study is both descriptive and analytical in nature. It analyzes the the key financial figures of the bank as well aims to gain insight into the relationship between these variables. It then describes the relationship and the findings on the basis of the analysis. 1.5.2 Nature of data: The study utilizes secondary data obtained from the published financial statements of the bank and other published sources like journals, books, internet. This includes the published annual reports of the bank as well the website of the bank. 1.5.3 Period of study: This study has been conducted over a period of 21 days and it focuses on the financial statements of the bank from 2018-19 till 2022-2023.

1.5.4 Tools for analysis: The study utilizes the following tools for analysis of financial performance: a. Ratio Analysis: When analyzing financial statements of a company, ratio analysis is a technique used to assess the relationships between various financial variables. Calculating different financial ratios that reveal information about the performance, stability, and effectiveness of the business is involved. The profitability, liquidity, solvency, efficiency, and overall financial stability of the business are evaluated using these ratios. b. Trend Analysis: In financial and business analysis, trend analysis is a technique used to find and analyse trends, patterns, or movements in data over time. This method entails looking at past data and identifying patterns in order to forecast or obtain insights into future performance.

1.6 LIMITATIONS OF THE STUDY • The study is limited to an analysis of only five years' data and hence the findings of the study are relevant in relation the bank for that particular period. • The study utilizes financial information obtained from the bank which is inherently secondary in nature. The inherent limitations of utilization of secondary data may affect the results of the study. • The study is conducted on the basis of past financial statements which is historical in nature.

REVIEW OF LITERATURE

2.1 EMPIRICAL LITERATURE:

A literature review guides researchers to a better understanding the methods used, the limitations of the various assessment procedures available and database and logical interpretation and reconciliation of conflicting results. In addition, a review of empirical studies explores future possibilities and introduce related research activities. A few important studies relating to financial performance analysis are: Mubarak, (2021) states that if the banking business does not function adequately, the economic impact might be enormous and widespread. As a result, it is necessary to examine the financial stability of the Indian banking system and the variables that contribute to it. The financial stability of the chosen institutions was evaluated in this research using specific financial measures and rating them using the Eagles approach.

3 THEORETICAL FRAMEWORK The process of assessing the performance and financial standing of a company, investment, or other financial entity is known as financial analysis. In order to decide on the entity's stability, profitability, and general well-being, it entails evaluating a variety of financial statements, ratios, and other measures. Financial analysis's main objective is to give stakeholders the information they need to make wise financial decisions by revealing an organization's financial situation.

The main components of financial analysis are: 1. Financial Statements: a) Income Statement: An organization's income, expenses, and profits or losses for a given time period are summarized in the income statement (also known as the profit and loss statement). b) Balance Sheet: The company's assets, liabilities, and shareholders' equity are shown on the balance sheet as of a specific date. It offers a quick glance into the financial situation.

2. Financial Ratios: a) Liquidity ratios: These measures reflect the short term solvency of a business. The failure to meet the obligations in due time may result in bad credit image and loss of creditors confidence, to the contrary, a very high degree of liquidity is also undesirable since it would imply that funds are remaining idle. It is essential to have a balanced liquidity position. 28 The various ratios that interprets about the liquidity of the firm are: 1. Current Ratio: It establishes the relationship between current assets and current liabilities.

Current ratio = Current Assets / Current Liabilities A current ratio of 2:1 is considered satisfactory. The higher the ratio, the greater the margin of safety.

2. Quick Ratio: It is used as a complementary ratio to current ratio.

It establishes the relationship between quick assets and current liabilities.

Quick ratio = Quick Assets / Current Liabilities b) Turnover Ratios: A company's ability to turn a profit is assessed in proportion to its equity, assets, and revenue. The return on equity and net profit margin are two examples. The relationship between assets and sales is known as assets turnover ratio or activity ratios. The various activity ratios are: 1. Fixed Asset Turnover Ratio: To ascertain the efficiency and profitability of the business the total fixed assets are compared to sales. The more the sales in relation to the amount invested in fixed assets, the more efficient is the use of the fixed assets. It indicates higher efficiency. Fixed assets turnover = Sales / Net fixed assets 29 2. Inventory Turnover Ratio: Inventory turnover ratio is the number of times the average stock is turned over during the year is known as stock turnover ratio.

It is the cost of goods sold divided by average stock. Inventory turnover ratio = COGS / Average stock 3. Debtor Turnover Ratio: Debtor turnover ratio is the ratio that suggests the number of times the amount of credit sale is collected during the year.

It is found out by dividing sales by average debtors. Debtor turnover ratio = Sales / Average debtors c) Solvency Ratios: Solvency ratios assess the long-term financial stability and long-term debt serviceability of an organization. The ratio is based on the relationship between borrowed funds and owner's capital and it is calculated from the balance sheet and profit/loss account.

The various solvency ratios are:

1. Debt-Equity Ratio: It indicates the relationship describing the lenders contribution for each rupee of the owners' contribution is called debt-equity ratio. Debt equity ratio is directly computed by dividing total debt by net worth.

Lower the debt equity ratio, higher the degree of protection.

Debt-equity ratio = Total debt / Net worth 30 2. Interest Coverage Ratio: It assesses a company's ability to meet its interest obligations with its operating income.

A higher interest coverage ratio implies that the company has more earnings available to cover its interest expenses, indicating better solvency.

Interest Coverage ratio = Interest Expenses / Earnings Before Interest and Taxes (EBIT) d) Profitability Ratios: A company's ability to turn a profit in relation to its expenses and other costs is evaluated using profitability ratios. For investors and analysts, these ratios are essential because they offer information about a company's profitability and efficiency. Some of these ratios are:

1.Net Profit Margin: The percentage of each rupee of revenue that remains profit after all costs, such as taxes and interest, is known as the net profit margin. Better profitability is indicated by a higher net profit margin. Net Profit Margin = (Net Profit / Total Revenue) x 100

2.Gross Profit Margin: The percentage of revenue that surpasses the cost of goods sold is measured by the gross profit margin. It gauges how profitable a business's main operations are. Gross Profit Margin = (Gross Profit / Total Revenue) x 100 31 3. Return on Equity: The Return on Equity (ROE) ratio is a financial metric that measures the profitability of a company in relation to its shareholders' equity. ROE is a key indicator of how efficiently a company is using its equity capital to generate profits.

Return on Equity = (Net Profit/ Shareholders' Fund) x 100 4.Return on Assets: The Return on Assets (ROA) ratio is a financial metric that measures a company's ability to generate profits from its total assets. It indicates how efficiently a company is utilizing its assets to generate earnings. Return on Assets = (Net Profit/ Total Assets) x 100

3.Trend analysis: It is used for tracking changes in important financial variables and looking for trends, and patterns in financial data over time. This aids in determining the general direction of the financial performance. All of these elements work together to give stakeholders a thorough understanding of an entity's performance and financial status, enabling them to make wise decisions. Financial analysis is a dynamic process that entails data interpretation in light of the company's strategic goals, the industry, and the state of the economy.

4.1 RETURN ON EQUITY

The Return on Equity (ROE) ratio is a financial metric that measures the profitability of a company in relation to its shareholders' equity. ROE is a key indicator of how efficiently a company is using its equity capital to generate profits.

Return on Equity = (Net Profit/ Shareholders' Fund) x 100

Table 4.1 Return on Equity of South Indian Bank

(Rs. In Crores)

Year	Net Profit	Shareholders' Funds	Return on Equity (%)
2018-19	247.53	5,337.07	4.64
2019-20	104.59	5,477.35	1.91
2020-21	61.91	5,809.24	1.07
2021-22	44.98	5,854.42	0.77
2022-23	775.09	6,674.69	11.61

(Source: Secondary data)

Figure 4.1 Return on Equity of South Indian Bank

Interpretation:

From the diagram, it can be seen that the bank had a return on equity of 4.638% in 2018-19 which then started declining, reaching a low of 0.768% in 2021-22 which indicates a period of lower return. However, there has been a substantial increase in return to 11.612% in 2022-23, indicating solid improvement in return and financial position of the bank.

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4.2 RETURN ON TOTAL ASSETS

The Return on Assets (ROA) ratio is a financial metric that measures a company's ability to generate profits from its total assets. It indicates how efficiently a company is utilizing its assets to generate earnings.

Return on Assets = (Net Profit/ Total Assets) x 100

Table 4.2 Return on Total Assets of South Indian Bank

(Rs. In crores)

Year Net

Profit Total Assets Return on Total

Assets (%)

2018-19 247.53 92,279.22 0.27

2019-20 104.59 97,032.90 0.11

2020-21 61.91 94,149.17 0.07

2021-22 44.98 100,052.42 0.04

2022-23 775.09 107,698.18 0.72

(Source: Secondary data)

Figure 4.2 Return on Total Assets of South Indian Bank

Interpretation:

In 2018-19, the return on total assets was 0.268%, from then onwards it shows a declining trend over the years from 2019-2022, which indicates lower generation of profit in respect of the total assets. In 2022-2023, the bank has recorded a substantial increase in return on total assets at 0.719%, showcasing massive improvement in return generated.

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4.3 NET PROFIT MARGIN

The percentage of each rupee of revenue that remains profit after all costs, such as taxes and interest, is known as the net profit margin. Better profitability is indicated by a higher net profit margin.

Net Profit Margin = (Net Profit / Total Revenue (interest)) x 100

Table 4.3 Net Profit margin of South Indian Bank

(Rs. In Crores)

Year Net profit

Total revenue

Net profit

Margin(%)

2018-19 247.53 6,876.52

3.59

2019-20 104.59 7,763.80 1.34

2020-21 61.91 7,305.44 0.84

2021-22 44.98 6,586.54 0.68

2022-23 775.09 7,233.18 10.71

(Source: Secondary data)

Figure 4.3 Net Profit margin of South Indian Bank

Interpretation:

In 2018-19, South Indian Bank had a net profit margin of 3.59%. Then a steady decline in net profit has caused the margin to deteriorate over 2019-2022 indicating a loss of profitability. This has been overcome by a great margin in the financial year 2022-2023 which has generated a high net profit margin of 10.71%.

4.6 TREND ANALYSIS OF DEPOSITS

Deposits in bank generally refers to the funds that individuals, businesses, or other entities place in a bank account. These deposits are liabilities for the bank because the bank is obligated to repay the deposited funds on demand or as per the terms of the deposit agreement. Banks use the funds from deposits to make loans and investments, thereby facilitating economic activity.

Table 4.6 Trend Analysis of Deposits of South Indian Bank

(Rs. In crores)

Year Amount Trend (%)

2018-19 80,420.12 100

2019-20 83,033.89 103.2501

2020-21 82,710.55 102.8481

2021-22 89,142.11 110.8455

2022-23 91,651.35 113.9657

(Source: Secondary data)

From the above used ratios and analysis of trends, the findings of the study are as follows: • The return on equity, compared to the previous years, has substantially improved to reach 11.67% in 2022-23, which indicates greater efficiency in the use of equity capital to generate returns. • The return on assets, which were particularly low during the period 2019-2021, has shown significant improvement, rising to 0.72% in 2022-23, from 0.04% in 2021-22. It indicates that the bank has been able to better utilize its assets in increasing its profits. • The net profit margin for the year 2022-2023 is around 10.71%, a massive improvement from that of 2021-2022. The bank has taken successful measures to expand its profits significantly from its lower track record in the previous years. • The bank has generated interest income of around 6.72% of its total assets in 2022-23.

In comparison to previous years, there is potential for generating interest income in a greater proportion of the bank's total assets. • The interest expenses to total assets is 3.92% in 2022-23, which is the lowest in comparison to the previous years. This indicates lower reliance on debt financing to finance assets and operations, reducing risk but also lower financial leverage.

The trend analysis of deposits portrays a gradual rise in deposits over the period, which has brought more funds which can be then be used for lending and investment and also 44 shows an increase in people's deposit tendency. • The bank has consistently and solidly increased its fixed assets over the period, which has contributed towards stable operations. • Over the years from 2020-2022, there was a

dip in the lending activity of the bank. However, in 2022-23, there has been an increase in the advances of the bank, indicating greater leniency in lending and provision of credit facilities. • From its position in 2019-20, the bank had reduced its borrowings significantly to Rs.3294.49 crores. In 2022-23, for meeting greater requirements, the bank has increased its borrowings to Rs.6993.85 crores. • The bank has earned around Rs.7233.18 crores in interest in 2022-23, a notable development from 2021-22. It has potential to further improve its interest earnings, considering it has been able to generate higher earnings in the past. • In overall, the bank had a dip in its performance during the Covid-19 phase, but has picked up its pace and massively improved in several aspects of its performance in 2022- 2023. It has also been able to significantly accelerate its profitability to heights, recovering from the impact of lockdown and has been operating in a relatively stable manner thereon

• The bank been able to successfully recover and substantially improve its profitability from the Covid-19 phase, and can further incentivize its schemes to the public to encourage borrowings in a manner that optimizes the potential to earn more interest. • It may utilize its debt funds to expand and generate more returns from its assets that would offer to take great advantage of financial leverage. •

It may further promote attractive schemes to develop more banking and investment activity among people, especially the youth and upcoming generation, such as Trust Meets Tech, which will help improve the bank's brand positioning among the population as well as attract more customers to the bank. • The bank has a well-functioning technological interface to enable online and mobile banking, and it may use this to its advantage to promote itself and encourage greater usage through incentives to generate more income from such activities.

• The bank's operations may be optimized to bring greater efficiency and improve its operating profitability position. • It may diversify its investment into innovative, upcoming financial instruments that would attract greater returns as well as help gain a foothold in those areas, which would help the bank to allocate its assets into the most profitable channels, reduce risk and mitigate losses.

5.3 CONCLUSION

The focus of this comprehensive study is to analyze the financial performance of South Indian Bank, and various aspects of the institution's financial health were examined through the use of its financial statements to interpret key ratios and conduct trend analysis. Considering the impact of Covid-19 on the Indian economy in the last few years, the bank has shown immense recovery from the blow caused by the pandemic and has successfully demonstrated exemplary increase in profitability in the last financial year of 2022-23.

It is clearly evident that the bank has taken significant efforts to improve their performance as well as strengthen their financial position through enhancing their returns from assets as well as efficient use of funds to expand their operations and attract greater investment. The bank has great potential to further enhance its performance and enable consistent growth and should keep up its efforts to do so. South Indian Bank is a pro-active and innovative leading bank in the Indian banking sector, and its focus on technological upgradation and up-to-date, state of the art banking facilities centered on customer delight, has attracted greater public interest as well as investment. The bank's strategic initiatives and commitment to financial soundness positions it favorably in the market. The Indian banking industry is a very competitive landscape, and increasing globalization and financial awareness among the banking public and potential customers develops the need for banks to be vigilant and consistently monitor their options for growth and stability. This study shall be beneficial in providing insight for drafting future actions and enhancing strategic decision making