

A

Project Report on

**“DIVIDEND ANALYSIS OF
A BANKING SYSTEM”**



Palamuru University

This project Report submitted in partial fulfillment of the requirement for the award of the Degree of “BACHLOR OF COMMERECE”

2021-2022

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UNDER THE ESTEEMED GUIDENCE OF

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(Lecturer of Commerce)



DR.BRR DEGREE COLLEGE

(Affiliated to Palamuru University)

Jadcherla, Mahabubnagar

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PRINCIPAL

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HEAD OF THE
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**(Mrs. R. VIJAYA LAXMI DEVI)
PROJECT GUIDE**

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EXTERNAL EXAMINAR

INTERNAL EXAMINAR

DECLARATION

I hereby declare that the project work entitled on “*DIVIDEND ANALYSIS OF A BANKING SYSTEM*” submitted by me to the Department of Commerce is a Bonafide work done by me and it is not submitted to any other university or Institution for the award of any PG M.Com/Certificate or published any time before, under the guidance of **Mrs. Vijaya Laxmi Devi,** (lecturer of commerce.)

The project embodies the result of original work and studies carried out by me and the contents of the project do not form the basis for the award of any other degree to me.

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HOD Mrs. K.MANJULA and My project guide Mrs.VijayaLaxmi Devi,(lecturer of commerce.) For the kind encouragement and constant support extended completion of this project work from the bottom of my heart.

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INTRODUCTION

The term dividend refers to that part of the profits of a company which is distributed amongst its shareholders. It may therefore be defined as the return that a share-holder gets from the company, out of its profits, on his shareholding. "According to the institute of chartered accounts of India" Dividend is a "Distribution to shareholder out of profits or reserves available for this purpose".

The dividend policy has the effect of dividing its net earnings into two parts; Retained earnings and dividend. The retained earnings provide funds to finance the long- Earn Growth. It is the most significant source of financing a firm's investment in practice. A firm, which intends to pay dividends and also needs funds to finance its investment opportunities, will have to use external sources of finance dividend policy of the firm. Thus has its effect on both the long term financing and the wealth of Shareholders. The moderate view, which asserts that because of the information value of dividends, some dividends should be paid as it may have favorable affect on the value of the share.

The theory of empirical evidence about the dividend policy does not matter if we assume a real world with perfect capital markets and no taxes. The second theory of dividend

1.1 IMPORTANCE OF THE STUDY

The dividend policy of a firm determines what proportion of earnings is paid to shareholders by the way of dividends and what proportion is ploughed back in the firm for reinvestment purposes. If a firm's capital budgeting decision is independent of its dividend of its dividend policy, a higher dividend payment will entail a grater dependence on external financing. On the other hand, if a firm's capital budgeting decision is dependent on its dividend decision. a higher payment will cause shrinkage of its capital budget and vice versa. In such a case the dividend policy has a bearing on the capital budgeting decision.

Any firm, whether a profit making or non-profit organization has to take certain capital budgeting decision. The importance and subsequent indispensability of the capital budgeting decision has led to the importance of the dividend decisions for the firms.

1.2 NEED FOR THE STUDY:

The principal objective of corporate financial management is to maximize the market value of the equity shares. Hence the key question of interest to us in this study is,” What is the relationship between dividend policy and the market price of equity shares?”

Most of the discussion on dividend of dividend policy and firm value assumes that the investment decision of a firm is independent of its dividend decision. The need for this study arise from the above raised question and the most controversial and unresolved doubts about the relevance of irrelevance

of the dividend policy.

1.3 OBJECTIVE OF THE STUDY

The basic objective of this study is as follows:

1. Main objective of the study is to analysis the dividends history of ICICI BANK in past five years.
2. Based on DPS and EPS to suggest the company its past performance and also projections in to futures
3. To analyse the dividend payment positions and capital appreciations of the company.

1.4 LIMITATIONS:

Every research conducted has certain limitations. These arise due to the method of sampling used, the method of data collation used and the source of the data apart from many other things. The limitations of this study are as follows:

The data collected is of secondary nature and hence it is difficult to ascertain the reliability of the data.

- a) The scope of the study has been limited to the impact of the dividend on the market value of the firm's equity. Others factors affecting the firm's market value have been assumed to have remained unchanged.
- b) The period of the study has been limited to only five years.
- c) The method of sampling used id "judgment sampling' hence the choice of the sample has been left entirely to the choice of the researcher. This has led to some amount bias being introduced in to the research process

1.5. DESIGN AND METHODOLOGY

Database for the study:

The sources of information are classified to two primary data and secondary data. The data collected by the researcher and agent known to the researcher, especially to answer the research question, is known as the primary data. Studies made by others for their own purposes represent secondary data to the researcher. Secondary sources can usually be found more quickly and cheaply than primary data especially when national and international statistics are needed. Similarly, data about distant places often can be collected more cheaply through secondary sources.

The data used for this study is mostly secondary data. The information regarding the financial data of the past five years has been collected from the various website like the indiainfoline.com, the web portals of the respective

1.6 PERIOD OF THE STUDY

The period of any research is the period which the data has been collected and analyzed. The period of this study has been limited five financial years starting from

1.7 SAMPLING DESIGN:

A variety of sampling techniques is available. The one selected depends on the requirements of the project and its objectives. The various methods of sampling have been

Classified basing on the representation- probability or non probability and on element selection- restricted.

The sampling technique selected for conducting this study id judgment sampling. This is a restricted and non- probabilistic method of sampling; where the sample consisting of one company has been selected on basis of the past dividend payment made by the company.

1.8 TOOLS OF COLLECTING DATA

primary data: The collection of primary data is almost nil.

Secondary data: The collection of secondary is through news papers, various magazines, book and various web sites. companies financial statements of past five year

REVIEW OF LITERATURE

DIVIDEND ANALYSIS-THEORITICAL FRAME WORKS

2.1 DIVIDEND PRACTICES AND MODELS - A CONCEPTUAL FRAME WORK:

Dividend refers to that portion of a firm's net earning, which are paid out to the shareholders. Out focus here is on dividends paid to the ordinary shareholders because holders of preference share are entitled to a stipulated rate of dividend. Moreover, the discussion is relevant too widely held public limited companies, as the dividend issue does not pose a major problem for closely held private limited companies, since dividends are destroyed out of the profits; the alternative to the payment of dividends is the retention of earning profits. The retained earning constitutes an accessible important source and financing the investment requirements of firms. There is, thus a type of inverse relationship between retained earnings and cash dividends: larger retentions, lesser dividends smaller retentions, larger dividends. Thus, the alternative uses of the not earnings- dividends and retained earnings are competitive and conflicting.

A major decision of financial management is the dividend decision in the sense that the firm has to choose between distributing the profits to the shareholders and plugging them back into the

business. The choice would obviously hinge on the effect of the decision on the maximizations of shareholders wealth. Given the objective of financial management of maximizing present values, the firm should be guided by the considerations as to which alternative use is consistent with the goal of wealth maximization. That is, the firm would be well advised to use the net profits for paying dividends to the shareholders if that payment will lead to the maximization of wealth of the owners. If not, the firm should rather retain them to finance investment programmes. The relationship between dividends and value of the firm should therefore, be the decision criterion.

There are however, conflicting opinion, regarding the impact of dividends on the valuation of a firm. According to one school of thought, dividends are irrelevant so that the amount of dividends paid has no effect on the, valuation of a firm. On the other hand, certain theories consider the dividend decision as relevant to the value of the firm measured in terms of the market price of the shares.

The purpose of this report is, therefore, to present a critical analysis of some important theories representing these two schools of thought with a view to illustrating the relationship between dividend policy and the valuation of a firm. The theories, which support the relevance hypothesis, are examined in the report.

2.1.1 IRRELEVANCE OF DIVIDENDS:

MODIGLIANI AND MILLER MODEL:

The crux of the argument supporting the irrelevance of dividends to valuation is that the dividend policy of a firm is a part of its financing decision. As a part of the financing decision, the dividend policy of the firm is a residual decision and dividends are passive residuals.

Crux of the Argument:

The crux of the MM position on the irrelevance of dividend is the arbitrage argument. The arbitrage process, involves, a swathing and balancing operation. In other words, arbitrage refers to entering

simultaneously into two transactions here are the acts of paying out dividends and raising external funds either through the sale of new shares raising additional loans-to finance investment programs. Assume that a firm has some investment opportunity.

Given its investment decision, the firm has two alternatives: (i) it can pass certain is earnings to finance the investment programmed; (ii) or distribute the earnings to he shareholders as dividend and raise an equal amount externally through the sale of new shares/bonds for the purpose. If the firm selects the second alternative, arbitrage process is involved, in that payment of dividends is associated with raising funds through other means of financing, the effect of dividend payment on Shareholders' wealth will be exactly offset buy the effect of raising additional share capital.

When dividends are paid to the shareholders, the market price of the shares will decrease. What the investors as a result of increased dividends gain will be neutralized completely vie the reduction in the terminal value of the shares. The market price before and after the payment of dividend would be identical. The investors according to Modigliani and Miller, would, therefore, be indifferent between dividend and retention of earnings. Since the shareholders are indifferent, the wealth would not be affect by current and future dividend decisions of the firm. It would depend entirely upon the expected future earnings of the firm.

There would be no difference to the validity of the mm premise, if external funds were raised in the form of debt instead of equity capital. This is because of their indifference between debt and equity witty retest to leverage. The cost of capital is independent of leverage and the cost of debt is the same as the real cost of equity.

Those investors are indifferent between dividend and retained earnings empty that the dividend decision is irrelevant. The arbitrage process also implies that the total market other and, hence, the irrelevance of dividends is not a practical proposition; it is merely of theoretical relevance.

The validity of the MM Approach is open to question on two Counts: (i)

Imperfection of capital market, and (ii) Resolution of uncertainty Market Imperfection: Modigliani and Miller assume that capital markets

Are perfect. This implies that there are no taxes; flotation costs do not exist and there is absence of transaction costs. These assumptions are untenable in actual situations.

A .Tax Effect:

An assumption of the mm hypothesis is that there are no taxes. It implies that retention of earnings (internal financing) and payment of dividends (external financing) are, from the viewpoint of law treatment, on an equal footing the investors would find both forms of financing equally desirable.

The tax liability of the investors, broadly speaking, is of two types: (i) tax on dividend income, and (ii) capital gains. While the first type of tax is payable by the investors when the firm pays

dividends, the capital gains tax is related to retention of earnings. From an operational viewpoint, capital gains tax is (i) lower than the tax on dividend income and (ii) it becomes payable only

when shares are actually sold, that is, it is deferred till the actual sale of the shares. The types of taxes, MM position would imply otherwise. The different tax treatment of dividends to the

shareholders out of the retained earnings; to finance its investment program's it issues rights shares. The shareholders would have to pay tax on the dividend income at rates appropriate to their income

bracket. Subsequently, they would purchase the shares of the firm. Clearly, that tax could have been avoided if, instead of paying dividend, the earnings were retained if, however the investors required funds, they could sell a part of

external financing is costlier is another way of saying that firms would prefer to retain earnings rather than pay dividends and then raise funds externally.

A. transaction and inconvenience costs:

Yet another assumption, which is open to question, is that there are no transaction costs in the capital market. Transaction costs refer to costs associated with the sale of securities by the shareholder-investors. The no-transaction costs postulate implies that if dividends are not paid (or earnings are retained), the investor desirous of current income to meet consumption needs can sell a part of their holdings without incurring any cost, like brokerage and so on. This is obviously an unrealistic assumption. Since the sale of securities involves cost, to get current income equivalent to the dividend, if paid, the investors would have to sell securities in excess of the income that they will receive. Apart from the transaction cost, the sale of securities, as an alternative to current income, is inconvenient to the investors. Moreover, uncertainty is associated with the sale of securities. For all these reasons an investor cannot be expected, as MM assume, to be indifferent between dividend and retained earnings. The investors interested in current income would certainly prefer dividend payment to plugging back of profits by the firm.

B. Institutional Restrictions The dividend alternative is also supported by legal restrictions as to the type of ordinary shares in which certain investors can invest for instance, the Life Insurance Corporation of India is permitted in terms of clauses I(a) to I(g) of section 27-A of the Insurance Act, 1938, to invest in only such equity shares on which a dividend of not less than 4 per cent including bonus has been paid for 5 years out of 7 years immediately preceding. To be able to receive dividends at the current price. Since the share would have to be offered to bedeviled investors, the firm can sell the shares only at a price below the prevailing price.

2.1.2 RELEVANCE OF DIVIDENDS

In sharp contrast to the MM position, there are some theories that consider dividend decisions to be an active variable in determining the value of a firm. The dividend decision is, therefore, relevant.

We critically examine below two theories representing this notion:

- WALTER'S MODEL

- GORDON'S MODEL

WALTER'S MODEL:

Proposition walter's models supports the doctrine that dividends are relevant. The investment policy of a firm cannot be separated from its dividends policy and both are, according to walter, interlinked. The choice of an appropriate divided policy affects the value of an enterprise.

The key argument in support of the relevance proposition of walter's model is the relationship between the return on a firm's investment or its internal rate of return r and its cost of capital or the required rate of return (k_e) The firm would have an optimum dividend policy, which will be determined y the relationship of r and k . In other words, if the return on investments exceeds the cost of capital, the firm should refrain the earnings, whereas it should distribute the earnings to the shareholders in case the required rate of return exceeds the expected retune on the firms' investments. The rationale is that if $r > k_e$, the firm is able to earn more than what the shareholders could by reinvesting, if the

ASSUMPTIONS:

The critical assumptions of Walter's Model are as follow:

1. All financing is done through retained earnings external sources of funds like debt or new equity capital are not used.
2. With additional investment undertaken, the firm's business risk does not change. It implies that r and k are constant.
3. There is no change in the key variable namely, beginning earnings per share, E . And dividends per share, D . the values of D and E may be changed in the model to determine results, but any constant in determining results, but any given value of E and D are assumed to remain constant in determining a given value.
4. The firm has perpetual (or very long) life.

Limitations:

The Walter's model, one of the earliest theoretical models, explains the relationship between dividend policy and value of the firm under certain simplified assumptions some of the assumptions do not stand critical evaluation .IN the first place, the Walter's model assumes that exclusively retained earning finance the firms investments, no external financing is used .the model would be only applicable to all equity firms.

Secondly ,the model assumes that r is constant .this is not a realistic assumption because when the firms makes increased investments , r also changes .finally as regards the assumptions of constants risk complexion of firms has a direct bearing on it .By assuming a constant k_e . Walter's model ignores the effects of risk on the value of the firms

GORDON'S MODEL:

Another theory, which contends that dividends are relevant is Gordon's model. This model, which opines that dividends policy of firm effects its value, is based on the following assumption

Assumptions:

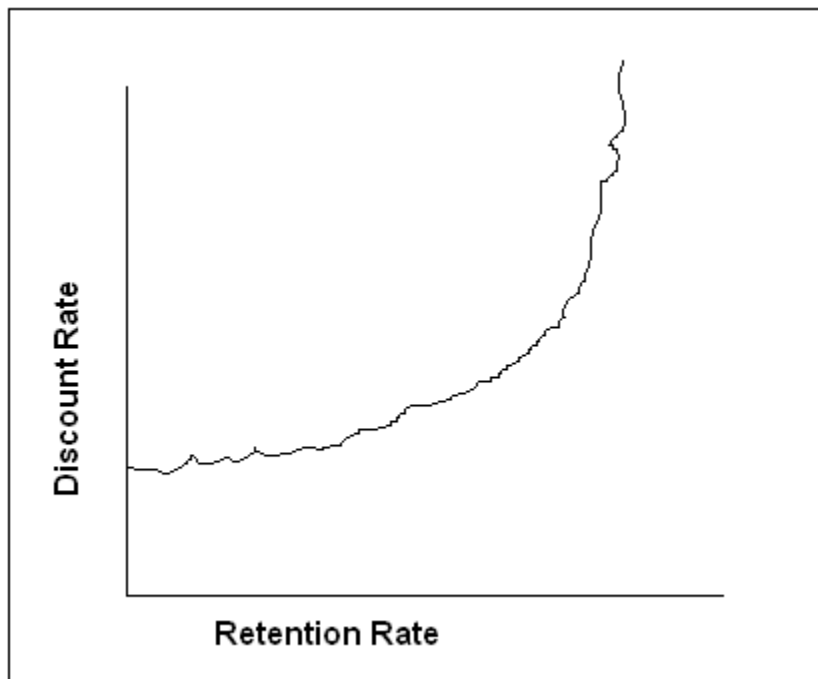
1. The firm is an all- equity firm .No external financing is used and exclusively retained earnings finance investment programs.
2. r and k_e are constant .
3. The firm has perpetual life. .
4. $k_c > b r$.
5. The retention ratio, once decided upon, is constant.Thus, the growth rate, ($g=br$) is also constant.

Arguments:

It can be seed from the assumption of Gordon's model that they are similar to those of Walter's model .As a results ,Gordon's model ,like Walter's contends that dividends policy of the firm is relevant and that investors put a positive premium on current incomes/dividends .The crux of

Gordon's arguments is a two –fold assumptions : (i) investors are risk averse, and (ii) they put a premium on a certain return and discount / penalize uncertain returns.

As investors are rational ,they want to avoid risk .The term risk refers to the possibility of not getting a return on investment ,The payment of current dividends ipso facto completely removes any chance of risk. If, however, the firm retains the earning (i.e. current dividends) is uncertain, both with respects to the amount as well as the timing



Dividend Capitalization Model: According to Gordon. The market valued of a share is equal to the present value of future streams of dividends. A simplified version of Gordon's model can be symbolically 18 expressed as

$$E (1 - b)$$

COMPANY PROFILE

INDUSTRY PROFILE

ORGANISATION PROFILE:

A) INDUSTRIAL PROFILE

B) COMPANY PROFILE

INTRODUCTION OF BANKING

“Bank is an institution whose Debts widely accepted in settlement of other people’s debts to each other”.

The banking company in India defined the Bank , in the companies Act.1949, as the one “which transacts the business of banking which means the accepting for the purpose of lending to invests of deposits of money form the public. The deposits, which repayable on demand withdrawal by check, draft orders.

TYPES OF BANKING

Several types of banks have come in to existence performing different specialized functions based upon the functions performed by them; banks may be classified into different types

1) COMMERCIAL BANKS:

They are a joint stock bank which acts as different kinds of deposits from the public and grant short term loans. Their main aim is to provide security of funds to depositors and make profits for their share holders. As their deposits are mainly for short periods, they can not lend money for long periods. They mainly finance business and trade for short periods to meet their day – to – day transactions. They may provide finance in the form of cash credits or drafts or loans. They also provide finance by discounting bills of exchange.

2) INDUSTRIAL BANKS

These banks are also called investment banks. They provide long terms finance to industries ranging over a few decades. They finance long term projects and developmental plans. They receive long term projects deposits from the public. They may also raise funds by the issue of shares debentures. They specialized in the undertake industrial finance the new issue of shares, debentures and securities of new enterprises

3) AGRICULTURE BANKS

The commercial industrial banks are not able to meet the financial requirements of agriculture. Agriculture requires both short term and long term finance. Farmers requires short term finance to buy seeds, fertilizers, implements etc.,

4) CO-OPERATIVE BANKS:

The banks are formed to supply credit to members on easy terms. They do not aim at profit in their operations. They attract depositors from the farmers and promote thrift by offering slightly higher rates of interests than commercial banks. They provide credit facility to needy farmers and small scale industries.

5) EXCHANGE BANKS:

The specialized in financing the import and export trade of the country. They purchase bills from exporters and sell them to importers. They provide remittance facilities and trade information to their clients.

6) SAVING BANKS:

These banks collect small and scattered savings of the low and middle income group people. These banks receive small amounts, deposits and withdrawals are restricted. Bank offer minimum interest on these deposits.

7) CENTRAL BANK:

The central bank controls the entire banking system in the country. It operates the currency and credit system in the country. It acts as an agent and adviser to the government and works in the best interests of the nation without any profit motive in its operations.

Historically, a bank has been a place where depositors could park money and borrowers could borrow. The typical spread of the bank was raising money through deposits and lending it to corporate clients. This made the relationship with the retail consumer rather passive. But with banks recognizing the power of the country's middle class, this relationship is becoming very active.

The commercial banking structure in India consists of:

- Scheduled Banks in India
- Unscheduled Banks in India

Scheduled Banks in India constitute those banks which have been included in the Second Schedule of Reserve Bank of India (RBI) Act, 1934. RBI in turn includes only those banks in this schedule which so far as laid down vide section 42 (6) (a) of the act.

As on 30th June, 1999, there were 300 scheduled banks in India having a total network of 64,918 branches. The scheduled commercial banks in India comprises of State bank of India and its associates (8), nationalized banks (19), foreign banks (45), private sector banks (32), co-operative banks and regional rural banks.

“Scheduled banks in India” means the State Bank of India constituted under the State Bank of India Act, 1955 (23 of 1955), a subsidiary bank as defined in the State Bank of India (Subsidiary Banks) Act, 1959 (38 of 1959), a corresponding new bank constituted under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 (5 of 1970), 223.18 lakhs the main sources of the funds were long-term deposits were

“Under section 3 of the banking companies (acquisition and transfer of undertakings) act, 1980 (40 of 1980), or any other bank being a bank included in the second schedule to the reserve bank of India act, 1934 (2 of 1934), but does not include of a co-operative bank”.

“Non-schedule bank in India” means a banking company as in clause (c) of section 5 of the banking regulation act, 1949 (10 of 1949). Which is not a schedule bank”

The following are the schedule public sector banks in India:

- State bank of India
- State bank of Bikaner and Jaipur
- State bank of Hyderabad
- State bank of Indore
- State bank of Mysore
- State bank of Patiala
- State bank of Saurashtra
- State bank of Travancore
- Andhra bank
- Allahabad bank
- Bank of Baroda
- Bank of India
- Bank of Maharashtra
- Canara bank

- Central bank
- Central bank of India
- Corporation bank
- Dean Bank
- Indian overseas bank
- Indian Bank
- Oriental Bank of Commerce
- Punjab National Bank
- Punjab State and Sind Bank
- Syndicate Bank of India
- Unit Bank of India
- UCO Bank
- Vijaya Bank

The Following are the scheduled private sector Banks in India:

- Vysya Bank Ltd
- UTI Bank Ltd
- Indusind Bank Ltd
- ICICI Banking Corporation Bank Ltd
- Global trust Bank Ltd
- HDFC Bank Ltd
- Bank of Punjab Ltd
- IDBI Bank Ltd

The following are the scheduled foreign banks in India:

- American Express Bank Ltd
- ANZ Gridlays Bank Ple
- Bank of America NT&SA
- Bank of Tokyo Ltd
- Baque National Plc
- Citi Bank N.C
- Deutsche Bank A.G
- Hong Kong and Shanghai Banking Corporation

- Standard Chartered Bank
- The Chase Manhattan Bank Ltd
- Dresdner Bank A.G

Current scenario:

The Indian banking sector during the December quarter posted mixed results. Although this was on expected lines, some of the banks showed a huge variation. We have tried to understand the trend in the December quarter results. We have informed four analytic groups to understand the result pattern. These are the public sector (PSU), public sector ex-SBI, private sector and private sector ex-ICICI bank. Our universe of banks for the said study is as follows:

Top 10 large Banks in INDIA:

2020 Rank	2021 Rank	Bank
1	1	HDFC
2	7	HSBC
3	3	ANB Amro
4	6	Corporation bank
5	15	Andhra bank

6	2	City bank NA
7	21	Punjab national Bank

8	9	Standard charted
9	13	UTI Bank
10	12	Vysya bank

(Source: KPMG Annual Bank Survey)

INSURANCE IN INDIA

The insurance sector in India has come a full circle from being on open competitive market to nationalization and back to a liberalized market again. Tracing the development in the Indian insurance sector reveals the 360 degree turn witnessed over a period of almost two centuries.

A BRIEF HISTORY OF THE INSURANCE SECTOR

The business of life insurance in India in its existing form started in India in the year 1818 with the establishment of the oriental life insurance company in Calcutta.

Some of the important milestones in the life insurance business in India are: ► 1912: The Indian Life Assurance Companies Act enacted as the first statute to regulate the life insurance business.

► 1928: The Indian Insurance Companies Act enacted to enable the government to collect statistical information about both life and non – life insurance businesses.

ICICI bank set up its international banking group in fiscal 2002 to cater to the cross border needs of clients and leverage on its domestic banking strengths to offer products internationally. ICICI bank currently has subsidiaries in the United Kingdom, Canada and Russia, branches in Singapore and Bahrain and representative offices in the United States, China, United Arab Emirates, Bangladesh and South Africa.

ICICI Bank's equity shares are listed in India on the Bombay Stock Exchange and the National Stock Exchange of India Limited and its American Depositary Receipts (ADRs) are listed on the New York Stock Exchange (NYSE).

History:

ICICI Bank was originally promoted in 1994 by ICICI Limited, an Indian financial institution, and was its wholly – owned subsidiary. ICICI's shareholding in ICICI Bank was reduced to 46%

through a public offering of shares in India in fiscal 1998, an equity offering in the form of ADRs listed on the NYSE in fiscal 2000, ICICI Bank's acquisition of Bank of Madura Limited in an all – stock amalgamation in fiscal 2001. And secondary market sale by ICICI to institutional investors in fiscal 2001 and fiscal 2002. ICICI was formed in 1955 at the initiative of the world Bank, the Government of India and representatives of Indian industry.

Objective:

The principal objective was to create a development financial institution for providing medium-term and long – term project financing to Indian businesses. In the 1990s, ICICI transformed its business from a development financial institution offering only project finance to a diversified financial services group offering a wide variety of products and services, both directly and through a number of subsidiaries and affiliates like ICICI Bank

In the 1990s, ICICI transformed its business from a development financial institution offering only project finance to a diversified financial services group offering a wide variety of products and services, both directly and through a number of subsidiaries and affiliates like ICICI Bank. In 1999, ICICI became the first Indian company and the first bank or financial institution from non – Japan Asia to be listed on the NYSE

Structure:

After consideration of various corporate structuring alternatives in the context of the emerging competitive scenario in the Indian banking industry, and the move towards universal banking, the managements of ICICI and ICICI formed the view that the merger of ICICI Bank would be the optimal strategic alternative for the both entities, and would create the optimal legal structure for the ICICI Group's universal banking strategy. The merger would enhance value for ICICI shareholders through the merged entity's access to low-cost deposits, greater opportunities for earning fee-based income and the ability to participate in the payments systems and provide transaction banking service. The merger would enhance value for ICICI Bank shareholders through a large capital base and scale of operations, seamless access to ICICI's strong corporate relationship built up over five decades, entry into new business segments, higher market share in various business segments, particularly fee-based service, and access to the vast talent pool of ICICI and its subsidiaries. In October 2001, the boards of Directors of ICICI retail finance subsidiaries, ICICI personal financial services limited and ICICI capital service Limited, merged with ICICI Bank.

ICICI Bank at the present scenario:

India has never had it good before booming economy reflects in the rise of SENSEX past the 10,000 mark, projections of an 8-plus percent GDP growth, the revival of manufacturing and rising foreign investments have delivered growth in the banking sector.

During the recent survey conducted by the KPMG with respect to the India's top banks, ICICI bank holds its slot in the list of top banks.

Top 10 Banks By Growth In Business

BANK	%Growth
UTI Bank	53
ICICI Bank	47
ABN Amro	38
State Bank of Indore	34
Allahabad Bank	32
Oriental Bank Of Commerce	32
HDFC Bank	30
Nainital Bank	29
Union Bank Of India	28
State Bank of Mysore	27

(KPMG Annual Survey)

ICICI Bank Executive Director CHANDRA KOCHHAR the royal challenge award in February 2006 for standing 2nd in growth in Business. She says “Ninety Seven Per cent of request of are fulfilled with in our promised period”

TOP 10 BANKS BY GROWTH IN PAT

ICICI	BANK	%GROWTH
	Centurion	459
	BNP Paribas	213
dance.	American express Bank	170
otherwise.	HSBC	71
bank's	HDFC Bank	31
business	Indian overseas Bank	27
Director	Punjab national Bank	27
turned	ICICI Bank	22
fastest	UTI Bank	20
industry.		
bank has		
and is the		
loans.		
universal		

Bank in News: Chairman Speaks

They say elephants
DUNDAPUR VAMAN
KAMATH thinks
Since leading ICICI
first foray into the retail
five years ago. Managing
and CEO Klamath has
ICICI Bank into the
growing bank in the
At Rs.62, 063 corers, the
the largest retail portfolio
leader in home and car
The most diversified
ankh, it boasts more than

15 million customer accounts. 600 branches and a network of 2000 ATM's across the country. Its life and general insurance subsidiaries have become the biggest private insurers in just five years. Similarly, ICICI bank's asset management business, with a corpus of Rs. 22,600 corer, is among the fastest growing mutual funds and second only to UTI Mutual fund in terms of size.

In fact, the bank's growth emanates from every business segment it is in. no wonder, it turns up as the fastest growing (large) bank on the study of best banks in India. ICICI bank's growth be affected by a sudden tightening of liquidity? "Factors driving the growth in retail are very fundamental like affordability, rising income levels and the buoyancy in the overall economy." Says Chanda Kochhar, executive director, ICICI Bank. Going forward, the bank is also betting big on its international operations. In just one year of its launch , ICICI bank became the biggest Indina

DATA ANALYSIS

DIVIDEND ANALYSIS IN ICICI BANK:

The various modes of dividend theories, which have been discussed earlier, the sample of the ICICI BANK selected. And analyzed to empirical evidence for the two theories supporting and Gordon's model.

We shall classify the ICICI BANK industry into these six categories basing on the explain the Dividend per share, Earning per share, Return per share, Price Earning, Profit after Tax, Net worth. These are explaining based on last five financial years data.

Since 2018 to 2021 collected the data in ICICI BANK. At

4.1 COMPARISION OF DIVIDEND PER SHARE OF THE ICICI BANK

YEAR	DIVIDEND PERSHARE
2017-2018	2.00
2018-2019	2.50
2019-2020	2.50
2020-2021	3.00
2021-2022	4.00

Interpretation:

The dividend per share of ICICI BANK., is Rs 2.00 in the year of 2017 The dividend per share for the next two financial years is constant (i.e. Rs 2.50). When it is compared with the year 2018the dividend per share in the year 2019 it is increased at the rate of 50% and 100% in the yea of 2019

4.2 COMPARISON OF EARNING PER SHARE OF THE FIRM FOR THE LAST FIVE YEARS:

YEAR	EARNING PERSHARE
2018-2019	6.04
2019-2020	13.77
2020-2021	7.33
2021-2022	9.99

Interpretation:

The Earning per share of the firm is very low in the year 20, but it is doubled in the next year. The Earning per share fluctuated slightly during the financial years 2017 and 2018

However, there is massive increase reported (about 9 times to the starting year of 2019 in the year 2020-21) It indicates the increase in the revenue of the profit.

DIVIDEND PAYOUT RATIO

YEARS	2019	2020	2021	2022
D.P.S	2.00	2.50	2.50	3.00
E.P.S	6.04	13.77	7.33	9.99
D.P.RATIO	0.311	0.182	0.341	0.300

Interpretation: The dividend pay out ratio is 0.311 in the year 2017-18, and it is reduced in the next year, and it is mostly increased in the third year, but in the year 2020-2021, it is mostly fallen.

4.3 A PROFILE OF RETURN PER SHARE OF THE FIRM

YEAR	RPS
2018	4.04
2019	11.20
2020	5.17
2021	6.99

Interpretation

Return per share of ICICI BANK is low in the year 2018 and in the next year it has increased normally and after next year it is highly decreased. The year of 2021 the return per share highly increased that is 11.20

4.4 COMPARISON OF PRICE EARNING OF THE ICICI BANK

YEAR	PRICE EARNING
2018	4.28
2019	4.26
2020	16.43
2021	21.21

Interpretation:

The Price earning value of the firm's share is Rs 4.28 in the year 2007-08, it is same in the next year also. It is reported high during the financial years 2019, and 2020. However the price earning rate is very low in the year of 2021

4.5 COMPARISION OF PROFIT AFTER TAX OF THE ICICI: BANK

YEAR	PAT (IN Rs)
2019	28.15
2020	63.00
2021	33.51
2021	45.71

PROFIT AFTER TAX

Interpretation:

The profit tax of ICICI BANK had low at 2018- and next year was increased. After decreased at the year of 2021 increased highly. That is 265.68. It indicates the probability strength of the firm.

4.6 COMPARISON OF NET WORTH OF THE ICICI BANK

YEAR	NET WORTH
2018	333.78
2019	348.48
2020	377.15
2021	416.05

CONCLUSIONS AND SUGGESTIONS

5.1 CONCLUSIONS:

From the analysis of the company from the ICICI BANK we can note the following points:

- 1) Profit after tax has increased from Rs. 45.75 Cores to Rs. 265.68 Cores.
- 2) Earning per share has improved from Rs. 9.99 to Rs. 58.08
- 3) Dividend has been increased from Rs. 3.00 to 4.00
- 4) Increased net worth from Rs. 416.05 Cores to Rs. 654.43
- 5) The dividend carries some informational content.
- 6) The dividend pay out ratio has an impact on the firm.
- 7) The dividend per share increased normally.
- 8) There is a fluctuation in earning per share
- 9) The Return per share has been increased gradually.

10) pay out ratio is decreasing which indicates reserves of the company is increasing, and p/e ratio is decreasing.

5.2 SUGGESTIONS:

The following Suggestions are being provide to

The ICICI BANK.

- 1) Investors always prefer the dividend payment for Capital appreciation. Hence some amount of Dividend must be paid regularly. Unless the payment will reduce the net worth of the industry.
- 2) The industry should improve the dividend per share.
- 3) The industry should follow stable dividend policy.
- 4) The industry should maintain high per share
- 5) In order to increase the market price the company has to pay more dividends and capital appreciation.
- 6) When the industry get the price earning highly, That industry will grow.
- 7) The industry Net worth is very good. The industry has to maintain this type of Net worth.

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