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Research Paper

FINANCIAL STATEMENT ANALYSIS AT ING VYSYA BANK

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ABSTRACT

A **financial statement** (or **financial report**) is a formal record of the financial activities of a business, person, or other entity. In British English—including United Kingdom company law—a financial statement is often referred to as an **account**, although the term financial statement is also used, particularly by accountants.

For a business enterprise, all the relevant financial information, presented in a structured manner and in a form easy to understand, are called the financial statements. They typically include four basic financial statements:

For large corporations, these statements are often complex and may include an extensive set of notes to the financial statements and management discussion and analysis. The notes typically describe each item on the balance sheet, income statement and cash flow statement in further detail. Notes to financial statements are considered an integral part of the financial statements.

Purpose of financial statements by business entities

"The objective of financial statements is to provide information about the financial position, performance and changes in financial position of an enterprise that is useful to a wide range of users in making economic decisions." Financial statements should be understandable, relevant, reliable and comparable. Reported assets, liabilities and equity are directly related to an organization's financial position. Reported income and expenses are directly related to an organization's financial performance.

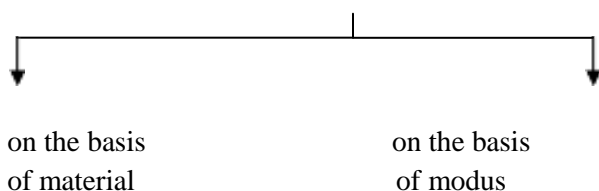
INTRODUCTION

Analysis of financial statement

Analysis refers to the process of critical examination of the financial information contained in the financial statement in order to understand and make decisions regarding the operations of the firm. The analysis is basically study of the relationship among various financial facts and figure as given in a set of financial statements. Complex figures as given in this statements are dissected/broken up into simple and variable elements and significant relationship are established between the elements of the same statements are different financial statements.

This process of dissection, establishing and identifying the financial weaknesses and strengths of the firm. It is indicative of two aspects of a firm i.e. The profitability and the financial position and it are what are known as the objectives of the analysis.

Types of Financial Analysis



used operandi

L On the basis of material used:- According to material used, Financial analysis can be of two types:

1. External analysis:-

This analysis is done by outsiders who do not have access to the detailed internal accounting records of the business firm. These outsiders include investors, potential investors, creditors, potential creditors, government agencies, credit agencies and the general public.

SCOPE OF THE STUDY

Analysis of financial statement can be undertaken by different persons and for different purposes, therefore, the scope of the AFS may be varying from one situation to another.

However, the following are some the techniques of the AFS:

- a) **Comparative financial statements.**
- b) **Common-size financial statements.**
- c) Trend percentage analysis.
- d) Statement of changes in financial position.
- e) Cost-volume-profit relations, and
- f) Ratio analysis and others.

The last technique i.e. The ratio analysis is the most common, comprehensive and powerful tool of the AFS. The importance of ratio analysis lies in the fact that it presents facts on a comparative basis. As such, this study focuses only on this (ratio) analysis.

NEED FOR STUDY

- Need of financial management study to diagnose the information contain in financial statement. So as to judge the profitability and financial position of the firm.
- Financial analyst analyses the financial statements with various tools of analysis before commanding upon the financial health of the firm.
- Essential to bring out the history.
- Significance and meaning of the financial statements.

OBJECTIVES OF FINANCIAL STATEMENT ANALYSIS

The financial management is generally concerned with procurement, allocation and control of financial resources of a concern. The objectives can be-

1. To ensure regular and adequate supply of funds to the concern in **ING Vysya Bank Ltd.**
2. To ensure adequate returns to the shareholders this will depend upon the earning capacity, market price of the share, expectations of the shareholders in **ING Vysya Bank Ltd.**
3. To ensure optimum funds utilization. Once the funds are procured, they should be utilized in maximum possible way at least cost.
4. To ensure safety on investment, i.e, funds should be invested in safe ventures so that adequate rate of return can be achieved.
5. To plan a sound capital structure-There should be sound and fair composition of capital so that a balance is maintained between debt and equity capital.
6. Interpret financial reports Including income statements, Profits and Loss or P&L, cash flow statements and balance sheet statements.

RESEARCH METHODOLOGY

RESEARCH DESIGN

This is a systematic way to solve the research problem and it is important component for the study without which researches may not be able to obtain the format. A research design is the arrangement of conditions for

collection and analysis of data in a manager that aims to combine for collection and analysis of data relevance to the research purpose with economy in procedure.

SOURCES OF DATA

Data we collected based on two sources.

- Primary data.
- Secondary data.

Primary data

The Primary data are those information's, which are collected afresh and for the first time, and thus happen to be original in character.

Secondary Data:

The Secondary data are those which have already been collected by some other agency and which have already been processed. The sources of Secondary data are Annual Reports, browsing Internet, through magazines.

1. It includes data gathered from the annual reports of **ING Vysya Bank Ltd.**
2. Articles are collected from official website of **ING Vysya Bank Ltd.**

LIMITATIONS OF FINANCIAL STATEMENT:1. ONLY INTERIM REPORTS:

Only interim statements don't give a final picture of the concern. The data given in these statements is only approximate. The actual position can only be determined when the business is sold or liquidated.

2. DON'T GIVE EXTRA POSITION:

The financial statements are expressed in monetary values, so they appear to give final and accurate position. The values of fixed assets in the balance sheet neither represent the value for which fixed assets can be sold nor the amount which will be required to replace these assets.

3. HISTORICAL COSTS:

The financial statements are prepared on the basis of historical costs or original costs. The value of assets decreases with the passage of time current price changes are not taken into account. The statements are not prepared keeping in view the present economic conditions. The balance sheet loses the significance of being an index of current economic realities.

LITERATURE REVIEW

Financial statement analysis (or **financial analysis**) the process of understanding the risk and profitability of a firm (business, sub-business or project) through analysis of reported financial information, particularly annual and quarterly reports.

Financial statement analysis consists of 1) reformulating reported financial statements, 2) analysis and adjustments of measurement errors, and 3) financial ratio analysis on the basis of reformulated and adjusted financial statements. The two first steps are often dropped in practice, meaning that financial ratios are just calculated on the basis of the reported numbers, perhaps with some adjustments. Financial statement analysis is the foundation for evaluating and pricing credit risk and for doing fundamental company valuation.

1) Financial statement analysis typically starts with reformulating the reported financial information. In relation to the income statement, one common reformulation is to divide reported items into recurring normal items and non-recurring or special items. In this way, earnings could be separated in to normal or core earnings and transitory earnings. The idea is that normal earnings are more permanent and hence more relevant for prediction and valuation. Normal earnings are also separated into net operational profit after taxes (NOPAT) and net financial costs. The balance sheet is grouped, for example, in net operating assets (NOA), net financial debt and equity.

2) Analysis and adjustment of measurement errors question the quality of the reported accounting numbers. The reported numbers can for example be a bad or noisy representation of invested capital, for example in terms of NOA, which means that the return on net operating assets (RNOA) will be a noisy measure of the underlying

profitability (the internal rate of return, IRR). Expensing of R&D is an example when such investment expenditures are expected to yield future economic benefits, suggesting that R&D creates assets which should have been capitalized in the balance sheet. An example of an adjustment for measurement errors is when the analyst removes the R&D expenses from the income statement and put them in the balance sheet. The R&D expenditures are then replaced by amortization of the R&D capital in the balance sheet. Another example is to adjust the reported numbers when the analyst suspects earnings management.

INDUSTRY PROFILE AND COMPANY PROFILE



INTRODUCTION

The Origin of ING Group

When the biggest Dutch insurance company, "Nationale Nederlanden," and the "NMB Post Bank" Group merged in 1990, the ING group was born.

The newly created business, Internationale Nederlanden Group Market circles, quickly shortened the name to I - N - G after combining its roots and aspirations. After suit, the corporation changed its status to ING Group. ING operates in banking, investment, life insurance, and retirement services.

PROFILE

The ING VYSYA bank is among the most prominent private sectors 530 locations across the nation. With around 28,000 workers.

ING is a Dutch multinational bank that specialises in investing, retirement, life, and banking products and services. ING has over 85 million individual, business, and government clients across the Americas, Oceania, and Europe. To fulfil the demands of a diverse clientele that includes individuals, families, small enterprises, big corporations, institutions, and governments, they rely on their extensive knowledge and skills, dedication to providing outstanding service, and global reach.

GAME PLAN

Continuing to maintain the integrity of the family farm is essential. The strategic priorities of ING revolve around banking, investing, life insurance, and retirement services, with the aim of capitalising on evolving consumer tastes and enhancing our strong business capacities. Throughout their lifetimes, they supply retail customers with the tools they need to confidently save, invest, and plan for retirement.

The long-term economic, technical, and demographic trends are on ING's agenda, thanks to their extensive product

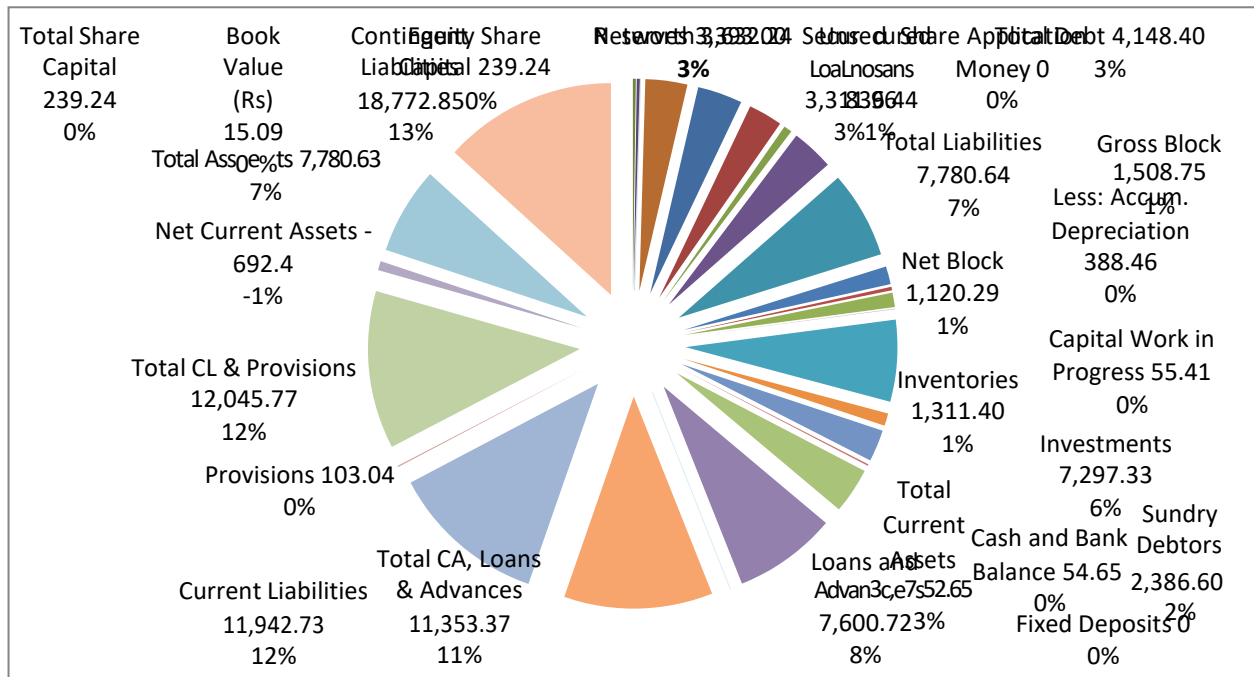
catalogue, cutting-edge distribution models, and substantial presence in both established and emerging countries. In order to make saving and investing easy for all customers, ING bases its business strategy on a universal customer ideal. As it navigates these challenging circumstances, ING will work across all of its business lines to increase customer trust and satisfaction, maintain a healthy capital position, reduce risk even more, and align expenses with revenue projections.

DATA ANALYSES AND INTERPRETATION

Table 1: Comparative Balance Sheet as on 31st March 2022 -2023

	Mar '23	Mar '22	ABSOLUTE INCREASE/DECREASES	CHANGE IN %
Sources Of Funds				
Total Share Capital	239.24	238.97	0.27	0.11298489
Equity Share Capital	239.24	238.97	0.27	0.11298489
Reserves	3,393.00	3,356.53	36.47	1.08653878
Net worth	3,632.24	3,595.50	36.74	1.02183285
Secured Loans	3,311.96	2,732.39	579.57	21.2111009
Unsecured Loans	836.44	660.45	175.99	26.6469831
Total Debt	4,148.40	3,392.84	755.56	22.2692494
Total Liabilities	7,780.64	6,988.34	792.3	11.3374564
Application Of Funds				
Gross Block	1,508.75	1,439.94	68.81	4.77867133
Less: Accum. Depreciation	388.46	287.29	101.17	35.2152877
Net Block	1,120.29	1,152.65	-32.36	-2.80744372
Capital Work in Progress	55.41	24.39	31.02	127.183272
Investments	7,297.33	6,550.27	747.06	11.4050261

Inventories	1,311 .40	999.0 2	312.38	31.26864 33
Sundry Debtors	2,386 .60	2,543 .85	-157.25	- 6.181575 17
Cash and Bank Balance	54.65	121.5 4	-66.89	- 55.03537 93
Total Current Assets	3,752 .65	3,664 .41	88.24	2.408027 49
Loans and Advances	7,600 .72	8,265 .07	-664.35	- 8.038044 44
Fixed Deposits	0.00	0.00	0	#DIV/0!
Total CA, Loans & Advances	11,35 3.37	11,92 9.48	-576.11	- 4.829296 83
Current Liabilities	11,94 2.73	12,57 0.97	-628.24	- 4.997545 93
Provisions	103.0 4	97.49	5.55	5.692891 58
Total CL & Provisions	12,04 5.77	12,66 8.46	-622.69	- 4.915277 78
Net Current Assets	- 692.4 0	- 738.9 8	46.58	- 6.303282 9
Total Assets	7,780 .63	6,988 .33	792.3	11.33747 26
Contingent Liabilities	18,77 2.85	13,91 2.76	4860.09	34.93260 86
Book Value (Rs)	15.09	14.93	0.16	1.071667 78



INTERPRETATION:

The current assets are in this inventories are increased current assets are -1% decreased and sundry debtors are decreased i.e. 2% and cash and bank balances are increased is 0.1 and loans and advances are increased in 4.51%.The net current Aspects i.e. current assets over current liabilities are increased the value is 6.51%.

The current liabilities are in this year increased and provisions are increased in the working capital net increased for the company.

FINDNGS

1. I found that every year the sales are increases in increased manner. It shows good sign for the organization. It fluctuates only one year due to competition and heavy expenditure in fixed assets.
2. The gross profit was decreased every year. This was happened due to increasing of cost of goods sold every year
3. In the year 2023, they spend more money towards packing material sealing and distribution transportation and administration expenses. The shows results in reduction of operating profit in 2023.
4. On overall ever year cash & bank balance were increased fixed deposits receipts are decreasedinventories on average are in good position.
5. In the year 2023 they minimized the exp .of stores maintenance. But other expensed like packing materials and transportation charges increased rapidly

CONCLUSION

The financial position of Lanco infratech limited is quite comfortable with a judicious mix of debt and equity. The overall assessment of financial statement signifies efficient utilization of the investments, loans and advances. The profitability of the company appears to be impressive, as judged by increase in reserves and surplus.

The management discussions and analysis by Director’s report and opinions expressed by Auditor’s report through financial statements is true and fair view in accordance with the provisions of the companies Acts, and Accounting standards.

The overall financial position of the company appears to be more than satisfactory.

SUGGESTIONS

- The company should provide notes to explain items not tallying with the profit and loss and balance sheet in the Annual report.
- Instead of disclosing the combined flows of debtors and loans advances as decrease/(increase) in trade and other receivables, their separate disclosure will be more meaningful.
- Globalization of economies and the requirement of shares from investors in capital market, diverse and demanding audience to the company, need a clear and in-depth information about the company’s financial position in Annual report.

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SL. No.	BOOKS:	AUTHOUR NAME
1	Financial Management	Kahan & JAIN
2	Financial Management	I.M.Pandey
3	Management Accounting	R.P.Trivedi