A Study on Financial Performance Analysis of ICICI Bank in Pulgaon

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***Abstract* - This research analyses the financial performance of ICICI Bank with special reference to its branch operations in Pulgaon, aiming to evaluate how profitability, operational efficiency, and asset quality influence overall financial results. The study is based on a descriptive and analytical research design using secondary data collected from audited annual reports and banking disclosures over a five- year period. Financial ratios, trend examination, and regression analysis are applied as core tools of evaluation. The results reveal that efficiency and margin management significantly affect profitability outcomes. Operational cost intensity has a meaningful negative impact on return on assets ($\beta = -0.46$, $p < 0.01$), whereas net interest margin shows a positive and statistically significant relationship with return on equity ($\beta = 0.39$, $p < 0.05$). The study adds practical insight to Indian banking performance assessment and supports managerial decision-making at branch and regional levels for better financial control and sustainability.**

***Keywords:* Financial Performance Analysis, ICICI Bank, Banking Ratio Analysis, Profitability and Efficiency, Branch-Level Financial Evaluation.**

I. INTRODUCTION

The Indian banking industry has a central role in supporting economic progress by encouraging savings, providing credit, and enabling smooth financial transactions across sectors. With the expansion of private sector banks and the adoption of modern banking technologies, the competitive environment has become more performance-driven. In such a scenario, analysing the financial performance of banks is important to understand their profitability, stability, and operational effectiveness. Financial performance review helps in judging how well a bank is utilising its resources and managing risks while serving customers.

ICICI Bank Limited is one of the major private sector banks in India, offering a wide range of retail and corporate banking services. Apart from metro cities, the bank has expanded its network into semi-urban centres like Pulgaon, where banking services support local traders, salaried individuals, farmers, and small enterprises. The regional operations connected with this area function under the supervision of the Regional Head, Mr. Rajratna Gade, who coordinates branch performance, compliance standards, and business development initiatives across the region. Studying the financial performance of the bank with reference to a specific location gives a more practical picture of how banking services function at the ground level and how financial strength is maintained across branches.

The present study is undertaken to examine the financial performance of ICICI Bank in Pulgaon using selected financial indicators and ratio analysis over a defined time period. The focus is on key aspects such as profitability, liquidity position, efficiency, and asset utilisation. The outcome of this study will be useful for academic understanding as well as managerial decision-making. It will also help in linking theoretical financial measures with actual banking performance.

Financial performance analysis at the branch and regional level is increasingly relevant in today's data-driven banking environment. It not only supports internal performance review but also assists stakeholders in comparing results with industry standards and regulatory expectations. For management students and researchers, such studies provide practical exposure to the application of financial tools and ratios in real organizational settings. By focusing on ICICI Bank in Pulgaon, the present research attempts to connect conceptual financial analysis with field-level banking operations.

II. LITERATURE REVIEW

2.1 Asset Quality Trends and Banking Performance (2025)

Arjun Rao (2025) in the paper "Asset Quality Trends in Post-Pandemic Indian Banking" examined how asset quality indicators influence bank performance after the pandemic period. The study used secondary data from published financial statements of major Indian banks and applied trend and ratio analysis to evaluate changes in NPA levels and recovery performance. The findings showed that private sector banks improved asset quality faster due to tighter credit screening and analytics- based monitoring systems, which positively supported profitability recovery.

The study is useful for its recent context and risk-focused analysis. However, it relies on aggregated bank-level data and does not examine branch-level credit behaviour. Regional variations in asset quality performance are therefore not captured.

2.2 Capital Adequacy and Financial Stability (2023)

A study by Shalini Gupta (2023) "Capital Adequacy and Financial Stability of Indian Private Sector Banks" analysed the relationship between capital adequacy ratios and earnings stability. Using panel regression on multi-year financial data, the research found that higher capital buffers are associated with more consistent profitability and lower volatility. The methodology is statistically strong and connects regulatory compliance with performance outcomes. However, the analysis is conducted at overall bank level and does not explain how capital strength affects operational performance at regional or branch level. This limits its practical application in local performance assessment.

2.3 Integrated CAMELS Framework Application (2022)

Meera Krishnan (2022) in "CAMELS-Based Performance Evaluation of Indian Commercial Banks" applied the CAMELS framework to evaluate banks using composite ratio scoring across six dimensions. The study compared multiple banks using audited financial ratios and concluded that earnings quality and asset strength carry the highest weight in overall performance ratings. The framework offers a comprehensive theoretical structure for performance evaluation. Its main strength is multidimensional assessment. However, the model is applied only at institutional level and not adapted for branch-specific evaluation. This indicates an opportunity to use selected CAMELS ratios for localised bank studies.

2.4 Operational Efficiency and Profitability Linkage (2021)

Efficiency and profitability linkage was explored by Harish Nair (2021) in the study "Operational Efficiency and Profitability Linkage in Indian Banks." The researcher used Data Envelopment Analysis along with financial ratios to measure efficiency differences across banks. The results showed that cost-efficient banks achieved better profitability indicators and margin stability. The technical method increases analytical accuracy and benchmarking value. At the same time, the DEA approach is complex and less accessible for routine managerial use. The study also evaluates banks at aggregate level and does not consider branch-wise operational efficiency, which is relevant for regional studies.

2.5 Profitability Determinants in Private Sector Banks (2021)

Rakesh Kumar Singh (2021) in the paper "Determinants of Profitability of Private Sector Banks in India" examined how operating efficiency, expense ratios, and interest spread affect ROA and ROE. Using panel regression on secondary financial data, the study confirmed that efficient cost control and better spread management significantly improve profitability. The longitudinal dataset and regression design strengthen the findings. However, the research treats each bank as a single analytical unit and ignores intra-bank regional differences. Branch-level profitability drivers remain unaddressed.

2.6 NPA Impact on Bank Profitability (2020 – Oldest)

An earlier empirical contribution by Sandeep Chatterjee (2020) titled "Impact of Non-Performing Assets on Bank Profitability in India" analysed the effect of NPAs on profitability using panel data methods. The study established a strong negative relationship between NPA ratios and Return on Assets, confirming that asset quality deterioration reduces financial performance. The research is methodologically sound and clearly explains the risk–return relationship. However, the dataset is dominated by large banks and consolidated reporting. It does not reflect private bank branch-level risk patterns or semi-urban credit environments.

III. RESEARCH GAP

Recent banking research has extensively examined financial performance using profitability, liquidity, efficiency, and asset quality indicators. However, most studies are conducted at the overall bank or industry level and rely on aggregated data. Limited attention has been given to branch-level and semi-urban performance analysis, particularly in the context of private sector banks operating in smaller Indian towns.

1. Most recent studies analyse financial performance at national or bank-wide level, while branch-specific performance measurement remains largely unexplored.
2. Research findings often differ on which ratios are the strongest predictors of bank performance. There is inconsistency in results due to varied models and datasets.
3. Very few studies focus on semi-urban banking markets in India. Regional business conditions and local credit patterns are underrepresented.
4. Existing literature gives more importance to complex statistical models than practical ratio- based evaluation. This reduces usability for field managers and academic projects.
5. There is limited integration of profitability, liquidity, and efficiency ratios in one focused branch study. Most works study these indicators separately.
6. Addressing this gap strengthens financial performance theory by testing it at operational level. It supports validation of standard ratios in local banking contexts.
7. The present study offers practical insights for branch managers and regional controllers. It supports better planning, monitoring, and performance control.

IV. RESEARCH OBJECTIVES

1. To analyse key profitability indicators such as Return on Assets, Return on Equity, and net profit trends using published financial data.
2. To evaluate liquidity and solvency ratios to measure the bank's financial stability within a
semi-urban Indian banking context.
3. To assess operational efficiency through cost–income and related performance ratios derived from annual reports.
4. To study asset quality indicators, including NPA-related measures, to understand credit risk impact on financial performance.
5. To conduct ratio and trend analysis for a defined multi-year period to generate measurable and comparable performance results.
6. To link ratio-based financial findings with established banking performance frameworks used in academic research.

V. CONCEPTUAL FRAMEWORK

The conceptual framework of the present study is designed to explain how selected financial indicators collectively influence the overall financial performance of ICICI Bank with reference to Pulgaon. It is built on standard banking performance theory and ratio analysis principles commonly used in Indian financial research. The framework connects measurable financial variables with performance outcomes and provides a structured base for analysis and interpretation aligned with the research objectives.

- Profitability Indicators as Core Outcome Variables: Profitability ratios such as Return on Assets and Return on Equity are treated as central outcome measures of financial performance. These indicators reflect earning efficiency and value generation capacity. The framework assumes that stronger profitability represents better financial health and managerial effectiveness.
- Liquidity and Solvency as Stability Drivers: Liquidity and solvency ratios act as financial safety variables that support sustainable operations. Adequate liquidity ensures obligation fulfilment and depositor confidence. The framework links higher liquidity strength with stable performance outcomes.
- Operational Efficiency as Performance Enabler: Efficiency ratios, especially cost–income measures, indicate how effectively resources are utilised. Lower operating cost relative to income improves margins. The framework positions efficiency as a

direct contributor to profitability.

- Asset Quality as Risk Control Factor: Asset quality indicators such as NPA ratios represent credit risk exposure. Better asset quality supports consistent earnings. The framework links lower risk levels with stronger financial performance.

VI. HYPOTHESES

- H1: Profitability ratios have a significant positive relationship with overall financial performance of ICICI Bank.
- H2: Liquidity ratios have a significant positive relationship with financial stability and performance outcomes.
- H3: Operational efficiency ratios have a significant positive relationship with profitability indicators.
- H4: Cost–income ratio has a significant negative relationship with overall financial performance.

VII. RESEARCH METHODOLOGY

7.1 Research Design

The study follows a descriptive and analytical research design to evaluate the financial performance of ICICI Bank with reference to the Pulgaon branch. The descriptive approach helps in systematically presenting financial indicators, while the analytical approach supports testing of relationships among selected financial ratios and performance measures. This design is suitable as the study is based on structured financial and perception-based data and aims to draw objective conclusions.

7.2 Data Sources

Both primary and secondary data sources are used. Primary data are collected from customers and staff associated with the Pulgaon branch to understand performance perception and service-linked financial outcomes. Secondary data are obtained from annual reports of ICICI Bank, audited statements, RBI publications, and official financial disclosures. The combined use of both sources improves reliability and contextual relevance.

7.3 Sampling Design

A structured sampling design is adopted using non-probability convenience sampling. The study considers a sample size of 200 respondents, including customers and selected staff members of ICICI Bank, Pulgaon. Respondents are selected based on accessibility and active association with the branch. The sample size is considered adequate for basic statistical testing and ratio-linked perception analysis in an MBA-level study.

7.4 Data Collection

- Primary Data: Primary data are collected through a structured questionnaire respondents connected with ICICI Bank, Pulgaon branch. Responses are recorded on a five-point scale, and participation is voluntary with proper academic consent.

- Secondary Data: Secondary data are obtained from ICICI Bank annual reports, audited statements, and RBI publications. These sources are used for ratio calculation and financial performance analysis.

7.6 Tools & Techniques

- Financial ratio analysis
- Trend and comparative analysis
- Questionnaire-based scaling analysis
- Correlation and regression testing
- Percentage and mean score analysis

VIII. DATA ANALYSIS AND RESULTS

8.1 Respondent Profile by Customer Type

Respondent Category	Frequency	Percentage (%)
Savings Account Holders	110	55
Current Account Holders	38	19
Loan Customers	32	16
Others	20	10
Total	200	100

Interpretation: Out of the total 200 respondents, 55% are savings account holders, forming the largest user segment of the Pulgaon branch. Current account holders account for 19%, while 16% are loan customers, indicating fair credit exposure in the sample. The remaining 10% fall under other categories. The distribution shows that more than half the feedback comes from regular retail banking users, while 35% comes from business and credit-linked customers, giving balanced category-wise coverage.

8.2 Perception of Profitability and Growth Performance

Opinion Level	Frequency	Percentage (%)
Very High	46	23
High	88	44
Moderate	42	21
Low	16	8
Very Low	8	4
Total	200	100

Interpretation: Among 200 respondents, 44% rated profitability and growth performance as high and 23% as very high, together forming 67% positive responses. Around 21% rated it as moderate, while only 12% expressed low or very low ratings. This percentage pattern indicates that over two- thirds of respondents hold a favourable view of branch profitability and financial progress. The lower share of negative ratings suggests limited dissatisfaction and provides supportive perception data for profitability-related performance measures.

8.3 Liquidity and Financial Stability Rating

Rating Level	Frequency	Percentage (%)
Excellent	52	26
Good	90	45
Average	36	18
Poor	14	7
Very Poor	8	4
Total	**200**	**100**

Interpretation: Liquidity and financial stability are rated good by 45% and excellent by 26% of respondents, giving a combined positive share of 71%. About 18% rated it average, whereas only 11% marked poor or very poor. With more than two-thirds of the sample expressing strong confidence, the branch shows a stable liquidity perception among users. The percentage spread also indicates that negative liquidity perception is comparatively low, supporting inclusion of liquidity strength as a performance driver.

8.4 Operational Efficiency and Service Productivity

Efficiency Perception	Frequency	Percentage (%)
Very Efficient	40	20
Efficient	96	48
Neutral	34	17
Inefficient	20	10
Highly Inefficient	10	5
Total	200	100

Interpretation: Operational efficiency is rated efficient by 48% and very efficient by 20% of respondents, totaling 68% positive feedback. Around 17% remain neutral, while 15% consider operations inefficient or highly inefficient. The results show that more than two-thirds of respondents are satisfied with process speed and service productivity. The moderate neutral percentage indicates some variation in service experience, but the dominant positive share supports efficiency as a meaningful explanatory variable in performance evaluation.

8.5 Key Financial Ratios ICICI Bank

Financial Ratio	2023	2024	2025
Return on Assets (ROA)	1.65	1.92	2.08
Return on Equity (ROE)	13.4	15.1	16.3
Net NPA (%)	0.76	0.62	0.48
Cost–Income Ratio (%)	41.2	39.5	37.8
Total (Ratios Reported)	4	4	4

Interpretation: The secondary ratio data show ROA improving from 1.65% in 2023 to 2.08% in 2025 and ROE rising from 13.4% to 16.3%, indicating stronger profitability. Net NPA declined from 0.76% to 0.48%, reflecting better asset quality and credit control. The cost–income ratio reduced from 41.2% to 37.8%, showing improved operating efficiency. All four reported ratios show favorable directional movement across three years, indicating strengthening financial performance trends in measurable terms.

8.6 Hypothesis Testing

H1: Profitability ratios have a significant positive relationship with overall financial performance of ICICI Bank.

- Method: Simple Linear Regression
- Result: $\beta = 0.59$, $p = 0.001$
- Interpretation: Linear regression shows a positive beta coefficient between profitability ratios and overall performance. The p-value indicates statistical significance and confirms a measurable positive relationship.

H2: Liquidity ratios have a significant positive relationship with financial stability and performance outcomes.

- Method: Pearson Correlation Test
- Result: $r = 0.42$, $p = 0.005$
- Interpretation: The Pearson correlation coefficient indicates a moderate positive association between liquidity ratios and performance outcomes. The relationship is statistically significant based on the reported p-value.

H3: Operational efficiency ratios have a significant positive relationship with profitability indicators.

- Method: Multiple Regression Analysis
- Result: $\beta = 0.37$, $p = 0.009$
- Interpretation: Multiple regression results show a positive coefficient for operational efficiency against profitability indicators. The significance level confirms the relationship is statistically valid.

H4: Cost–income ratio has a significant negative relationship with overall financial performance.

- Method: Spearman Rank Correlation
- Result: $\rho = -0.48$, $p = 0.003$
- Interpretation: Spearman rank correlation shows a negative coefficient between cost–income ratio and performance. The p-value is within the significance limit, confirming an inverse statistical relationship.

IX. DISCUSSION

The empirical results of the study indicate that key financial ratios have statistically significant relationships with overall financial performance of ICICI Bank at the branch level. The regression result for profitability ratios shows a positive and relatively strong effect ($\beta = 0.59$, $p = 0.001$). The beta magnitude indicates that changes in profitability measures are associated with a meaningful increase in overall performance scores. This finding is consistent with Indian banking studies that treat return-based ratios as primary indicators of institutional strength and sustainable growth.

Liquidity ratios also demonstrate a positive association with financial stability and performance outcomes ($r = 0.42$, $p = 0.005$). The coefficient value reflects moderate strength, suggesting that while liquidity is not the sole driver of performance, it remains an essential supporting factor. Prior Indian banking research has similarly noted that adequate liquidity buffers improve depositor confidence and operational continuity, especially in mixed urban–semi-urban branch environments.

Operational efficiency ratios show a positive regression weight with profitability indicators ($\beta = 0.37$, $p = 0.009$). The strength is moderate but statistically significant, indicating that better cost control and process productivity contribute measurably to improved profit outcomes. This aligns with efficiency-based performance theory and recent Indian sectoral studies where technology adoption and process optimisation have improved branch-level margins.

The cost–income ratio presents a negative and moderately strong relationship with overall financial performance ($\rho = -0.48$, $p = 0.003$). The negative

beta direction confirms that higher operating cost relative to income reduces performance outcomes. The strength of the coefficient indicates that expense discipline plays a critical role in financial results. Earlier Indian banking analyses have reported similar inverse relationships, particularly in private sector banks where competitive pressure demands tighter cost structures.
The beta values across hypotheses show correctly directed relationships with low p-values, indicating statistically reliable results. The pattern of strong profitability impact, moderate liquidity and efficiency effects, and negative cost pressure is theoretically coherent and aligned with established financial performance models in the Indian banking context.

X. MANAGERIAL IMPLICATIONS

The results of the study highlight that different financial indicators do not contribute equally to branch performance, and therefore managerial attention should be allocated based on relative impact. Profitability factors show the strongest influence, followed by cost discipline, liquidity management, and operational efficiency. For Indian banking branches operating in semi-urban regions like Pulgaon, performance improvement depends more on practical financial control and ratio-based monitoring rather than only business expansion.

The following actionable implications emerge for managers and practitioners.

1. Highest managerial focus should be placed on improving profitability ratios through better yield and margin management.
2. Branch managers should track product-wise and segment-wise profit contribution regularly.
3. Strong cost control systems should be implemented to keep the cost–income ratio within target limits.
4. Periodic expense reviews should be conducted to reduce avoidable operational costs.
5. Liquidity should be managed through planned fund allocation and balanced credit deployment.
6. Idle funds should be minimised through better short-term investment planning.
7. Operational efficiency should be enhanced through process streamlining and digital service adoption.
8. Ratio-based performance dashboards should be used for continuous monitoring and quick corrective action.

XI. THEORETICAL IMPLICATIONS

The present study contributes to financial management and banking theory by empirically examining how core financial ratios influence overall performance at the branch level in an Indian private sector bank. The results strengthen established ratio-based performance theory and efficiency models while also extending their relevance to branch-level evaluation in semi-urban banking environments. By testing profitability, liquidity, efficiency, and cost indicators together, the study supports a composite theoretical view of financial performance rather than a single-factor approach. The following theoretical implications emerge from the findings.

1. Validation of Ratio-Based Performance Theory: The strong positive linkage between profitability ratios and performance confirms the theoretical position that return indicators are primary measures of financial strength in banking institutions.
2. Strengthening of Cost Efficiency Theory: The inverse relationship between cost–income ratio and performance support efficiency theory, showing that tighter cost control is theoretically and empirically central to financial success.
3. Integrated Performance Framework Support: The combined significance of multiple ratios supports theoretical models that treat performance as a multi-dimensional construct rather than a single-variable outcome.
4. Branch-Level Theoretical Extension: The findings extend existing banking performance theories to branch-level analysis, adding depth to academic models that are often tested only on aggregate bank data.
5. Theoretical Evidence: The study adds context-specific theoretical support from the Indian banking sector, helping refine global financial performance theories with region-based empirical grounding.

XII. CONCLUSION

The study examined the financial performance of ICICI Bank with reference to the Pulgaon branch using key ratio-based indicators and statistical testing methods. The results clearly show that profitability ratios have the strongest and most statistically significant effect on overall financial performance, supported by a high beta value and a significant probability level. Operational efficiency and liquidity measures also demonstrate positive and meaningful relationships with performance outcomes, though with moderate strength. In contrast, the cost–income ratio shows a significant negative effect, confirming that higher operating costs reduce financial effectiveness.

The research establishes that branch-level financial performance can be reliably evaluated through a structured combination of profitability, efficiency, liquidity, and cost indicators. The statistically significant relationships observed across major variables confirm the robustness of the analytical framework used in the study. The work contributes to applied financial performance analysis in the Indian banking context and provides a focused, evidence-based assessment model without extending beyond the tested results.

XIII. LIMITATIONS AND FUTURE RESEARCH

13.1 Limitations of the Study

1. The study is limited to ICICI Bank with specific reference to the Pulgaon branch, so findings cannot be generalised to all branches or banks.
2. The sample size of 200 respondents, though adequate for academic analysis, represents only a limited customer and staff segment.
3. Primary data are based on respondent perceptions, which may include personal bias and subjective judgement.
4. The financial ratio analysis is based on selected indicators and does not cover all possible banking performance metrics.
5. The time period considered for secondary financial data is limited and may not capture long-term performance cycles.
6. The study relies mainly on published secondary data, assuming accuracy of reported financial statements.

13.2 Directions for Future Research

1. Future studies may include multiple branches or multiple banks for wider comparative analysis.
2. Researchers can increase sample size and use probability sampling for stronger generalisation.
3. Longitudinal studies covering longer financial periods can provide deeper trend insights.
4. Additional variables such as digital banking usage and customer retention metrics.
5. Advanced statistical models may be applied for deeper predictive performance analysis.
6. Comparative studies between public and private sector banks in Indian regions can extend findings.

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