
FINANCIAL ANALYTICAL SURVEY DNS BANK LTD., DOMBIVLI

Dr.PRASHANTB. ASHTURKAR

M.B.A., M.Com.M.Phil., Ph.D., G.D.C. & A.

ASSOCIATE PROFESSOR, HEAD BUSINESS LAW

K.R.M. MAHILA MAHAVIDYALAYA OF ARTS & COMMERCE

MULTIPURPOSE HIGHSCHOOL GROUND, VAZIRABAD,

MR. SATISH R. PHARATE

ADARSH COLLEGE OF ARTS AND COMMERCE,

KULGAON-BADLAPUR- 421503, TAL.AMBERNATH, DIST.THANE

ABSTRACT:*The present paper is an attempt to examine Financial analytical survey of data extracted from DNS Bank Ltd. Dombivliin Thane District of Maharashtra State. The objectives of the study is to make the Financial analysis and to find out the trend of movement regarding its Reserve Fund, Deposits received , Assets and Properties held , Loans and Advances given as well as received, Income &Expenditure of the DNS Bank. Primary data is taken as base with the help of contact with officials of the bank and the secondary data have been obtained from Annual Reports of the financial years 2010-11 to 2015-16.The objective of data collection and analysis of data of the DNS Bank is to analyze efficiency, financial stability as well as profitability of the Bank. Bank should avoid to give the loans to Zombie Companies, which are paying only interest instead of regular repayment of their loans. The Bank should try to clean its Balance sheet in the sense of improving the financial liquidity of the assets.*

KEYWORD :*DNS Bank Ltd.*

1. INTRODUCTION

Way back in 60's few enthusiastic persons gathered together with a common goal to make available the banking facility to the commonest of the common man. They had an aim that any person in genuine financial difficulty or in need of finance to fulfill his dreams whether personal or professional should have an institutional support and he should not be a prey of traditional money lenders. The dream of these persons came in to existence by bearing a name i.e. Dombivali Nagari Sahakari Bank Ltd. on 6th September 1970 (Presently known as 'DNS Bank Ltd'). Since then the bank has grown by leaps and bounds. With a modest beginning in a small 500 sq.ft. of main branch cum central office, having deposit of 7.04 lacs and total advances of 5.75 lacs in June 1971, it has now reached a business mix of Rs.6414 crores contributed by deposit of Rs.3688 crores and Rs.2726 crores of advances with 47 branches spread across 12 districts of Maharashtra.

Mission

Bank aims to involve themselves into a strong and sound competitive financial system by :

- Providing integrated services to customers from all segments.
- Leveraging on technology and human resources.
- Adopting best accounting and ethical practices.
- Fulfilling corporation and social responsibilities towards all stakeholders.
- Visualize aspiring benchmarks/goals and attain them efficiently & effectively.

Vision :

- Business mix of Rs.10000 crores and 75 branches till 2020.
- To become the Multistate Bank
- To be among the top 10, in the co-operative sector banks, in India.
- Transformation with changing times.

2. COLLECTION OF DATA & ANALYSIS:

The data collection for the research paper is based on annual reports of DNS Bank Ltd for the financial year 2010-11 to 2015-16. Based on the financial statements an attempt is made to evaluate the mean of Reserve Fund, Deposits received, Assets and Properties held, Loans and Advances given as well as received, Income & Expenditure of the DNS Bank.

Following are various analysis on the basis of data available from annual reports of DNS Bank.

2.1 DATA ANALYSIS OF RESERVE FUND ALLOCATION

Table No. 1: Statement Showing Reserve fund of DNS Bank Ltd. Rs.in Lakhs

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	Mean
Statutory Reserve	3,093.98	3,763.63	4,473.55	5,207.70	6,069.42	7,919.72	5,088.00
General Free Reserve	902.04	1,173.10	1,212.00	985.76	994.76	1,733.15	1,166.80
Revaluation Reserve	682.32	669.66	2,621.53	2,573.93	5,176.01	4,943.96	2,777.90
Special Reserve	493.40	600.64	803.64	803.64	892.86	1,107.86	783.67
Bad & Doubtful Debts Reserve	5,584.30	6,381.70	8,921.67	3,860.93	2,663.10	4,418.22	5,304.99
Depreciation Fund	586.40	1,073.40	1,073.40	2,227.96	31.02	31.02	837.20
Provisions Against Std. Assets	436.82	547.82	565.82	770.32	1,160.32	1,520.32	833.57
Reserve for Contingency					300.00		50.00
Building Fund	778.93	778.93	1,278.93	1,278.93	1,278.93	1,478.93	1,145.60
Member Welfare Fund	75.00	76.00	96.00	101.00	101.25	116.50	94.29
Investment Rate Fluctuation Fund	1,540.00	1,540.00	1,671.00	2,121.00	2,121.00	2,830.93	1,970.66
Dividend Equalization Fund	344.26	344.26	344.26	344.26	344.26	-	286.88
Provision for Diminution	1.29	105.12	12.25	12.25	62.25	62.25	42.57
Other Fund	5.91	5.96	-			336.00	57.98

(Source: Annual Report 2010-2011 to 2015-16)

The above table depicts the allocation of Reserve Fund of DNS Bank Ltd. It is observed that approx. 26% of Reserve Fund is allocated to Bad & Doubtful Debts. Contribution to statutory reserve is approx. 25% of the total reserve fund. Building fund accounts for approx 6% of total reserve fund. Provision against standard assets is approx. 4%. Appropriation toward revaluation reserve is approx. 14% and that of Investment Rate Fluctuation Fund is approx. 10%. The table concludes that the highest reserve fund is allocated to Bad & Doubtful Debts Fund. This allocation of Reserve Fund is more clearly explained with the help of following Pie chart/Diagram.

(Indicator of allocation of Mean of Reserve Fund)

2.2 DATA ANALYSIS OF DEPOSITS RECEIVED

Table No.2: Statement Showing Deposits received by DNS Bank Ltd.

(Rs. In Lakhs)

Particulars of Liabilities	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	Mean
Fixed Account Deposits	117,578.34	153,041.99	167,290.08	225,976.84	280,968.86	295,231.01	157,476.02
Saving Account Deposits	54,038.91	57,355.00	64,106.89	67,683.54	72,421.97	81,106.88	52,601.05
Current Account Deposits	11,243.53	10,577.80	12,337.15	15,120.30	15,440.56	18,657.52	10,786.56

(Source: Annual Report 2010-11 to 2015-16)

Researcher has observed the trend of deposits of DNS Bank Ltd. It indicates fixed deposits, saving deposits and current deposits. The average of Fixed Deposits for the last six years is Rs.157476.02 lakhs, for saving deposits it is Rs.52601.05 lakhs and that of Current Deposits it is Rs.10786.56 lakhs.

It is observed that Fixed Deposit contribution is high i.e. approx.71%, whereas Saving deposit it is approx. 24% and that of current deposit it is approx.5% of the total deposits received. On the above observation it appears that customers are more comfortable with Fixed deposits with an intention of easy liquidity and guaranteed rate of returns, whereas second priority is given for Saving deposits for safety and people are not interested for current account deposits as it may be mainly operated by business entities.

(Indicator of Mean for allocation of deposits accepted/received)

2.3 DATA ANALYSIS OF PROPERTIES AND ASSETS HELD

Table No.3: Statement Showing Assets and Properties of DNS Bank Ltd. (Rs. In Lakhs)

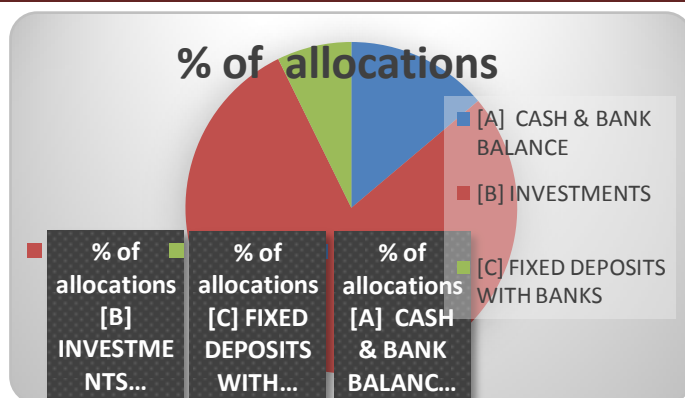
Particulars	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	Mean
[A] CASH & BANK BALANCE WITH							
Reserve Bank of India	8,314.74	9,648.97	9,116.33	22,615.61	18,665.61	18,586.94	14,491.37
MSC Bank Ltd.	1.37	40.52	75.97	10.02	4.90	2.71	22.58
Dist.Co-op.Bank	113.62	13.68	51.93	47.38	99.90	122.20	74.78
Other Banks	1,521.38	2,416.55	1,448.75	1,631.65	1,784.50	3,613.90	2,069.46
TOTAL	9,951.11	12,119.72	10,692.98	24,304.66	20,554.91	22,325.75	16,658.19
[B] INVESTMENTS							
Government Securities	55,288.35	62,334.51	71,717.25	82,483.94	103,159.45	117,143.94	82,021.24
Bonds	10,229.76	12,852.12	15,907.94	15,908.44	11,513.96	10,005.45	12,736.28
Shares of Cooperative Banks	15.20	15.83	15.83	15.83	15.84	15.84	15.73
Units of Mutual Fund	204.64	206.28	208.25	159.92	-		129.85
TOTAL	65,737.95	75,408.74	87,849.27	98,568.13	114,689.25	127,165.23	94,903.10
[C] FIXED DEPOSITS WITH BANKS							
	5,769.67	3,652.62	9,058.17	4,733.53	10,331.54	18,916.37	8,743.65

(Source: Annual Report 2010-11 to 2015-16)

Assets and properties of DNS Bank Ltd are divided into three parts namely :-

- a) Cash & Bank Balances with various banks
- b) Investments in Government Securities, Shares of Co-op. Banks and Bonds of various institution.
- c) Fixed Deposits with other Banks

It is seen that cash deposits are approx.14% whereas Investment in Government Securities are approx.79% and Investment in fixed Deposits with other Bankers are 7%. The above structure of investment in assets and properties indicate that more investments are in Government securities and deposits which indicate strong financial position of Bank.



(Indicator of Mean of Investment in Properties & Assets)

2.4 DATA ANALYSIS OF LOANS& ADVANCES GIVEN

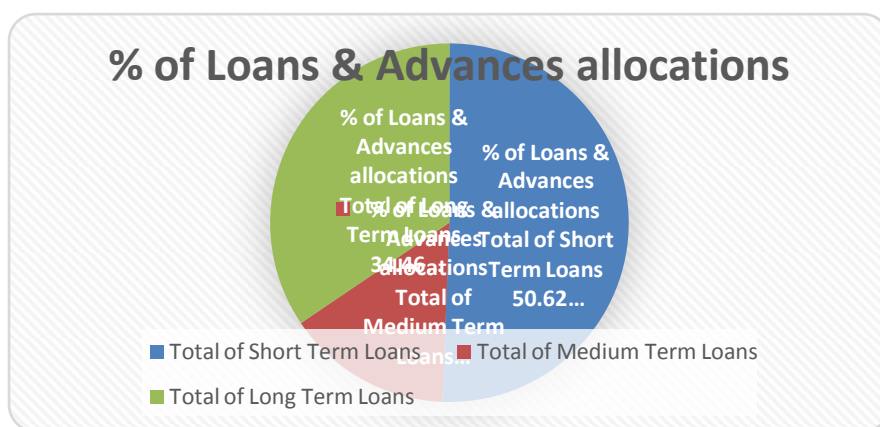
Table No.4 : Loans and Advances of DNS Bank Ltd. (Rs.in Lakhs)

Loans and Advances	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	Mean
Short Term Loans							
Secured	46,445.80	72,187.08	73,344.29	111,422.91	147,219.07	165,370.24	102,664.90
Unsecured	-						-
Total of Short Term Loans	46,445.80	72,187.08	73,344.29	111,422.91	147,219.07	165,370.24	102,664.90
Medium Term Loans							-
Secured	20,991.30	30,677.23	33,439.92	29,087.88	36,535.00	30,758.75	30,248.35
Unsecured							-
Total of Medium Term Loans	20,991.30	30,677.23	33,439.92	29,087.88	36,535.00	30,758.75	30,248.35
Long Term Loans							-
Secured	53,441.33	49,578.11	57,093.40	72,718.39	88,902.16	97,560.07	69,882.24
Unsecured	-	-	-	-	-	-	-
Total of Long Term Loans	53,441.33	49,578.11	57,093.40	72,718.39	88,902.16	97,560.07	69,882.24

Grand Total(Total Loans)	120,878.43	152,442.42	163,877.61	213,229.18	272,656.23	293,689.06	202,795.49
---------------------------------	-------------------	-------------------	-------------------	-------------------	-------------------	-------------------	-------------------

(Source: Annual Report 2010-2011 to 2015-16)

The above table indicates loans and advances given by of DNS BankLtd . The average loans and advances for last six years indicate that average advancing of Short term loan is greater than that of mid term and long term loans. Further only secured advances are given.



(Indicator of Mean of allocation of Loans & Advances given by the bank)

2.5 DATA ANALYSIS OF EXPENDITURE

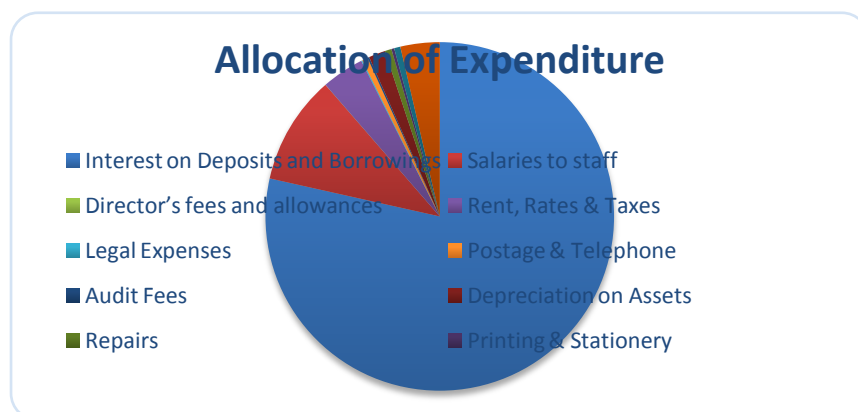
Table No.5 : Statement of Expenditure of DNS Bank Ltd.(Rs. in Lakhs.)

Expenditure	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	Mean
Interest on Deposits and Borrowings	9,971.29	13,357.44	16,843.34	18,348.33	26,032.78	28,511.74	18,844.15
Salaries to staff	1,629.07	2,175.92	2,361.12	2,570.64	2,768.98	3,063.75	2,428.25
Director's fees and allowances	2.37	2.12	2.60	2.45	2.23	2.41	2.36
Rent, Rates & Taxes	659.35	744.36	864.49	939.74	1,118.98	1,350.73	946.27
Legal Expenses	21.37	19.96	16.46	25.65	42.87	22.25	24.76
Postage & Telephone	81.75	101.99	113.96	131.06	146.06	178.81	125.61
Audit Fees	47.44	51.08	33.04	33.50	35.50	38.79	39.89

Depreciation on Assets	331.29	352.99	324.54	328.38	373.40	512.04	370.44
Repairs	115.33	127.88	131.48	132.23	167.46	216.91	148.55
Printing & Stationery	62.26	63.58	62.86	68.93	66.79	54.34	63.13
Advertisement	71.87	175.87	110.69	143.05	174.36	159.33	139.20
Other Expenses	608.93	737.63	1,241.06	772.48	863.77	1,014.34	873.03

(Source: Annual Report 2010-11 to 2015-16)

The above table shows the composition of average expenditure of DNS Bank Ltd. It indicates that major allocation of the expenditure is towards interest on deposits and borrowings which is 58.58% & that of employees' cost (i.e. salary) is 27.17%. The remaining expenses are approximately 14% of the total expenditure.



(Indicator of mean of Expenditure)

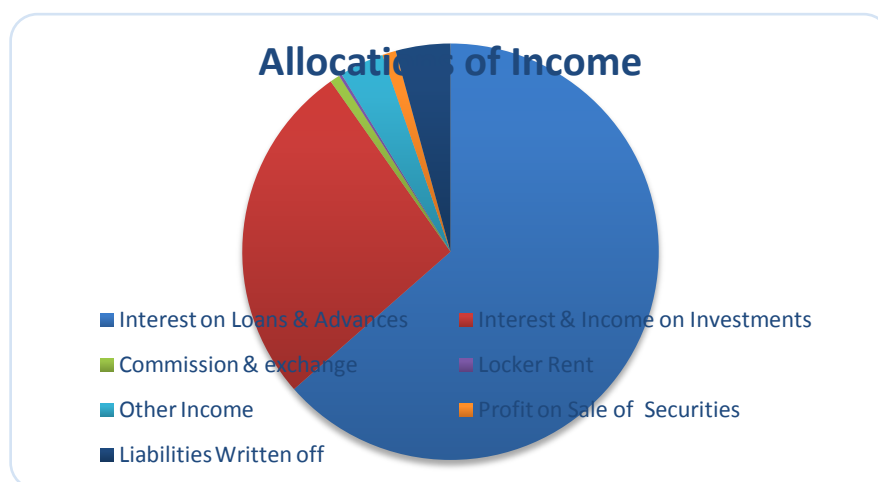
2.6 DATA ANALYSIS OF INCOME :

Table No.6 Statement Showing Income of DNS Bank Ltd.(Rs. In Lakhs)

Income	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	Mean
Interest on Loans & Advances	11,844.06	15,541.95	17,552.32	19,352.39	27,460.60	29,413.35	20,194.11
Interest & Income on Investments	5,835.93	6,140.28	8,090.79	8,930.00	9,870.62	12,080.71	8,491.39
Commission & exchange	212.64	255.84	206.99	263.57	251.12	283.09	245.54
Locker Rent	36.89	73.17	71.56	75.02	83.01	80.60	70.04
Other Income	879.85	795.92	1,013.98	1,138.35	1,376.25	1,401.43	1,100.96
Profit on Sale of Securities	58.99	128.28	649.60	342.87	324.56	506.06	335.06
Liabilities Written off	494.65	1,168.21	1,074.35	608.05	2,634.38	2,117.22	1,349.48

(Source: Annual Report 2010-11 to 2015-16)

The above table indicates income of DNS Bank Ltd . It is seen that income from Interest on Loans & Advances is approximately 64% of total income and remaining other receipts contribute 36% of the total Income.



(Indicator of mean of Income)

3 STATISTICAL ANALYSIS OF FINANCIAL DATA FOR FY 2010-11 TO FY 2015-16.

Table No.7 displays the means of Reserve Fund, Deposits, Assets & Properties, Loans & Advances and Income & expenditure.

(Rs.in Lakhs)

Sr.No.	Particulars	Mean
1.	Mean of Reserve Fund	20,440.11
2.	Mean of Deposits	220,863.62
3.	Mean of Property & Assets	120,304.93
4.	Mean of Loans & Advances	202,795.49
5.	Mean of Expenditure	24,005.64
6.	Mean of Income	31,786.58

(Source: Compiled & computed by the Researcher)

4 DATA ANALYSIS OF NON PERFORMING ASSETS (NPA):

Table No.8 Statement Showing NPA of DNS Bank Ltd.

In %

Particulars of NPA	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
Gross NPA	5.10	4.46	6.70	3.86	2.66	1.31
Net NPA	NIL	NIL	0.86	1.60	1.39	1.31

The above table indicates that DNS Bank Ltd. has managed to control its NPA during last 6 years as during FY 2010-11 it was 5.10% whereas during FY 2015-16 it was 1.31%

5 SUGGESTIONS

5.1 Bank should strengthen financial position by increasing its authorized capital

5.2 Bank should adopt core-banking systems for the public at large.

5.3 Bank should strengthen information technology systems in all activities.

5.4 In the present Scenario Urban Cooperative Bank shall also focus on Corporate Social Responsibility as it has gained more importance considering the social issues and other problems plaguing economy.

5.5 Bank should invest its fund in the metals like, gold, silver, and platinum, copper as a huge fund.

5.6 Bank should develop new deposit schemes for the house wife's like pension fund.

5.7 There shall be clear assignment of responsibilities and decision making authority from individuals,

committees and the board of directors.

5.8 Bank should avoid to give the loans to Zombie Companies, which are paying only interest instead of regular repayment of their loans.

References:

1. Annual Reports of DNS Bank Ltd. 2010-10 to 2015-16
2. Dr.P.B.Ashturkar (2014)-Financial Analysis of UCB in Nanded District –First Edition of ‘Research in Commerce & Management’ pp8-13.
3. www.rbi.org.in
4. www.dnsbank.com