

**A STUDY OF REASONS BEHIND DOWNFALL OF SHARE PRICE OF YES BANK
AND IT'S IMPACT ON THE EFFICIENCY OF YES BANK.**

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ABSTRACT

The rapid transformation in the banking industry over the last decade has made the industry stronger, cleaner, transparent, efficient, faster, disciplined and a lot more competitive. The banking industry in India has a huge canvas of history, which covers the traditional banking practices from the time of Britishers to the reforms period, nationalization to privatization of banks and now increasing numbers of foreign banks in India.

This research aims to analysis Reason Behind the Down Fall of share Price of Yes bank and its impact on the efficiency of Yes Bank. through some measurements, Market Reviews & Updates and Financial Analysis. YES BANK is founded in 2004. The founder of yes bank are Rana Kapor and Ashokbhai kapor. Headquarters of this bank is in Mumbai, Maharashtra, India. Yes bank providing product like credit cards, consumer banking, corporate banking, finance and insurance, mortgage loans, Private banking, wealth management, investment banking . Yes bank limited derives most of its revenue through arranging syndicated loans and through corporate Banking. Yes bank received “India’s fastest growing bank of the year “award the Bloomberg UTV financial leadership awards 2011. YES BANK has been ranked no .1 for exemplary performance in digital payments across public, private, foreign and payment banks in India by ministry of electronics & information technology.

In the study of analysis of Reason Behind Down fall of Share Price of Yes Bank we found both Effects for future i.e. Positive and negative. We measured some Ratios, analyses Financial Statements of Yes bank and compare with past years, and studied some issues of Yes Bank and its Results.

INTRODUCTION

The banking sector is the life blood of any modern economy. It is one of the important financial basements of the financial sector, which plays a vital role in the functioning of an economy. It is very important for economic development of a country that it's financing requirements of trade, industry and agriculture are met with higher degree of commitment and responsibility. The Indian banking sector is broadly classified into scheduled banks and non-scheduled banks. The scheduled banks are those included under the 2nd Schedule of the Reserve Bank of India Act, 1934. The scheduled banks are further classified into: nationalized banks; State Bank of India and its associates; Regional Rural Banks - foreign banks and other Indian private sector banks. The term commercial banks refer to both scheduled and non-scheduled commercial banks regulated under the Banking Regulation Act, 1949. Thus, integrally linked in banking industry in gradually increasing. They role of

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mobilization of deposits and disbursement of credit to various sector of banking industry. This will also reflect health of the country.

The efficiency of financial system is strength of economy. A sound banking system efficiently mobilized saving in productive sector and solvent system ensures the capabilities to meet the depositor obligation. The banking sector is playing crucial role in socio-economic progress of the country after independence. It is dominant in India as it accounts for more than half the assets of financial sector

YES BANK

YES BANK is founded in 2004 .the founder of yes bank are Rana Kapur and Ashokbhai kapur. Headquarters of this bank is in Mumbai, Maharashtra, India. Yes bank providing product like credit cards , consumer banking , corporate banking , finance and insurance ,mortgage loans , Private banking , wealth management , investment banking . Yes bank limited derives most of its revenue through arranging syndicated loans and through corporate Banking. Yes bank is operates as three entities - yes bank, yes capital and yes asset management services. Yes bank received “India’s fastest growing bank of the year ” award st the Bloomberg UTV financial leadership awards 2011. Bank of the year India ,the banker London -2015.YES BANK has been ranked no .1 for exemplary performance in digital payments across public , private , foreign and payment banks in India by ministry of electronics & information technology.

Yes Bank, is a new age private sector bank. Since inception Yes Bank has fructified into a “Full Service Commercial Bank” that has steadily built Corporate and Institutional Banking, Financial Markets, Investment Banking, Corporate Finance, Branch Banking, Business and Transaction Banking, and Wealth Management business lines across the country, and is well equipped to offer a range of products and services to corporate and retail customers.

As part of the differentiated strategy, Yes Bank has had a strong focus on Development Banking, as is evident from the cutting–edge work that the Bank has done in the area of Food & Agribusiness, Infrastructure, Microfinance, and Sustainability which in most cases has been first–of–its kind in India

Yes Bank has partnered with various companies for delivering quality products and services namely Cash Tech, Cisco Systems, Gartner, Intel, i–flex, Reuters, VSNL, Wipro, De La Rue, Murex, Wincor Nixdorf and Sanovi.

The bank also has a widespread branch network of over 331 branches across 200 cities, with over 420 ATM's and 2 National Operating Centres in Mumbai and Gurgaon.

Business Areas

corporate and Institutional Banking– The bank offers a broad range of financial and risk management solutions to clients such as large Indian corporates and groups, multinational companies, central and state governments, government bodies and public sector enterprises.

Business Banking– Yes Bank offers a range of products, services and resources to small and medium businesses.

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Corporate Finance– It offers corporate finance solutions to various clients such as local corporates, multinational companies, financial institutions and public sector undertakings.

Retail Banking– Under this, the bank offers wide range of products and services such as saving account, current account, fixed deposit, retail loan, depository services and many more.

Investment Banking– Yes Bank offers investment banking services in area of mergers and acquisitions, divestitures, private equity syndication and IPO advisory.

Awards & Recognitions:

- In March 2014– The Bank was awarded the “Ramkrishna Bajaj National Quality (RBNQ) Business Excellence Award – 2013” in the Services Category. Organized by Indian Merchants’ Chamber, YES BANK is the only bank to win this prestigious award in the history of the RBNQ Award.
- Outstanding Business Sustainability Achievement Karlsruhe Sustainable Finance Awards Germany, 2013
- Jammalal Bajaj Uchit Vyavahar Puraskar (Service Enterprises–Large) Council for Fair Business Practices (CFBP) 2012
- Financial Institutions Syndicated Deal of the Year, Asia Pacific Region Asia Pacific Loan Market Association (APLMA) 2012
- Global Business Excellence Award, Dubai, 2013
- Sustainability Award, London, 2012 Golden Peacock

Institutional Excellence

- YES BANK receives the 'Fastest Growing Bank' Award third year in a row at the Business world Best Bank Awards 2011
- YES BANK receives the Best Private Sector Bank Award at Dun & Bradstreet – Polaris Software Banking Awards 2011
- YES BANK receives “Sustainable Bank of the Year (Asia/Pacific)” Award at FT/IFC Sustainable Finance Awards 2011, London

Business Excellence

1) YES BANK won seven awards at Asia’s Best Employer Brand Awards and the CMO Asia Awards for Excellence in Branding and Marketing that were held on July 22, 2011 in Singapore. The bank received awards in the following categories:

- Continuous Innovation in HR Strategy at Work
- Talent Management
- Best HR Strategy in Line with Business
- Excellence in HR through Technology

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- CEO of the Year Award to Mr. Rana Kapoor
 - Brand Excellence in Banking, Financial Services & Insurance
 - Best Corporate Social Responsibility Practice (Overall)
- 2) YES BANK received 'The Asian Banker Technology Implementation Awards 2011'
- Won the Best Multi-channel Capability Project Award for increasing its distribution and optimizing its mobile banking services
 - Won the Best Financial Supply Chain Project Award for streamlining a client's business processes into a single work flow, automating remittances and allowing for faster and more accurate reconciliation
- 3) YES BANK's Chief Information Security Officer ranked as one of the Top 100 CISOs at the TOP 100 CISO Awards 2011.
- 4) YES BANK receives significant recognition at The Banker Technology Awards 2011
- Won the Commercial Banking Project of the Year Award
 - Innovation in Cash and Treasury Technology

<u>Type</u>	<u>Public</u>
<u>Industry</u>	<u>Banking, Financial services</u>
<u>Founded</u>	2004; 15 years ago,
<u>Founder</u>	<u>Rana Kapoor</u> Ashok Kapur
<u>Headquarters</u>	<u>Mumbai, Maharashtra, India.</u>
<u>Key people</u>	Brahm Dutt (Chairman) , Ravneet Gill (MD & CEO)
<u>Products</u>	Credit cards, Consumer banking, Corporate banking, Finance and Insurance, Mortgage loans, Private banking, Wealth management, Investment banking
<u>Revenue</u>	▲ ₹25,491 crore (US\$3.7 billion) (2018)
<u>Operating income</u>	▲ ₹6,194 crore (US\$900 million) (2018)
<u>Net income</u>	▲ ₹4,224 crore (US\$610 million) (2018)
<u>Total assets</u>	▲ ₹301,390 crore (US\$44 billion) (2018)
<u>Number of employees</u>	18,238 (2018)
<u>Capital ratio</u>	17.0%
<u>Website</u>	www.yesbank.in

Objectives of the Study

- To study the financial performance of YES Bank.
- To know the profitability position of YES Bank.

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- To Study Reason Behind Fall down of share price of YES Bank.
- To know Impact of Fall down of share price on The Efficiency of YES Bank

Scope of the Study

The research paper will also help to understand the financial performance of YES Bank. This study will throw light on the different aspects where the YES Bank stand out and how the banks will provide an opportunity in corresponding its activities to achieve the best performance.

Literature Review

1. Garimachoudhary(2014): used network of banks, productivity of banks, capital adequacy ratio, growth of banks as an indicator of measuring banks performance. The study related that private sector banks have expanded faster than public sector banks. The capital adequacy of new private sector banks is above RBI minimum requirements. However the assets base of public sector banks raise faster than private sector banks.

2. Pawankumar Avdhanam and Srinivas Kolluru, Ramkrishne Fonnd, (2013) in their study that state bank group other than SBI home finance has performed better throughout the period of study. Though there was a decline in PAT for the year 2000-01 but then there was continuous rise in PAT. Most public sector banks have performed better over year.

3. Dr. Kingshuk Adhikari, Nitashree Barman, Pinkumoni Kashyap(2014), study on Profitability of State Bank of India: An Analysis-The paper attempts to analyze the profitability of State bank of India for the period of seven years. Apart from studying the trend of different components of both income and expenditure, performance of the bank has been analysed with the parameters like OPTWF, ROA, ROE, ROI and EPS. There is a significant difference not only between the components of income but also across the components of expenditure. The paper concludes that the profitability performance of the SBI is not consistent during the study period. The bank should focus more on diversification of income and should also curtail operating expenses in order to improve profitability performance.

4. Brindadevi .V(2013), A Study on Profitability Analysis of Private Sector Banks In India-The objective of this study was overall profitability analysis of different private sectors banks in India based on the performances of profitability ratios like interest spread, net profit margin, return on long term fund, return on net worth & return on asset. Profitability is a measure of efficiency and control it indicates the efficiency or effectiveness with which the operations of the business are carried on. Recording profitability for the past period or projecting profitability for the coming period, measuring profitability is the most important measure of the success of the business. A business that is not profitable cannot survive. Conversely, a business that is highly profitable has the ability to reward its owners with a large return on their investment. Increasing profitability is one of the most important tasks of the business managers. Managers constantly look for ways to change the business to improve profitability. These potential changes can be analyzed with a support of income statement and balance sheet.

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1. Manish Mittal and Arunna Dhademade (2005) they found that higher profitability is the only major parameter for evaluating banking sector performance from the shareholders point of view. It is for the banks to strike a balance between commercial and social objectives. They found that public sector banks are less profitable than private sector banks. Foreign banks top the list in terms of net profitability. Private sector banks earn higher non-interest income than public sector banks, because these banks offer more and more fee based services to business houses or corporate sector. Thus there is urgent need for public sector banks to provide such services to stand in competition with private sector banks.

RESEARCH METHODOLOGY

The study has been conducted with reference to the data related to YES Bank. The study examines the financial performance of some variables and compares the performance of last 3 years of YES Bank. The study is an exploratory and analytical in nature with an attempt to explore the financial performance of YB.

Source of Data Collection

The Data collection is secondary source was used in the form of reports through internet.

Tools for Data Collection

The data required for the study will be collected from

- Annual reports of respective banks
- Journals and reports on trends
- Progress of Banking of India
- Books and websites
- Various Ratios Related to Its Shares

Data Analysis and Interpretation

First of all we calculate few ratios of YES Bank and compare with past years which are as follows.

1. Net NPA Ratio:

The net NPA to loans (advances) ratio is used as a measure of the overall quality of the bank's loan book. An NPA are those assets for which interest is overdue for more than 90 days (or 3 months). Net NPAs are calculated by reducing cumulative balance of provisions outstanding at a period end from gross NPAs. Higher ratio reflects rising bad quality of loans.

$$NPA = \frac{NET\ NPA}{NET\ ADVANCES} \times 100$$

Year	NPA (in %)
2017	0.81
2018	0.64
2019	1.86



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Interpretation:

Non-recovery or partial recovery of loans has an impact on the bank's balance sheet and income statement items in the form of reduction in interest earned on loan assets, increase in provision on NPAs, increase in capital requirement and lower profits. Hence, rising NPAs are a concern for a bank and determinants of NPAs should be identified prior to loans turning into NPAs.

From above data we can conclude that net NPA of YES Bank is increasing in 3 years. It is 0.64% in 2018 and 1.86% in 2019. So there is increase in 1.22% which is negative sign for Bank. It may be one of the reasons for fall down of share price of YES Bank.

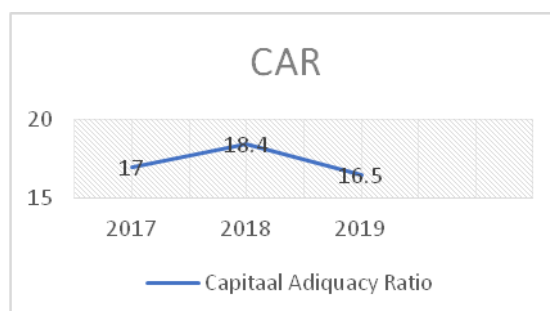
2. Capital Adequacy Ratio:

The capital adequacy ratio (CAR) is a measurement of a bank's available capital expressed as a percentage of a bank's risk-weighted credit exposures. The capital adequacy ratio, also known as capital-to-risk weighted assets ratio (CRAR), is used to protect depositors and promote the stability and efficiency of financial systems around the world. Two types of capital are measured: tier-1 capital, which can absorb losses without a bank being required to cease trading, and tier-2 capital, which can absorb losses in the event of a winding-up and so provides a lesser degree of protection to depositors.

The capital adequacy ratio is calculated by dividing a bank's capital by its risk-weighted assets. The capital used to calculate the capital adequacy ratio is divided into two tiers.

$$\text{CAR} = \frac{\text{Tier 1 Capital} + \text{Tier 2 Capital}}{\text{Risk Weighted Assets}} \times 100$$

Year	CAR (in %)
2017	17
2018	18.4
2019	16.5



Interpretation:

Minimum capital adequacy ratios are critical in ensuring that banks have enough cushion to absorb a reasonable amount of losses before they become insolvent and consequently lose depositors' funds. CAR shows banks capital to its risk. It measures bank's capital to fight against unexpected losses that occur. Here in 2018 the ratio is high but in 2019 it decreased and became 16.5%. This is not a positive sign for the bank. It is also one of the reasons for reducing share price, because due to decreasing CAR, investors may feel high risk in their investment. So, to reduce their risk, they will sell their shares and it may result in a decrease in price. And

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According to our survey, we found answers of this question “is CAR is Responsible for reducing share price of YES Bank?”, we found mostly positive answers, according to brokers and financial advisers investors are focusing on Low Risk High Return and in this situation, investor found Low Return and High risk. That’s why also many of investors sold their shares and due to this price is fall down.