

# Equity Share Analysis on Indian Banking Sector

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## Abstract

India is a developing country. Nowadays many people are interested to invest in financial markets especially on equities to get high returns, and to save tax in honest way. Equities are playing a major role in contribution of capital to the business from the beginning. Since the introduction of shares concept, large numbers of investors are showing interest to invest in stock market. In an industry plagued with skepticism and a stock market increasingly difficult to predict and contend with, if one looks hard enough there may still be a genuine aid for the Day Trader and Short Term Investor. The price of a security represents a consensus. It is the price at which one person agrees to buy and another agrees to sell. The price at which an investor is willing to buy or sell depends primarily on his expectations. If he expects the security's price to rise, he will buy it; if the investor expects the price to fall, he will sell it. These simple statements are the cause of a major challenge in forecasting security prices, because they refer to human expectations. As we all know firsthand, humans expectations are neither easily quantifiable nor predictable. If prices are based on investor expectations, then knowing what a security should sell for (i.e., fundamental analysis) becomes less important than knowing what other investors expect it to sell for. That's not to say that knowing what a security should sell for isn't important-it is. But there is usually a fairly strong consensus of a stock's future earnings that the average investor cannot disprove. Research design or research methodology is the procedure of collecting, analyzing and interpreting the data to diagnose the problem and react to the opportunity in such a way where the costs can be minimized and the desired level of accuracy can be achieved to arrive at a particular conclusion. This methodology used in the study for the completion of the project and the fulfillment of the project objectives. The sample of the stocks for the purpose of collecting secondary data has been selected on the basis of Random Sampling. The stocks are chosen in an unbiased manner and each stock is chosen independent of the other stocks chosen. The line graph shown below is drawn by taking closing stock prices of ICICI Bank, HDFC Bank and AXIS Bank for last one year data.



**Keywords:** Indian Banking Sector, Stock Market, Equity Share

## I. INTRODUCTION

The objective of this project is to deeply analyze our Banking & Finance Sector for investment purpose by monitoring the growth rate and performance on the basis of historical data. The main objectives of the Project study

- To study the overall growth of Indian Economy which is growing at a fast pace.
- Detailed analysis of Banking & Finance Sector which is gearing towards international standards
- Analyze the impact of qualitative factors on industry's and company's prospects
- Comparative analysis of three main banks in the industry ICICI Bank, HDFC Bank and Axis Banks through Equity analysis.
- Suggesting as to which company's shares would be best for an investor to invest.

### A. Need of the Study

To start any business capital plays major role. Capital can be acquired in two ways by issuing shares or by taking debt from financial institutions or borrowing money from financial institutions. The owners of the company have to pay regular interest and principal amount at the end.

Stock is ownership in a company, with each share of stock representing a tiny piece of ownership. The more shares you own, the more of the company you own. The more shares you own, the more dividends you earn when the company makes a profit. In the financial world, ownership is called "Equity". Advantages of selling stock:

- A company can raise more capital than it could borrow.
- A company does not have to make periodic interest payments to creditors.
- A company does not have to make principal payments

Stock/shares play a major role in acquiring capital to the business in return investors are paid dividends to the shares they own. The more shares you own the more dividends you receive. The role of equity analysis is to provide information to the market. An efficient market relies on information. A lack of information creates inefficiencies that result in stocks being misrepresented (over or under valued). This is valuable because it fills information gaps so that each individual investor does not need to analyze every stock thereby making the markets more efficient.

### **B. Scope of the Study**

The scope of the study is identified after and during the study is conducted. The project is based on tools like fundamental analysis and ratio analysis. Further, the study is based on information of last five years.

- The analysis is made by taking into consideration three banks i.e. ICICI Bank, HDFC Bank and AXIS Banks.
- The scope of the study is limited for a period of five years.
- The scope is limited to only the Equity analysis of the chosen stocks.

### **C. Importance of the study**

Decisions like whether you should buy or sell when trading in the share market is a difficult task to do. It requires split-hair analysis of the market. To do so one also needs to have excellent understanding of the market. Equity analysis forms an integral part of the share trading experience. Equity analysis decides the stance one would take in the share trading industry. Finding out the highs and lows in the market and analyzing the equity is of utmost importance before making any sort of investment. Technical analysis and Equity analysis form part of the equity analysis.

### **D. Research Methodology**

Research design or research methodology is the procedure of collecting, analyzing and interpreting the data to diagnose the problem and react to the opportunity in such a way where the costs can be minimized and the desired level of accuracy can be achieved to arrive at a particular conclusion. The methodology used in the study for the completion of the project and the fulfillment of the project objectives.

The sample of the stocks for the purpose of collecting secondary data has been selected on the basis of Random Sampling. The stocks are chosen in an unbiased manner and each stock is chosen independent of the other stocks chosen. The sample size for the number of stocks is taken as 3 for fundamental analysis of stocks as fundamental analysis is very exhaustive and requires detailed study.

## **II. REVIEW OF BANKING SECTOR**

India is considered among the top economies in the world, with tremendous potential for its banking sector to flourish. The last decade witnessed a significant upsurge in transactions through ATMs, as well as internet and mobile banking. Influenced by the global financial turmoil and repercussion of the subprime crisis, the global banking sector has witnessed some of the largest and best known names succumb to multi-billion dollar write-offs and face near bankruptcy. However, the Indian banking sector has been well shielded by the central bank and has managed to sail through most of the crisis with relative ease, the sector is also looking forward to consolidation and investments on the FDI front. Public sector banks have been very proactive in their restructuring initiatives be it in technology implementation or pruning their loss assets.

With the Indian Parliament passing the Banking Laws (Amendment) Bill in 2012, the landscape of the sector has duly changed. The bill allows the Reserve Bank of India (RBI) to make final guidelines on issuing new licenses, which could lead to a greater number of banks in the country. The style of operation is also slowly evolving with the integration of modern technology into the banking industry. In the next 5-10 years, the sector is expected to create up to two million new jobs driven by the efforts of the RBI and the Government of India to expand financial services into rural areas.

### **III. THE FOLLOWING ARE THE SCHEDULED BANKS IN INDIA (PUBLIC SECTOR)**

State Bank of India	Indian Bank	Oriental Bank of Commerce
State Bank of Bikaner and Jaipur	Allahabad Bank	Punjab National Bank
State Bank of Hyderabad	Bank of Baroda	Punjab and Sind Bank
State Bank of Indore	Bank of India	Syndicate Bank
State Bank of Mysore	Bank of Maharashtra	Union Bank of India
State Bank of Saurashtra	Canara Bank	United Bank of India

State Bank of Travancore	Central Bank of India Corporation	UCO Bank
Andhra Bank	Bank	Vijaya Bank
Indian Overseas Bank	Dena Bank	
The following are the Scheduled Banks in India (Private Sector):		
ING Vysya Bank Ltd	South Indian Bank	Bank of Punjab Ltd
Axis Bank Ltd	HDFC Bank Ltd	IDBI Bank Ltd
Indusind Bank Ltd	Centurion Bank Ltd	Jammu & Kashmir Bank Ltd.
ICICI Bank Ltd		

#### IV. THE FOLLOWING ARE THE SCHEDULED FOREIGN BANKS IN INDIA

American Express Bank Ltd.	Barclays Bank Plc	Standard Chartered Bank.
ANZ Gridlays Bank Plc.	Citi Bank N.C.	The Chase Manhattan Bank Ltd.
Bank of America NT & SA Bank of Tokyo Ltd.	Deutsche Bank	Dresdner Bank AG
Banque Nationale de Paris	A.G. Hongkong and Shanghai Banking Corporation	
Major Banks in India include the following		
ABN-AMRO Bank	Dhanalakshmi Bank	Bank of Saurashtra State
Abu Dhabi Commercial Bank	Federal Bank	Bank of Travancore
Bank of Baroda Bank of India	HSBC	Syndicate Bank
Bank of Maharashtra	IDBI Bank	Taib Bank
Bank of Punjab	Indian Overseas Bank	UCO Bank
Bank of Rajasthan	Jammu & Kashmir Bank	Union Bank of India
Bank of Ceylon BNP	JPMorgan Chase Bank	United Bank of India
Paribas Bank	Karnataka Bank	United Western Bank
Canara Bank	KarurVysya Bank	Vijaya Bank
Catholic Syrian Bank	Laxmi Vilas Bank	Kotak Mahindra Bank Yes Bank 20
China Trust	Oriental Bank of Commerce	
Development Credit Bank	Scotia Bank	

#### A. Export-Import Bank of India

National Bank for Agriculture and Rural Development (NABARD)  
Small Industries Development Bank of India (SIDBI)  
Industrial Investment Bank of India (IIBI)  
Industrial Development of India (IDBI) }  
Industrial Finance Co-operation of India (IFCI), State Land Development Banks

#### V. STRUCTURE OF THE INDIAN BANKING SYSTEM

The existing banking structure in India, evolved over several decades, is elaborate and has been serving the credit and banking services needs of the economy. There are multiple layers in today's banking structure to cater to the specific and varied requirements of different customers and borrowers. The banking structure played a major role in the mobilisation of savings and promoting economic development.

The Indian banking system has the RBI at the apex. It is the central bank of the country under which there are the commercial banks including public sector and private sector banks, foreign banks and local area banks. They include regional rural banks as well as cooperative banks

#### A. Market Size

The size of banking assets in India totalled US\$ 1.9 trillion in FY 13 and is expected to touch US\$ 29.5 trillion in FY 25. Bank deposits have grown at a compound annual growth rate (CAGR) of 21.2 per cent over FY 06-13. In FY 13, total deposits were US\$ 1,274.3 billion. The revenue of Indian banks increased from US\$ 11.8 billion to US\$ 46.9 billion over the period 2001-2010. Profit after tax also reached US\$ 12 billion from US\$ 1.4 billion in the period. Credit to housing sector grew at a CAGR of 11.1 per cent during the period FY 08-13.

Total banking sector credit is anticipated to grow at a CAGR of 18.1 per cent (in terms of INR) to reach US\$ 2.4 trillion by 2017. In FY 14, private sector lenders experienced significant growth in credit cards and personal loan businesses. ICICI Bank saw 141.6 per cent growth in personal loan disbursement in FY 14, as per a report by Emkay Global Financial Services.

The bank also experienced healthy growth of 20.8 per cent in credit card dues, according to the report. Axis Bank's personal loan business also grew 49.8 per cent, with its credit card business expanding by 31.1 per cent. INVESTMENTS HDFC Bank and state-owned United Bank of India plan to tap the equity markets to raise funds to enhance capital base and lending. HDFC Bank

plans to raise Rs 10,000 crore (US\$ 1.66 billion) while the board of Kolkata-based United Bank will seek approval for raising about Rs 1,300 crore (US\$ 216.47 million) by selling shares to increase its capital base.

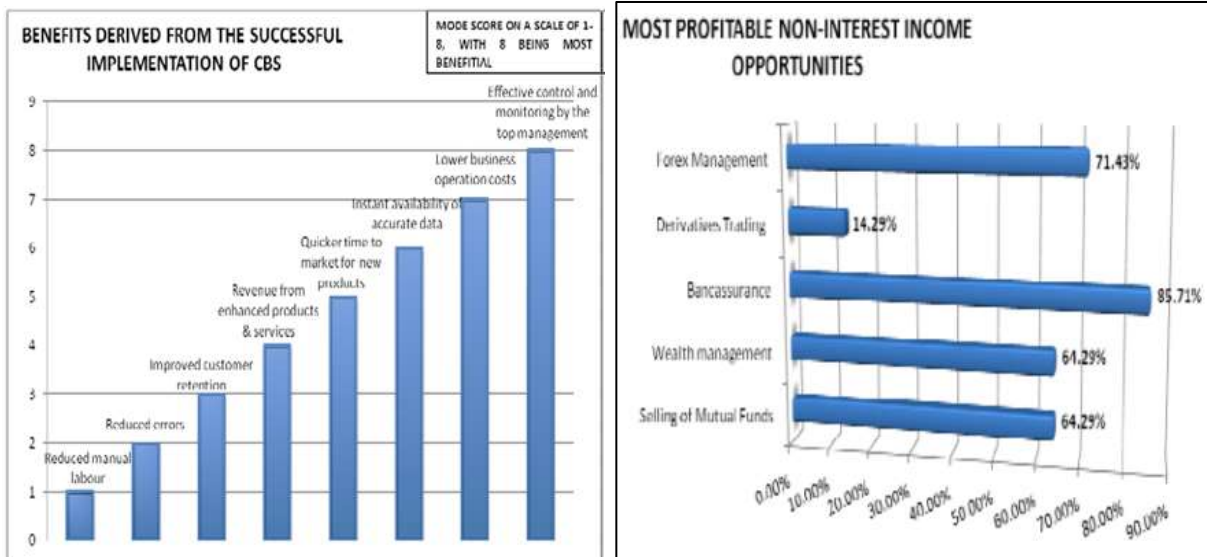
## VI. KEY BANKING ACTIVITIES

- Key banking activities can be classified into Core and Non-core banking.

### A. Core Banking:

The primary operations of banks include:

- Keeping money safe while also allowing withdrawals when needed
- Issuance of checkbooks so that bills can be paid and other kinds of payments can be delivered by post
- Provide personal loans, commercial loans, and mortgage loans (typically loans to purchase a home, property or business)
- Issuance of credit cards and processing of credit card transactions and billing
- Issuance of debit cards for use as a substitute for checks
- Allow financial transactions at branches or by using Automatic Teller Machines (ATMs)
- Provide wire transfers of funds and Electronic fund transfers between banks
- Facilitation of standing orders and direct debits, so payments for bills can be made automatically
- Provide overdraft agreements for the temporary advancement of the Bank's own money to meet monthly spending commitments of a customer in their current account.
- Provide internet banking system to facilitate the customers to view and operate their respective accounts through internet.
- Provide Charge card advances of the Bank's own money for customers wishing to settle credit advances monthly.
- Provide a check guaranteed by the Bank itself and prepaid by the customer, such as a cashier's check or certified check.
- Notary service for financial and other documents
- Accepting the deposits from customer and provide the credit facilities to them.



### B. Non Core Activities:

Any finance related activity like trading and wealth management other than the core business of the bank, will be classified under non core activities. The non core activities include:

- 1) Forex management.
- 2) Derivatives Trading.
- 3) Wealth management.
  - Insurance brokerage - Insurance brokers shop for insurance (generally corporate property and casualty insurance) on behalf of customers. Recently a number of websites have been created to give consumers basic price comparisons for services such as insurance, causing controversy within the industry.
  - Insurance underwriting - Personal lines insurance underwriters actually underwrite insurance for individuals, a service still offered primarily through agents, insurance brokers, and stock brokers. Underwriters may also offer similar commercial lines of coverage for businesses. Activities include insurance and annuities, life insurance, retirement insurance, health insurance, and property & casualty insurance.
  - Reinsurance - Reinsurance is insurance sold to insurers themselves, to protect them from catastrophic losses.
- 4) Selling of Mutual Funds.

- 5) Capital market bank - bank that underwrite debt and equity, assist company deals (advisory services, underwriting and advisory fees), and restructure debt into structured finance products.
- 6) Bank cards - include both credit cards and debit cards. Bank Of America is the largest issuer of bank cards.
- 7) Credit card machine services and networks - Companies which provide credit card machine and payment networks call themselves "merchant card providers".

## VII. COMPANY ANALYSIS

The company analysis shows the long-term strength of the company that what is the financial position of the company in the market, where it stands among its competitors and who are the key drivers of the company, what are the future plans of the company, what are the policies of government towards the company and how the stake of the company divested among different groups of people. Here, I have taken three banks namely ICICI Bank, HDFC Bank and Axis Bank for the Equity Analysis:

### A. ICICI Bank:

ICICI Bank Limited provides banking products and financial services in the areas of investment banking, life and non-life insurance, venture capital, and asset management to corporate and retail customers. It offers savings accounts, fixed deposits, recurring deposits, and salary accounts; and consumer and commercial cards. The company also provides home loans, commercial vehicle loans, personal loans, car loans, and loans against securities. In addition, it offers tax saving bonds, government of India bonds, mutual funds, initial public offers, foreign exchange services, and senior citizens savings schemes; and health, overseas travel, student medical, motor, and home, insurance products, as well as invests in gold, global trade services. ICICI Bank Limited was founded in 1955 and is based in Mumbai, India. As of May 3, 2014, the company had a network of 2,000 branches and extension counters, and 5,219 ATMs in India and internationally.

### B. HDFC Bank:

HDFC Bank Limited provides commercial banking products and services in India. It operates in three segments: Retail Banking, Wholesale Banking, and Treasury. The Retail Banking segment offers various deposit products, including savings accounts, current accounts, fixed deposits, recurring deposits, and demat accounts. It also provides auto, personal, commercial vehicle, home, gold, and educational loans; loans against gold, securities, property, and rental receivables; and health care finance, retail agri and tractor loans, working capital finance, construction equipment finance, and warehouse receipt loans, as well as credit cards, debit cards, depository, investment advisory, bill payments, and transactional services; and distributes life, health, and general insurance, and mutual fund products. The company also offers NRI banking services. As of March 31, 2014, it operated a network of 1,725 branches in 779 cities, as well as 4,232 automated teller machines. The company was founded in 1994 and is based in Mumbai, India.

### C. AXIS Bank:

Axis Bank Limited provides corporate, retail, and business banking products and services in India. The company's deposit products include demand, savings bank, current account, and term deposits. The company also provides home loans, car loans, personal loans, loan against shares and security, loan against property, education and consumer loans, structured finance and microfinance products, short-term loans, loans for small and medium enterprises, agriculture loans, as well as credit and debit cards, and insurance services. As of March 31, 2014, the company operated 1,035 branches and extension counters, as well as a network of approximately 4,293 ATMs. It also has branches in Singapore, Hong Kong, and Dubai. The company was formerly known as UTI Bank Limited and changed its name to Axis Bank Limited in July 2007. Axis Bank Limited was founded in 1993 and is based in Mumbai, India.

#### 1) ICICI Bank – Comparative Balance Sheets (Rs. in Crores)

Particulars	Mar-16	Mar-15	Mar-14	Mar-13	Mar-12
<b>SOURCES OF FUNDS</b>					
Capital	1,151.82	1,114.89	1,113.29	1,462.68	1,249.34
Reserves Total	54,150.38	50,181.61	45,664.24	43,609.55	23,058.32
Minority Interest	1,358.22	1,270.40	910.51	731.19	509.57
Deposits	259,106.00	241,572.30	261,855.75	276,983.23	248,613.63
Borrowings	125,838.86	115,698.32	116,066.35	84,566.05	61,659.54
Other Liabilities & Provisions	92,618.27	79,989.68	57,641.23	78,895.39	59,894.44
<b>TOTAL LIABILITIES</b>	<b>534,223.55</b>	<b>489,827.20</b>	<b>483,251.37</b>	<b>486,248.09</b>	<b>394,984.84</b>
<b>APPLICATION OF FUNDS :</b>					
Cash & Balances with RBI	21,234.00	27,850.28	17,875.44	29,800.75	19,241.04
Balances with Banks & money at Call	18,151.26	19,293.84	17,185.94	15,527.93	20,448.09
Investments	209,652.78	186,319.78	148,107.00	160,046.76	120,616.69
Advances	256,019.31	225,778.13	266,130.47	251,401.67	211,399.44
Fixed Assets	5,489.55	3,862.29	4,497.46	4,678.35	4,402.55
Other Assets	23,676.94	26,722.88	29,455.06	24,792.63	18,877.03

Miscellaneous Expenditure not written off	0.00	0.00	0.00	0.00	0.00
<b>TOTAL ASSETS</b>	<b>534,223.84</b>	<b>489,827.20</b>	<b>483,251.37</b>	<b>486,248.09</b>	<b>394,984.84</b>
Contingent Liability	1,022,599.66	820,519.93	867,788.40	1,310,328.54	673,611.69
Bills for collection	8,530.40	6,718.86	6,002.66	4,290.81	4,055.39

2) ICICI Bank – Comparative Profit & Loss Accounts(Rs. in Crores)

Particulars	Mar-16	Mar-15	Mar-14	Mar-13	Mar-12
<b>INCOME :</b>					
Sales turnover	39,906.00	32,369.69	32,747.36	38,250.39	39,467.92
Excise duty	0.00	0.00	0.00	0.00	0.00
Net sales	39,906.00	32,369.69	32,747.36	38,250.39	39,467.92
<b>Total INCOME</b>	<b>40,053.92</b>	<b>32,376.96</b>	<b>33,052.72</b>	<b>38,581.03</b>	<b>39,533.50</b>
<b>II. Expenditure</b>					
Manufacturing expenses	0.00	0.00	0.00	0.00	0.00
Material consumed	0.00	0.00	0.00	0.00	0.00
Personal expenses	3,515.28	2,816.93	1,925.79	1,971.70	2,078.90
Selling expenses	292.92	305.79	236.28	669.21	1750.60
Administrative expenses	4,510.89	4,909.00	7,440.42	7,475.63	6,447.32
Provision made	-258.66	106.11	-253.09	-511.17	-509.77
Expenses Capitalised	0.00	0.00	0.00	0.00	0.00
<b>TOTAL EXPENDITURE</b>	<b>8,060.43</b>	<b>8,137.83</b>	<b>9,349.40</b>	<b>9,605.37</b>	<b>9,767.05</b>
Operating profit	8,778.41	7,380.82	5,552.30	5,407.91	5,706.85
<b>EBITDA</b>	<b>8,926.33</b>	<b>7,388.08</b>	<b>5,857.66</b>	<b>5,738.55</b>	<b>29,256.68</b>
<b>III. Profit &amp; Loss</b>					
Net Profit before Minority Interest	6,318.19	4,843.41	3,379.42	3,115.26	2,633.40
Minority Interest	224.92	173.12	-197.53	-282.97	-127.23
<b>Net Profit after Minority Interest</b>	<b>6,093.27</b>	<b>4,670.29</b>	<b>3,576.95</b>	<b>3,398.23</b>	<b>2,760.63</b>
Extraordinary Items	21.01	57.58	0.83	32.82	22.69
Adjusted Net Profit	6,072.26	4,612.71	3,576.12	3,365.41	2,737.94
Profit brought forward	1,688.64	537.17	549.68	-7.37	-243.56
<b>IV. Appropriations</b>					
Transfer to Statutory Reserve	1,288.00	1,007.00	940.00	1,040.00	780.00
Transfer to Other Reserves	607.23	945.40	1,215.93	365.68	648.17
Trans. to Government /Proposed Dividend	1,878.92	1,566.42	1,433.53	1,435.50	1,096.27
Balance carried forward to Balance Sheet	4,007.76	1,688.64	537.17	549.68	-7.37
Equity Dividend (%)	164.99	140.00	119.99	109.99	110.33
Equity dividend	1,902.04	1,612.58	1,337.86	1,224.58	1,227.70
EPS after Minority Interest	52.56	41.39	28.48	26.14	27.19
Book Value (Unit Curr.)	480.13	460.10	420.17	401.93	266.39

3) HDFC Bank – Comparative Balance Sheets (Rs. in Crores)

Particulars	Mar-16	Mar-15	Mar-14	Mar-13	Mar-12
<b>SOURCES OF FUNDS :</b>					
Capital	465.23	457.74	425.38	354.43	319.39
Reserves Total	25,117.91	21,158.15	14,262.74	11,180.72	6,150.98
Minority Interest	121.66	75.89	43.35	36.92	28.61
Deposits	208,287.21	167,297.78	142,644.80	100,631.38	68,264.27
Borrowings	14,650.44	13,171.80	9,253.64	4,594.92	2,815.39
Other Liabilities & Provisions	29,393.44	20,881.46	16,455.40	16,470.97	13,815.91
<b>TOTAL LIABILITIES</b>	<b>278,035.89</b>	<b>223,042.82</b>	<b>183,085.31</b>	<b>133,269.34</b>	<b>91,394.55</b>
<b>APPLICATION OF FUNDS :</b>					
Cash & Balances with RBI	25,100.89	15,483.31	13,527.21	12,553.18	5,075.25
Balances with Banks & money at Call	4,737.39	14,594.88	4,009.94	2,274.80	3,998.18
Investments	70,276.67	58,508.28	58,715.15	49,288.01	30,567.04
Advances	160,831.41	126,162.73	99,027.37	63,426.90	46,944.78
Fixed Assets	2,200.94	2,149.06	1,732.28	1,196.24	987.53
Other Assets	14,891.50	6,147.47	6,479.77	4,530.21	3,821.77
Miscellaneous Expenditure not written off	0.00	0.00	0.00	0.00	0.00
<b>TOTAL ASSETS</b>	<b>278,038.80</b>	<b>223,045.73</b>	<b>183,491.72</b>	<b>133,269.34</b>	<b>91,394.55</b>
Contingent Liability	575,159.47	479,125.00	406,027.36	593,112.33	328,196.07
Bills for collection	13,428.49	8,124.86	8,552.24	6,920.71	4,606.83

4) HDFC Bank – Comparative Profit & Loss Accounts (Rs. in Crores)

Particulars	Mar-16	Mar-15	Mar-14	Mar-13	Mar-12
<b>INCOME :</b>					
Interest Earned	19,928.21	16,172.72	16,332.26	10,115.00	6,647.93

Other Income	4,335.15	3,983.11	3,470.64	2,283.15	1,594.59
Total I	24,263.36	20,155.83	19,802.90	12,398.15	8,242.52
<b>II. Expenditure</b>					
Interest expended	9,385.08	7,786.30	8,911.10	4,887.11	3,179.45
Payments to/Provisions for Employees	2,836.04	2,289.18	2,238.20	1,301.35	776.86
Operating Expenses & Administrative Expenses	2,048.46	1,783.23	1,580.24	1,135.40	856.26
Depreciation	497.40	394.39	359.91	271.71	219.60
Other Expenses, Provisions & Contingencies	3,677.72	3,613.59	3,414.20	2,521.93	1,571.60
Provision for Tax	2,237.46	1,365.67	1,054.31	866.25	581.88
Fringe Benefit tax	0.00	0.00	0.00	16.78	12.00
Deferred Tax	-345.20	-25.23	0.00	-192.58	-96.58
Total II	20,336.96	17,207.13	17,557.96	10,807.95	7,101.07
<b>III. Profit &amp; Loss</b>					
Reported Net Profit	3,926.40	2,948.70	2,244.94	1,590.20	1,141.45
Extraordinary Items	-0.50	2.74	2.85	0.43	-0.68
Adjusted Net Profit	3,926.90	2,945.96	2,242.09	1,589.77	1,142.13
Prior Year Adjustments	0.00	0.00	0.00	0.00	0.00
Profit brought forward	4,532.79	3,455.57	2,574.63	1,932.03	1,455.02
<b>IV. Appropriations</b>					
Transfer to Statutory Reserve	981.60	737.18	561.23	397.55	285.36
Transfer to Other Reserves	408.55	492.84	304.51	197.52	117.16
Trans. to Government /Proposed Dividend	894.80	641.46	498.26	352.53	261.92
Balance carried forward to Balance Sheet	6,174.24	4,532.79	3,455.57	2,574.63	1,932.03
Equity Dividend %	165.00	120.00	100.00	85.00	70.00
Earnings Per Share-Unit Curr	81.72	62.43	51.08	43.42	34.55
Earnings Per Share(Adj)-Unit Curr	81.72	62.43	51.08	43.42	34.55
Book Value-Unit Curr	545.46	470.13	344.31	324.39	201.42

5) AXIS Bank – Comparative Balance Sheets (Rs. in Crores)

Particulars	Mar-16	Mar-15	Mar-14	Mar-13	Mar-12
<b>SOURCES OF FUNDS :</b>					
Capital	410.55	405.17	359.01	357.71	281.63
Reserves Total	18,484.06	15,583.93	9,836.70	8,394.13	3,106.82
Minority Interest	0.00	0.00	0.00	0.00	0.00
Deposits	189,166.43	141,278.66	117,357.66	87,619.34	58,785.02
Borrowings	26,267.88	17,169.55	15,519.87	5,624.04	5,195.60
Other Liabilities & Provisions	8,270.39	6,181.98	4,660.74	7,618.98	5,939.41
<b>TOTAL LIABILITIES</b>	<b>242,599.31</b>	<b>180,619.29</b>	<b>147,733.98</b>	<b>109,614.20</b>	<b>73,308.48</b>
<b>APPLICATION OF FUNDS :</b>					
Cash & Balances with RBI	13,886.16	9,482.05	9,419.21	7,305.66	4,661.03
Balances with Banks & money at Call	7,522.49	5,723.84	5,600.19	5,199.86	2,257.27
Investments	71,787.55	55,876.54	46,271.75	33,865.10	26,887.16
Advances	142,407.83	104,340.95	81,556.77	59,475.99	36,876.46
Fixed Assets	2,292.92	1,235.99	1,082.39	932.47	677.84
Other Assets	4,702.36	3,959.92	3,803.67	2,835.12	1,948.72
Miscellaneous Expenditure not written off	0.00	0.00	0.00	0.00	0.00
<b>TOTAL ASSETS</b>	<b>242,599.31</b>	<b>180,619.29</b>	<b>147,733.98</b>	<b>109,614.20</b>	<b>73,308.48</b>
Contingent Liability	453,998.76	318,281.38	209,259.83	258,895.66	184,165.35
Bills for collection	32,473.11	19,292.87	13,957.31	8,323.39	6,274.63

6) AXIS Bank – Comparative Profit & Loss Accounts (Rs. in Crores)

Particulars	Mar-16	Mar-15	Mar-14	Mar-13	Mar-12
<b>INCOME :</b>					
Interest Earned	15,154.86	11,639.05	10,829.11	7,005.08	4,461.65
Other Income	4,671.45	3,964.21	2,996.74	1,811.21	1,012.82
Total	19,826.31	15,603.26	13,825.85	8,816.29	5,474.47
Total	16,481.63	13,125.12	12,012.92	7,757.15	4,820.22
<b>II. Expenditure</b>					
Interest expended	8,588.61	6,632.63	7,148.92	4,419.84	2,993.18
Payments to/Provisions for Employees	1,745.80	1,359.79	1,067.76	752.10	391.18
Operating Expenses & Administrative Expenses	1,674.58	1,276.76	1,002.47	766.12	488.58
Depreciation	293.69	237.87	190.22	159.30	112.01
Other Expenses, Provisions & Contingencies	2,426.43	2,277.16	1,633.84	1,084.12	498.11
Provision for Tax	1,958.34	1,495.27	1,096.01	725.59	412.60
Fringe Benefit Tax	-0.34	0.00	11.68	9.33	6.05

Deferred Tax	-205.48	-154.36	-137.98	-159.25	-81.49
Total	19,826.31	15,603.26	13,825.85	8,816.29	5,474.47
Total	16,481.63	13,125.12	12,012.92	7,757.15	4,820.22
<b>III. Profit &amp; Loss</b>					
Net Profit before Minority Interest	3,344.68	2,478.14	1,812.93	1,059.14	654.25
Minority Interest	0.00	0.00	0.00	0.00	0.00
Net Profit after Minority Interest	3,339.91	2,478.14	1,812.93	1,059.14	654.25
Extraordinary Items	-4.40	-2.73	-4.97	-8.44	-1.70
Adjusted Net Profit	3,344.31	2,480.87	1,817.90	1,067.58	655.95
Prior Year Adjustments	0.00	0.00	0.00	0.00	-31.81
Profit brought forward	3,371.63	2,328.95	1,537.20	1,024.29	731.04
<b>IV. Appropriations</b>					
Transfer to Statutory Reserve	847.12	628.63	453.84	267.75	164.76
Transfer to Other Reserves	329.49	239.38	146.82	26.84	15.64
Trans. to Government /Proposed Dividend	670.48	567.45	420.52	251.64	148.79
Balance carried forward to Balance Sheet	4,864.45	3,371.63	2,328.95	1,537.20	1,024.29
Equity Dividend (%)	140.00	120.00	100.00	60.00	45.00
EPS before Minority Interest (Unit Curr.)	79.14	59.16	48.78	28.57	22.45
EPS after Minority Interest (Unit Curr.)	79.14	59.16	48.78	28.57	22.45
Book Value (Unit Curr.)	460.23	394.63	284.00	244.66	120.32

7) Comparative Analysis OF ICICI, HDFC AND AXIS BANKS

Total Income	In Rs Crores				
	2016	2015	2014	2013	2012
ICICI Bank	55,276.51	54,756.36	61,247.23	57,416.58	38,909.39
HDFC Bank	24,263.36	20,155.83	19,802.90	12,398.15	8,242.52
AXIS Bank	16,481.63	13,125.12	12,012.92	7,757.15	4,820.22

8) Interpretations

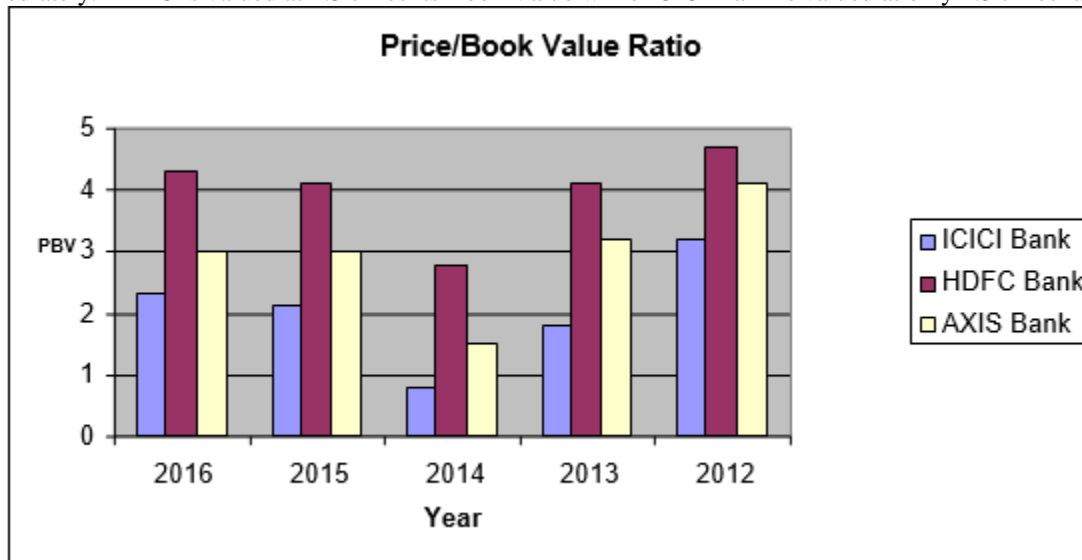
ICICI Bank has shown a marginal increase in the total income, while HDFC and Axis Banks have maintained a good growth in their total income in 2016 compared to 2015. The total income of ICICI Bank has remained stable in the last three years while HDFC and AXIS banks are improving their positions quite rapidly.

9) Price/Book Value

Book Value	In Rs Per Share				
	2016	2015	2014	2013	2012
ICICI Bank	2.3	2.1	0.8	1.8	3.2
HDFC Bank	4.3	4.1	2.8	4.1	4.7
AXIS Bank	3.0	3.0	1.5	3.2	4.1

10) Interpretations

Book value is the company's common stock equity as it appears on a balance sheet, equal to total assets minus liabilities, preferred stock, and intangible assets such as goodwill. This is how much the company would have left over in assets if it went out of business immediately. HDFC is valued at 4.3 times its Book Value while ICICI Bank is valued at only 2.3 times its Book Value.





### VIII. FINDINGS FROM ABOVE DATA

From the data analysis and interpretations of the ratios of three banks' viz. ICICI Bank, HDFC and AXIS Banks, the following findings have been drawn:

- 1) The three banks have been performing well in the wake of growing Indian economy. ICICI Bank appears to have reached its saturation point as it is maintaining stable ratios in the last five years. AXIS bank has been showing good growth in all the aspects over the last few years.
- 2) ICICI Bank has shown a marginal increase in the total income, while HDFC and Axis Banks have maintained a good growth in their total income in 2015 compared to 2014. The total income of ICICI Bank has remained stable in the last three years while HDFC and AXIS banks are improving their positions quite rapidly.
- 3) All the banks showed a positive trend in net profits over the last few years. Although the net profits of all the banks have increased sharply in 2015, AXIS Bank stands on the top increasing its net profit by nearly 35%. Therefore AXIS Bank would be the best option for an investor to expect good growth.
- 4) Although, all the three banks have declared an increase in their Earnings Per Share, HDFC Bank stood on top of the three players with AXIS Bank following closely. HDFC and AXIS Banks have good potential and shareholders can expect better returns in the future.
- 5) HDFC Bank has the highest P/E ratio of 28.7 times while AXIS Bank has the lowest P/E ratio of 17.5 times.
- 6) HDFC is valued at 4.3 times its Book Value while ICICI Bank is valued at only 2.3 times its Book Value.
- 7) Return on Net worth of ICICI has registered a marginal growth, while HDFC and AXIS Banks have maintained a stable ROI. As the investors would like to invest only where the return is higher, AXIS Bank would be again attractive for investment as it still has the highest Return on Net worth.

### IX. LIMITATIONS OF EQUITY SHARE ANALYSIS

- 1) This study has been conducted purely to understand Equity analysis for investors.
- 2) The study is restricted to three companies based on Equity analysis.
- 3) The study is limited to the companies having equities.
- 4) Detailed study of the topic was not possible due to limited size of the project.
- 5) There was a constraint with regard to time allocation for the research study i.e. for a period of 45 days.
- 6) Suggestions and conclusions are based on the limited data of five years.

### X. CONCLUSIONS AND RECOMMENDATIONS

By analyzing the Banking & Finance sector with the help of Equity analysis, it has been revealed that this sector has a lot of potential to grow. So recommending investing in Banking & Finance sector with no doubt is going to be a good and smart option

- 1) ICICI Bank, the largest private sector bank in India seems to have reached its saturation point after a very good growth over the years.
- 2) HDFC Bank has been performing consistently and stands in between ICICI and AXIS Banks in terms of increase in its growth.
- 3) AXIS Bank seems to be the best bet for the investors from Equity Analysis as it has registered very good growth in the recent years. All its ratios have outperformed over ICICI and HDFC Banks.
- 4) There are three factors which an investor must consider for selecting the right stocks, like
  - Business: An investor must look into what kind of business the company is doing, visibility of the business, its past track record, capital needs of the company for expansion etc.
  - Balance Sheet: The investor must focus on its key financial ratios such as earnings per share, price-earning ratio; debt-equity ratio, dividends per share etc. and he must also check whether the company has cash flows.
  - Bargaining: This is the most important factor which shows the true worth of the company. An investor needs to choose valuation parameters which suit its business.
- 5) Investment Rules
  - Invest for long term in equity markets, Set the purpose for investment.
  - Planning, Knowledge and Discipline are very crucial for investment
  - Align your thought process with the business cycle of the company.
  - Long term goals should be the objective of equity investment.
  - Disciplined investment during market volatility helps attains profits.

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