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A STUDY ON EQUITY ANALYSIS WITH RESPECT TO BANKING SECTOR

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ABSTRACT:

Equity analysis is used by investors to assess the financial performance, valuation, and potential of publicly traded companies. In order to make effective investment decisions, it is necessary to conduct a thorough examination of an organization's financial statements, market trends, competitive positioning, and industry dynamics. This abstract provides an overview of equity analysis, covering its major components and significance in investment decision-making.

The abstract begins by defining equity analysis and emphasizes its purpose of estimating the intrinsic worth of a company's shares. It emphasizes the significance of stock research in learning about a company's financial health, growth potential, and overall investment attractiveness. The abstract also digs into the fundamentals of equity analysis. Financial statement analysis is the process of assessing a company's income statement, balance sheet, and cash flow statement to determine profitability, liquidity, solvency, and operational efficiency. The abstract also discusses ratio analysis, which can be used to analyze and compare various financial performance indicators to industry benchmarks.

Keywords: Technical Analysis, Dividend Payout ratio, Earning per share, IPO, Stocks, Equity analysis

I. INTRODUCTION

Equity analysis is the study of markets and businesses used by individual investors and professional fund managers to select the best stocks to purchase. Brokers who sell clients' stocks to institutional investors use sell-side analysts. Buy-side professionals are employed by asset management firms.

The purpose of stock market research is to educate market participants, especially

investors. Value of a security can be determined through fundamental analysis by considering its most crucial economic and financial aspects. Micro economic elements, such as the quality of management, and macroeconomic factors, such as the health of the economy and the market, are both considered by fundamental analysts

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TECHNICAL ANALYSIS:

Traders that employ technical analysis study market data, such as price changes and volume, in order to identify profitable investment opportunities.

Technical analysts, as opposed to fundamental analysts, use price action, trading signals, and other analytical charting tools to determine the relative value of an investment.

The economy of India is booming.

Many people are interested in stock trading in particular because it offers the potential for high profits with less taxable income.

The amount of capital invested in the organization has been heavily influenced by principles ever since its inception. There has been a rise in the number of finance industry professionals with an interest in the stock market since the introduction of the concept of offers.

Day traders and short-term investors, although working in an industry plagued by caution and a stock market that is becoming harder to foresee and battle, may still be able to find actual aid if they dig hard enough. A security's price can be used as a proxy for a deal's parameters.

It is the lowest price at which two parties can agree to purchase and sell simultaneously. What motivates a financial expert to sell or purchase at a certain price is more important than the market's current state. The investment will be purchased by the financial expert if he anticipates a positive return on investment. He will undoubtedly unload it if he anticipates a price drop. These elementary justifications, which focus on what people want, provide the basis of a crucial test for estimating the price of security. We're all aware that it's not simple to quantify or anticipate consumer preferences. When prices are determined by market forces rather than fundamentals, it is less critical to know the intrinsic value of an asset

(which needs a thorough examination) than to know the price at which other speculators are willing to sell it. This doesn't imply that the elements of a defense are unimportant; they are.

The two types of research, expert and fundamental, can complement one another. But the average investor can't dispute with the widespread belief that a stock is profitable.

Because any stock market expert knows you have to take some risks.

MEANING:

Judgment on fairness is being made. Investment advice based on research into specific firms and sectors, used by both retail investors and institutional fund managers. Sell-side analysts are employed by brokers who then sell those shares to purchasers, who are typically individual investors or investment firms.

II. REVIEW OF LITERATURE

Christopher. J. Molley 2020 : In this article Geography of Equity Analysis Published in Journal of American Finance system I provide evidence that geographically proximate analysts are more accurate than other analysts. Stock returns immediately surrounding forecast revisions suggest that local analysts impact prices more than other analysts. These effects are strongest for firms located in small cities and remote areas. Collectively these results suggest that geographically proximate analysts possess an information advantage over other analysts, and that this advantage translates into better performance.

Trivedi, Pushpa; Behera, Samir Ranjan 2019 This study is an attempt to examine the Inter linkages between

equity prices of Bombay Stock Exchange Sensex (BSE Sensex) and select macroeconomic variables in India in a time series framework. In the first stage of the empirical investigation, the study tries to investigate both the long-run and short-run relationship of equity price (BSE Sensex) with macroeconomic variables, viz., Index of Industrial Production (IIP), Wholesale Price Index (WPI), interest rates (3-month T-bill rate), money supply (M3), Foreign Institutional Investments (FIIs) as well as Morgan Stanley Capital International (MSCI) world index in a cointegration and vector error-correction framework

Anchaal Agarwal & Noopur Saxena 2019 This study is an attempt to explain the relationship between corporate social responsibility (CSR), corporate reputation, and brand equity in India's banking sector. The study uses Carroll's Pyramid of CSR and the 'triple bottom line concept' as the theoretical bases for proposing a conceptual model. The data pertaining to 482 saving bank customers were analysed using structural equation modelling for this study. The integrated effect of CSR and corporate reputation on brand equity has been examined using the analyses of both the direct and indirect model paths. The findings show that corporate reputation partially mediates the relationship between CSR and brand equity

III.NEED FOR THE STUDY

- A corporation can raise capital on the stock market through an initial public offering.
- Investors typically raise capital through an IPO.
- The company's initial public offering (IPO) is the single most essential source of sustainable T

- This research documents the development of IPOs in India.
- Learn more about selecting an IPO with the help of this case study

IV. OBJECTIVE OF THE STUDY

- To Know the Equity Analysis in Indiabulls.
- To Examine the net profit margin of various banks in same industry
- To Evaluate Profitability Position of Bank of Baroda, Canara Bank, Bank of India, PunjabNational Bank, ICICI Bank.
- To Study the companies ability to meet it's short term obligations measured.

V. SCOPE OF THE STUDY

- Inquiring into the various IPO agencies and their prerequisites.
- To provide a more attractive investment option for individual savers than exists at the moment.
- Assist potential investors in making educated choices regarding initial public offerings.
- Buyers gain insight into the stock market and have another opportunity to participate when shares are offered to the public.
- Get the buyers' take on the IPO and their thoughts and feelings on the matter.
- The sole purpose of this project is to acquire the knowledge necessary to make investment decisions in the banking business using fundamental and technical analysis.

VI. RESEARCH METHODOLOGY

A strategy is a well –Through-out plan of action. A strategy's purpose is to address a challenge or generate new product or

service. The Project's overarching strategy specifies the types of data, locations, and methods to be used in gathering them.

Based on how will they accomplish those goals, research methodologies can be classified as either exploratory, descriptive, or casual. Students learn more about any topic by conducting independent research. Despite the fact this information is often beneficial, projections are often created for many various reasons, The most popular of which is the one that is picked. It would be fascinating to learn how those factors influence the desired outcome.

Primary data: -

This approach takes into account data gleaned from personal interviews with registered clerks and members of the Indiabulls limited.

Secondary data: -

Included in the secondary Collection

Methods are the statistics Presented in NSE, HSE and other additions of this study, as well as the presentation of the Director of Market operations, EDP, Indiabulls limited reports

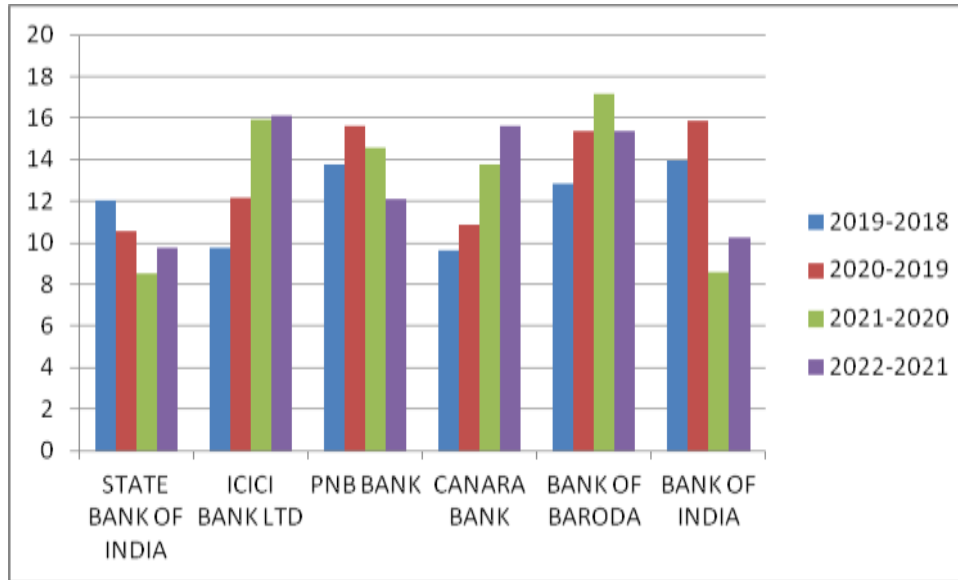
VII. DATA ANALYSIS AND INTERPRETATION

In this report We considered the six banks I.e STATE BANK OF INDIA, ICICI Bank, PNB BANK, CANARA BANK, BANK OF BARODA, BANK OF INDIA. For the equity analysis we taken here the ratios Net Profit margin, Dividend Payout ratio, Earning Per Share, Dividend per share, Current Ratio, Quick Ratio and Gross of non performing assets. Here we taken for the financial years 2018- 2019, 2019-2020, 2020-2021 and 2021-2022 Tables and graphs with interpretation as follow

NET PROFIT MARGIN RATIO:

SL.NO	Profit margin ratio	2019-2018	2020-2019	2021-2020	2022-2021
1	STATE BANK OF INDIA	12.03	10.54	8.55	9.73
2	ICICI BANK LTD	9.74	12.17	15.91	16.14
3	PNB BANK	13.76	15.64	14.56	12.09
4	CANARA BANK	9.61	10.89	13.77	15.65
5	BANK OF BARODA	12.86	15.37	17.18	15.37
6	BANK OF INDIA	13.96	15.89	8.59	10.25

TABLE:6.1



GRAPH: 6.a

INTERPRETATION:

Companies in the same industry typically operate under similar conditions, making the net profit margin a useful metric for making comparisons between them. However, the net profit margins can be used to compare enterprises across industries to find the most lucrative ones. A synonym for net margin. A bigger profit margin indicates that a business is doing well and that it can control expenses better than its rivals. Turning a profit. Also known as the operating performance ratio, the profit margin reveals how efficiently a business converts revenue into net income. Profit margins can be evaluated relative to those of similar businesses and the industry as a whole. It is calculated by subtracting the loss from the profit.

STATE BANK OF INDIA: According to the graph, the downward trend will continue until 2021, after which it will begin to rise.

ICICI BANK: In 2021 and 2022, things will improve. The slight increase bodes well for increased earnings.

PUNJAB NATIONAL BANK It fluctuates annually, with 2020 being the only year of increase.

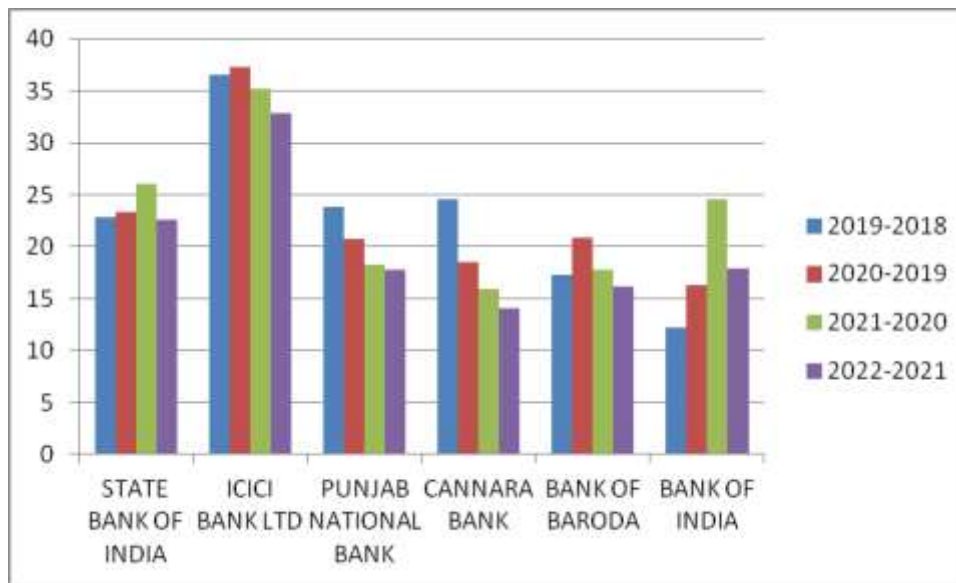
CANARA BANK: It's evidence that development is accelerating. **BANK OF BARODA:** It rises through 2021 before falling in 2022. **BANK OF INDIA:** It's

been different every year.

DIVIDEND PAYS OUT RATIO:

SL.NO	DIVIDEND PAYOUT RATIO NET PROFIT	2019-2018	2020-2019	2021-2020	2022-2021
1	STATE BANK OF INDIA	22.90	23.36	26.03	22.59
2	ICICI BANK LTD	36.60	37.31	35.23	32.82
3	PUNJAB NATIONAL BANK	23.86	20.74	18.27	17.75
4	CANNARA BANK	24.53	18.51	15.88	14.09
5	BANK OF BARODA	17.22	20.90	17.76	16.22
6	BANK OF INDIA	12.23	16.34	24.61	17.85

TABLE:6.2



GRAPH: 6.b

INTERPRETATION:

The retained earnings are invested to generate even more revenue in the future. Companies having a high Dividend payment ratio are attractive to investors that prioritize current income over capital appreciation. However, shareholders who would rather see their money grow may favor a smaller payout ratio, as capital gains are taxed at a lower rate. Payout rates are typically very low or nonexistent for rapidly expanding startups. They prefer to share more of their wealth with their partners as they age.

STATE BANK OF INDIA: A little increase is expected in 2021, followed by a decrease in 2022.

ICICI BANK LTD: In 2020, there will be fewer than in 2022.

PUNJAB NATIONAL BANK: Things are only going to become worse next year.

CANARA BANK: The downward tendency is becoming more rapid.

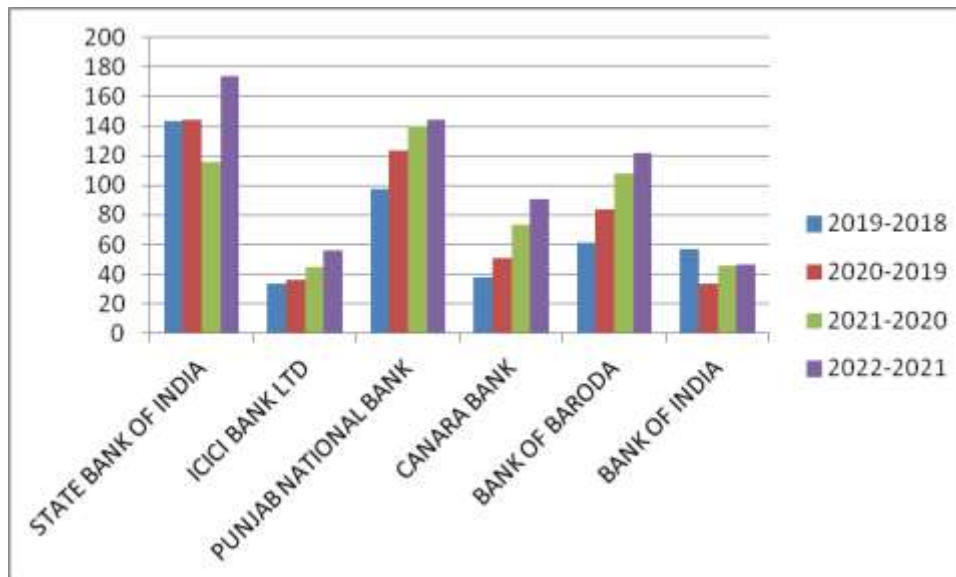
BANK OF INDIA: The average is rising until 2021, and then it begins to fall.

BANK OF BARODA: This decline begins in 2020.

EARNING PER SHARE:

SL.NO	Earnings per share	2019-2018	2020-2019	2021-2020	2022-2021
1	STATE BANK OF INDIA	143.67	144.37	116.07	174.15
2	ICICI BANK LTD	33.76	36.10	44.73	56.09
3	PUNJAB NATIONAL BANK	98.03	123.86	139.94	144
4	CANARA BANK	38.17	50.55	73.69	90.88
5	BANK OF BARODA	61.14	83.96	108.33	121.79
6	BANK OF INDIA	57.26	33.15	45.54	46.66

TABLE: 6.3



GRAPH: 6.c

INTERPRETATION:-

Profit distribution is the amount of a company's earnings that is allocated to each outstanding share of common stock. The profitability of a business can be gauged by looking at its earnings per share. The majority of investors believe that earnings per share should be the primary consideration when valuing a stock. It's a fundamental factor in calculating the P/E ratio as well.

The selected banks are all expanding, with

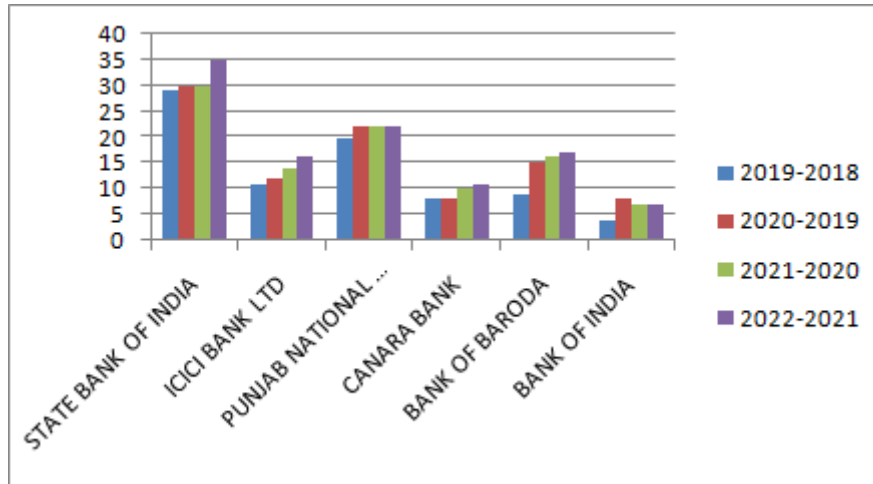
the exception of STATE BANK OF INDIA, whose share of the market dropped from 144 in 2020 to 116 in 2021 and then 58 in 2022, as seen in the chart.

Bank of Baroda, Canara Bank, Bank of India, Punjab National Bank, and ICICI Bank The Bank of India has reduced interest rates twice in the last two years (2020 and 2021), notwithstanding the growing trend.

DIVIDEND PER SHARE:

SL.NO	Dividend per share	2019-2018	2020-2019	2021-2020	2022-2021
1	STATE BANK OF INDIA	29	30	30	35
2	ICICI BANK LTD	11	12	14	16.5
3	PUNJAB NATIONAL BANK	20	22	22	22
4	CANARA BANK	8	8	10	11
5	BANK OF BARODA	9	15	16.5	17
6	BANK OF INDIA	4	8	7	7

TABLE: 6.4



GRAPH: 6.d

INTERPRETATION:

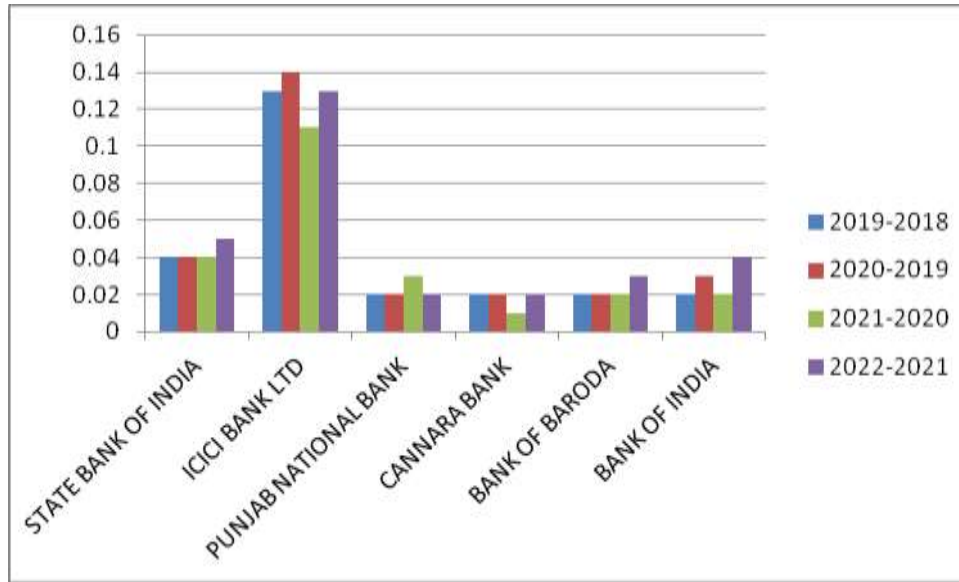
Profit distribution per ordinary share as a percentage. The dividend per share (DPS) is calculated by dividing the total annual dividends paid out (including any interim dividends but excluding any special

dividends) by the total number of outstanding common shares. This chart demonstrates a positive upward trend, with the exception of BANK OF INDIA.

CURRENT RATIO:

SL.NO	CURRENT RATIO	2019-2018	2020-2019	2021-2020	2022-2021
1	STATE BANK OF INDIA	0.04	0.04	0.04	0.05
2	ICICI BANK LTD	0.13	0.14	0.11	0.13
3	PUNJAB NATIONAL BANK	0.02	0.02	0.03	0.02
4	CANNARA BANK	0.02	0.02	0.01	0.02
5	BANK OF BARODA	0.02	0.02	0.02	0.03
6	BANK OF INDIA	0.02	0.03	0.02	0.04

TABLE: 6.5



GRAPH: 6.e

INTERPRETATION:

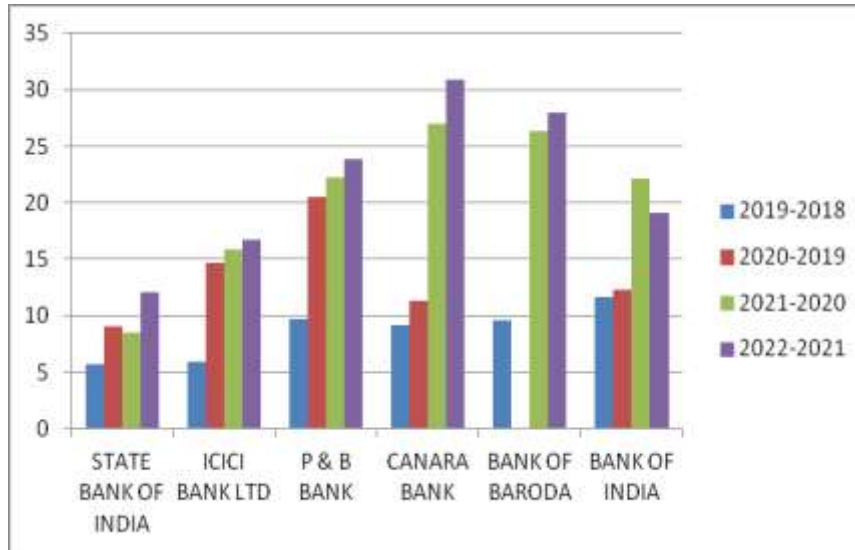
A company's ability to meet its short-term obligations is measured by its liquidity. Many institutions have moved about or disappeared from this map, however the

State Bank of India and the Bank of Baroda have both been on the rise since 2022.

QUICK RATIO:

SL.NO	QUICK RATIO	2019-2018	2020-2019	2021-2020	2022-2021
1	STATE BANK OF INDIA	5.74	9.07	8.5	12.05
2	ICICI BANK LTD	5.94	14.7	15.86	16.71
3	P & B BANK	9.75	20.47	22.24	23.81
4	CANARA BANK	9.17	11.29	26.98	30.86
5	BANK OF BARODA	9.62	21.88	26.38	28
6	BANK OF INDIA	11.63	12.3	22.15	19.06

TABLE: 6.6



GRAPH: 6.f

INTERPRETATION:

A measure of a company's ability to meet its short-term obligations. The quick ratio demonstrates a company's ability to meet its short-term obligations using just its liquid assets. If the company's quickratio is

larger, it's in better financial position. With the exception of BANK OF INDIA, which is projected to decline in 2022, this map depicts generally positive or upward trends

VIII. FINDINGS, SUGGESTIONS & CONCLUSION

FINDINGS

- Companies in the same industry typically operate under similar conditions, making the net profit margin a useful metric for making comparisons between them. However, the net profit margins can be used to compare enterprises across industries to find the most lucrative ones.
- A synonym for net margin. A bigger profit margin indicates that a business is doing well and that it can control expenses better than its rivals. Turning a profit. Also known as the operating performance ratio, the profit margin reveals how efficiently a business converts revenue into net income.
- Profit margins can be evaluated relative to those of similar businesses and the industry as a whole
- The retained earnings are invested to

- generate even more revenue in the future. Companies having a high Dividend payment ratio are attractive to investors that prioritize current income over capital appreciation.
- shareholders who would rather see their money grow may favor a smaller payout ratio, as capital gains are taxed at a lower rate.
- Payout rates are typically very low or nonexistent for rapidly expanding startups. They prefer to share more of their wealth with their partners as they age.
- Profit distribution is the amount of a company's earnings that is allocated to each outstanding share of common stock. The profitability of a business can be gauged by looking at its earnings per share.
- The majority of investors believe that earnings per share should be the

primary consideration when valuing a stock. It's a fundamental factor in calculating the P/E ratio as well of the banks SBI, CANARA BANK, ICICI, BANK OF INDIA

- The selected banks are all expanding, with the exception of STATE BANK OF INDIA, whose share of the market dropped from 144 in 2020 to 116 in 2021 and then 58 in 2022, as seen.
- Bank of Baroda, Canara Bank, Bank of India, Punjab National Bank, and ICICI Bank The Bank of India has reduced interest rates twice in the last two years (2020 and 2021), notwithstanding the growing trend.
- The dividend per share (DPS) is calculated by dividing the total annual dividends paid out (including any interim dividends but excluding any special dividends) by the total number of outstanding common shares.
- A company's ability to meet its short-term obligations is measured by its liquidity. Many institutions have moved about or disappeared from this map,
- The State Bank of India and the Bank of Baroda have both been on the rise since 2022.
 - A measure of a company's ability to meet its short-term obligations. The quick ratio demonstrates a company's ability to meet its short-term obligations using just its liquid assets. If the company's quick ratio is larger, it's in better financial position. With the exception of BANK OF INDIA, which is projected to decline in 2022, this map depicts generally positive or upward trends.
- A financial obligation for which interest or principal has not been paid over an extended period of time by the borrower.
- In other words, the nonperforming asset is not generating any returns for the

lender.

- Except for ICICI BANK LTD, every other bank on the chart is growing and expanding.

SUGGESTIONS

- The expansion of the nation's financial sector parallels the expansion of the economy as a whole. India's economy, currently one of the world's fastest-growing, is expected to maintain its rapid expansion for the foreseeable future.
- Growth in infrastructure, industry, services, and agricultural output will make this much simpler. This will allow banks to lend in the future to satisfy these needs, and it is likely to boost economic growth and corporate credit.
- Increases in personal disposable income will lead to a rise in consumer credit purchases.
- Credit is generally avoided by Indians, with the exception of purchasing homes and other essentials. Because they have more discretionary income and a wider selection of things to pick from, customers, especially those under the age of 35, are more inclined to take out credit.
-
- More than sixty percent of consumers at international and private banks are under forty, whereas just thirty-two percent of customers at state banks are under forty, according to a survey of customer demographics at various types of banks. Furthermore, there is an unbalanced emphasis on private organizations among the more lucrative mass-affluent demographic.
- Mobile banking is expected to become the second largest channel for banking after ATMs. After automated teller machines (ATMs), mobile banking is predicted to rapidly rise in popularity.
- Better banking will be possible in the future thanks to innovative service

delivery models that boost efficiency and attract new clientele.

- There has been a dramatic increase in the use of automated teller machines and online banking in the past decade, although it is still in its infancy.
- Banks are missing out on a major opportunity in India because 41% of the population does not have a bank account.
- The Reserve Bank of India (RBI) is aiming to aid underserved populations and underdeveloped rural economies through its Financial Inclusion Program. To be financially included, most low-income and disadvantaged groups must have access to bank services at affordable pricing. Short-term fluctuations in share prices reported in the media should be ignored by investors.
- The bank's network can expand even further if new branches are opened.
- Put your money into banks that pay out dividends on a consistent basis and offer low returns. Considering the fact that half of the population in India does not have access to banks is essential

CONCLUSION

- The expansion of the country's economy bodes well for the expansion of the banking industry. The banking industry in India is anticipated to expand by as much as 6 percent in tandem with the country's expanding economy.
- The Indian Central Bank, the Reserve, is to blame. Indian banks have been able to avoid excessive leverage and high-risk activities because to the limits enforced by the country's able national regulator.
- Most public sector banks failed to reach their priority sector goal in 2021 and 2022. While overseas banks fared better than domestic ones on average, data from each institution showed that certain foreign banks fell short of the required level of lending to high-priority enterprises.
- As the local economy deteriorated and interest rates increased in 2021 and 2022, banks fared poorly.
- The legal framework surrounding non-performing assets and other emerging issues like consolidation and recapitalization are urgently in need of attention. No matter how it's structured, the study's findings lend credence to the idea that financial regulation and supervision would benefit from a unified supervisory strategy. They also demonstrate how developments in the financial industry over the past several years have made the gaps in the current system of financial regulation more apparent.
- Thanks to the excellent work of the central bank, the Indian financial system has weathered the majority of the crisis unscathed. Low GDP growth, high inflation, concerns about the quality of assets, and high interest rates have all contributed to a shaky investment cycle in the country.

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- Suresh Collectively these results suggest that geographically proximate analysts possess an information advantage over other analysts, and that this advantage translates into better performance. The well-documented underwriter affiliation bias in stock

<https://www.indianjournals.com/ijor.aspx?target=ijor:ajm&type=home>

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- Azeem Ahmad Khan This includes the various aspects of banking Industry's Merger and Acquisitions. It also compares pre and post merger financial performance of merged banks with the help of financial parameters like Gross-Profit Margin, Net- Profit Margin t
- Rajesh Chakrabarthy. The banking sector has seen major changes with deregulation of interest rates and the emergence of strong domestic private players as well as foreign banks.

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