

# **ANAYLSIS OF 10 FIRMS IN THE BANKING SECTOR**

**June 2023 to July 2023**

## **ABSTRACT**

This is an analysis of 10 firms in the Nifty Bank Index. In this analysis I look at various factors such as the debt-to-equity ratio, profitability ratios, the Total Share Holders Returns, the Return on Equity for previous owners and the Sector P/E compared with the P/E of the company. All of these factors have allowed to effectively analyse the strength of the stock and has also allowed me to predict it's future movement.

The parameters looked at for all stocks were in the following

order:

- Debt of the ( debt to
- Profitability (equity)
- TSR Value index ( margins owners
- Returns on equity
- P/E compared to Sector P/E (Sector P/E has been taken as / 25.51)

Company	Parameters Looked At	Rational Of Investing	Tenure (years)	My Comment
Axis Bank	<ul style="list-style-type: none"> <li>• 1.53.</li> <li>• 0.143</li> <li>• 40.28%</li> <li>• 11.9%</li> <li>• 23.55</li> </ul>	We can see axis bank has a low debt to equity ratio, also even though its profitability is low currently it is said to rise the next month, along with this its P/E is bellow sector P/E which means the P/E will also rise.	20	I would recommend to buy stocks of Axis Bank.
Bandhan Bank	<ul style="list-style-type: none"> <li>• 5.52</li> <li>• 0.243</li> <li>• 95%</li> <li>• 11.21</li> <li>• 17.3</li> </ul>	We see high returns on equity for Bandhan bank along with this it has an high TSR and a P/E lower than market value all these indicators indicate rise in stock price.	10	I would recommend to buy stocks of Bandhan Bank.
Bank of Baroda	<ul style="list-style-type: none"> <li>• 12.25</li> <li>• 0.229</li> <li>• 95%</li> <li>• 2.34%</li> <li>• 6.99</li> </ul>	Bank Of Baroda has relatively high debt/equity ratio also it has a relatively low marginal profitability, however its P/E is below sector P/E, along with this it has a relatively high TSR so there is historic evidence to support that the stock price will go up	5	I would recommend to buy stocks of bank of Baroda

<b>Federal bank</b>	<ul style="list-style-type: none"> <li>• 1.15</li> <li>• 0.197</li> <li>• 77.78%</li> <li>• 14.08</li> <li>• 8.31</li> </ul>	This has a low debt to equity ratio, along with average TSR value, however it also has a very low P/E compared to sector P/E this means P/E will probably rise so stock prices might rise.	15	I would recommend to buy stocks of Federal Bank
<b>HDFC Bank</b>	<ul style="list-style-type: none"> <li>• 7.83</li> <li>• 17.11</li> <li>• 29.17</li> <li>• 12.98</li> <li>• 26.0</li> </ul>	The Debt to Equity ratio is relatively high however the Marginal Profitability is also very high compared to other banks, however the P/E is above sector P/E also the TSR is relatively lower and the ROE is average, so there is a good chance that the stock price will fall.	10	I would recommend to hold stocks of HDFC till can be sold at a higher rate.
<b>ICICI Bank</b>	<ul style="list-style-type: none"> <li>• 0.85</li> <li>• 1.27</li> <li>• 51.39</li> <li>• 15.87</li> <li>• 26.68</li> </ul>	ICICI has a relatively low debt to equity ratio and also it has a relatively higher Marginal Profitability, however the TSR, ROE are both average, and its P/E is also higher than Sector P/E. The stock might still go up, due to higher profitability and lower debt to equity.	20	I would recommend to buy stocks of ICICI Bank
<b>IDFC First Bank</b>	<ul style="list-style-type: none"> <li>• 2.21</li> <li>• 0.142</li> <li>• 61.11</li> <li>• 9.61</li> </ul>	With an average Debt to Equity ratio and a very low marginal profitability, along	2	I would recommend to buy stocks of IDFC First Bank

	<ul style="list-style-type: none"> <li>• 21.0</li> </ul>	with average TSR and relatively lower ROE IDFC stock does not look as good as the rest, however its P/E being lower than Sector gives hope of the prices of the stock to rise.		
<b>IndusInd Bank</b>	<ul style="list-style-type: none"> <li>• 0.89</li> <li>• 0.736</li> <li>• 56.94</li> <li>• 13.53</li> <li>• 15.8</li> </ul>	Even though IndusInd has low Marginal profitability, and average TSR and ROE, the low Debt to Equity ratio along with P/E lower than that of the sector indicate a rise in stock price.	15	I would recommend to buy stocks of IndusInd Bank
<b>Kotak Mahindra</b>	<ul style="list-style-type: none"> <li>• 0.51</li> <li>• 0.568</li> <li>• 44.44</li> <li>• 13.29</li> <li>• 24.6</li> </ul>	Even though Kotak has low Debt to Equity ratio and its ROE is relatively high, Kotak's TRS and Marginal Profitability is relatively lower than other firms in its sector. Its P/E is also almost equal to sector P/E. This means that Kotaks share prices are not like to rise.	10	I would recommend to hold stocks of Kotak Mahindra

Axis Bank	Bank - Private	949.95	-9.95	-1.04	292,597.86
Bandhan Bank	Bank - Private	217.10	0.55	0.25	34,971.76
Bank of Baroda	Bank - Public	201.10	1.85	0.93	103,996.09
Federal Bank	Bank - Private	135.45	1.55	1.16	31,812.35
HDFC Bank	Bank - Private	1,643.50	-29.65	-1.77	1,240,014.21
ICICI Bank	Bank - Private	996.20	5.95	0.60	697,102.84
IDFC First Bank	Bank - Private	83.95	1.40	1.70	55,682.85
IndusInd Bank	Bank - Private	1,401.95	-13.65	-0.96	108,794.53
Kotak Mahindra	Bank - Private	1,876.85	3.10	0.17	372,969.90