


**TO WHOMSOEVER IT MAY CONCERN**

This is to certify that **Mr. Vijay B [1AY16MBA88]** student from **Acharya Institute of Technology** he is pursuing **MBA 2<sup>nd</sup> Year** carried out a project report work training in our branch under all supervision and guidance for the period of 10 weeks dated from 15<sup>th</sup> January 2018 to 24<sup>th</sup> March 2018.

The Certificate issued at the specific request of a Trainee for the purpose of his education in Bangalore.

This Certificate is issued without risk and responsibility on the part of the bank or its officials.

  
For **VIJAYA BANK**  
Ashok Gupta  
(Branch Manager)  




# ACHARYA INSTITUTE OF TECHNOLOGY

(Affiliated to Visvesvaraya Technological University, Belagavi, Approved by AICTE, New Delhi and Accredited by NBA and NAAC)

Date: 25/05/2018

## CERTIFICATE

This is to certify that **Mr. Vijay B** bearing USN **1AY16MBA88** is a bonafide student of Master of Business Administration course of the Institute 2016-18 batch, affiliated to Visvesvaraya Technological University, Belagavi. Project report on “**A Study on Fundamental analysis at VIJAYA Bank Bangalore**” is prepared by him under the guidance of **Prof. Mallika B K**, in partial fulfillment of the requirements for the award of the degree of Master of Business Administration, Visvesvaraya Technological University, Belagavi, Karnataka.

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Signature of HOD

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## DECLARATION

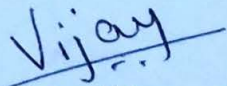
I **VIJAY B**, hereby declare that the project report titled “**A study on Fundamental Analysis & Technical Analysis “with reference to VIJAYA BANK, Bengaluru** prepared by me under the guidance of **Mrs MALLIKA B K**, faculty of MBA department, Acharya Institute of Technology and external assistance by **Mr Anand Rao, Assistant manager** at Vijayabank

.I also declare that this Project work is towards the partial fulfilment of the university regulations for the award of degree of Master of Business Administration by Visvesvaraya Technological University, Belgaum.

I have undergone a summer project for a period of ten weeks. I further declare that this project is based on the original study undertaken by me and has not been submitted for the award of any degree/diploma from any other University/Institution.

Place: Bangalore

Date: 30 -05 - 2018.

  
Signature of the student

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## TABLE OF CONTENTS

Chapter No	Titles	Page Number
	<b>Executive Summary</b>	
<b>1</b>	<b>Introduction</b>	
	Introduction about the project	1
	Industry profile	4
	Company profile	7
	Vision, Mission & Quality policy	9
	Products/Services profile	9
	Competitors in the market	11
	SWOT analysis	13
	Future Growth prospects	15
<b>2</b>	<b>Conceptual background and Literature review</b>	
	Theoretical background of the study	16
	Literature review	19
<b>3</b>	<b>Research Design</b>	
	Statement of the study	27
	Need for the study	29
	Objective of the study	31
	Scope of the study	32
	Research methodology	34

	Hypothesis framework	36
	Limitations of the study	38
<b>4</b>	<b>Analysis and Interpretation</b>	
	Analysis and interpretation of the data collected with relevant tables And graphs.	40
<b>5</b>	<b>Findings, conclusions and suggestions</b>	
	Summary of findings	43
	Conclusions	47
	Suggestions	49
	Bibliography	51
	Annexures	54



## LIST OF TABLES

<b>Table No</b>	<b>Titles</b>	<b>Page Number</b>
4.1	Table representing age of the customers	20
4.2	Table representing respondents gender	22
4.3	Table represents the occupation of respondents	24
4.4	Table representing annual income of the respondents	26
4.5	Table representing the model services owned by respondents	28
4.6	Table representing respondents using Vijaya bank from years	30
4.7	Table representing respondents preference for choosing Vijaya bank	32
4.10	Table showing customer awareness about Vijaya bank's adds on services.	38
4.11	Table representing the respondents willing to avail another bank services	40
4.12	Table representing the respondents feeling contingency of service network	42
4.13	Table representing the respondents expectations on Vijaya bank	45
4.14	Table representing the pre - sales trust and loyalty level of the customer	47
4.15	Table representing the customer post sales trust and loyalty level	49
4.16	Table representing the respondents use their service mostly	51



4.17	Table representing the customers opinion about the Vijaya bank 's value for service	53
4.18	Table representing the respondents saying about the availability of Customer care center	55
4.19	Table representing the respondents who are interested in recommending Vijaya bank to others	57
4.20	Table representing the respondents feeling of total performance of Vijaya bank when compared to the other banks	59

## LIST OF CHARTS

<b>Table No</b>	<b>Titles</b>	<b>Page Number</b>
4.1	Chart showing percentage of the respondents according to age group	21
4.2	Chart showing percentage according to gender of the respondents	23
4.3	Chart showing percentage of respondents according to their occupation	25
4.4	Chart showing percentage of respondents according to their annual income	27
4.5	Chart showing the percentage of models owned by the respondents	29
4.6	Chart showing percentage of respondents using Vijaya bank	31
4.7	Chart showing the reason for choosing Vijaya bank	33
4.8	Chart showing satisfaction level of respondents	35
4.9	Chart showing how did the respondents came to know about Vijaya bank	37
4.10	Chart showing percentage of respondents aware about the add on services of Vijaya bank	39
4.11	Chart showing percentage of respondents willing to avail other bank sevice	41

4.12	Chart shows the contingency of service network	44
4.13	Chart showing the number of years the percentage of respondents expected to keep their perceptions	46
4.14	Chart shows the pre - sales trust and loyalty level of the customer	48
4.15	Chart shows the post sales trust and loyalty level	50
4.16	Chart shows the purpose to use services	52
4.17	Chart shows the Vijaya banks value for service	54
4.18	Chart shows the availability of resources	56
4.19	Chart shows that will you recommend Vijaya bank to others	58
4.20	Chart shows the feeling of total performance of Vijaya bank	60

## **EXECUTIVE SUMMARY**

Executive summary is the short introduction of the entire report. It gives key information about the report to readers. It takes less time and saves readers time and gives research result very easily.

It has information about the project which includes Industry profile and company profile; company profile contains all essential information about the company and it also includes SWAT analysis. After that report, it explains about theatrical background of the study and its literature review of the research objective.

This report has the objectives of study, Need of the study and also contains problem statement. It includes research methodology used, selection of the sample and research design.

This report analyse the data collected which is important aspect of the report and it Interpretation of the data and gives statistical tools result. It states findings of the data analyzed and gives suggestions to solve the problems in the fundamental aspect of the bank.. It reveals better techniques for fundamentals of bank.



**CHAPTER 1**  
**INTRODUCTION**

## **INTRODUCTION:**

Major investigation is the examination of the hidden powers that influence the prosperity of the economy, business gatherings and organizations. Similarly as with most examination, the objective is to build up a gauge of future value development and benefit from it. At the organization level, major investigation may include examination of money related information, administration, business idea and rivalry. At the business level, there may be an examination of free market activity powers of the items. For the national economy, principal examination may center around monetary information to survey the present and future development of the economy.

To gauge future stock costs, major examination joins monetary, industry, and friends investigation to infer a stock's reasonable esteem called inborn esteem. on the off chance that reasonable esteem isn't equivalent to the present stock value, central experts trust that the stock is either finished or underestimated. As the present market cost will at last float towards reasonable esteem, the reasonable esteem ought to be evaluated to choose whether to purchase the security or not. By trusting that costs don't precisely mirror all accessible data, major examiners hope to gain by apparent value errors.

Basic Analysis is a technique for assessing a security by endeavoring to quantify its inborn incentive by analyzing related monetary, money related and other subjective and quantitative elements. Crucial investigators endeavor to contemplate everything that can influence the security's esteem, including macroeconomic components (like the general economy and industry conditions) and individual particular variables (like the budgetary condition and administration of organizations).

Major examination is a stock valuation procedure that utilizes budgetary and financial investigation to imagine the development of stock costs. The basic information that is investigated could incorporate an organization's money related reports and non-monetary data, for example, appraisals of its development, interest for items sold by the organization, business correlations, all inclusive changes, changes in government approaches and so forth. The result of key investigation is an esteem (or a scope of qualities) of the load of the



organization called its 'natural esteem' (frequently called 'value focus' in major experts' speech).

To a basic financial specialist, the market cost of a stock has a tendency to return towards its characteristic esteem. In the event that the in born estimation of a stock is over the present market value, the financial specialist would buy the stock since he trusts that the stock cost would rise and move towards its natural esteem. In the event that the natural estimation of a stock is beneath the market value, the financial specialist would offer the stock since he trusts that the stock cost will fall and come nearer to its characteristic esteem. To locate the characteristic estimation of an organization, the major examiner at first brings a best down view of the monetary condition; the present and future general strength of the economy in general

### **STEPS IN FUNDAMENTAL ANALYSIS**

Major examination is the foundation of contributing. Truth be told a wide range of contributing include examining a few basics. The subject of basic examination is likewise extremely immense. In any case, the most vital piece of basic investigation includes diving into the money related articulations. This includes taking a gander at income, costs, resources, liabilities and the various monetary parts of an organization. Central examiners take a gander at these data to pick up an understanding into an organization's future execution. Essential examination comprises of a deliberate arrangement of ventures to look at the speculation condition of an organization and after that recognize openings. A portion of these are:

Macroeconomic examination - which includes breaking down capital streams, loan fee cycles, monetary forms, items, files and so on.

Industry examination - which includes the investigation of industry and the organizations that are a piece of the part

Money related examination of the organization Valuation

Proportions for money related examination Management productivity proportion

### **A) Return on Equity (ROE)**

Profit for value or profit for capital is the proportion of net salary of a business amid a year to its investors' value amid that year. It is a measure of productivity of investors' speculations. It demonstrates net wage as level of investor value.  $ROE = PAT/Net\ worth$   
Where, Net Worth = Share Capital + Reserve and Surplus

### **B) Return on resource (ROA)**

Profit for resources is the proportion of yearly net pay to normal aggregate resources of a business amid a money related year. It quantifies productivity of the business in utilizing its advantages for create net salary. It is a gainfulness proportion.  $RoA = Net\ pay/Total\ Asset$

## **II) Growth ratio**

### **A) Earnings Per Share (EPS) Ratio**

Profit per share (EPS) proportion demonstrate the net wage earned by each offer of remarkable stock. It is frequently utilized by financial specialists as an essential examination of execution and productivity crosswise over various organizations.  $EPS = Profit\ after\ Tax/Number\ of\ Equity\ Dividend.$

### **B) Price to Earnings Ratio (PE)**

It is the proportion of an organization's stock cost to its income per share.(Earnings per offer or EPS is an organization's net benefit separated by the quantity of offers it has issued.) Another method for taking a gander at the P/E proportion is as a proportion of the esteem that the market thinks an organization merits (its market capitalisation) to its net profit.  $PE\ proportion = Market\ Price\ per\ Share/EPS$

### **III) Per share proportion**

#### **A) Book esteem**

The Price to Book Ratio recipe, here and there alluded to as the market to book proportion, is utilized to contrast an organization's net resources accessible with regular investors in respect to the deal cost of its stock. The equation for cost to book esteem is the stock cost per share separated by the book esteem per share  $\text{Book esteem} = \frac{\text{Net worth} - \text{Preference profit}}{\text{Total number of value shares}}$

#### **B) Dividend per share proportion**

The whole of pronounced profits for each normal offer issued. Profit per share (DPS) is the aggregate profits paid out finished a whole year (counting between time profits yet excluding extraordinary profits) partitioned by the quantity of remarkable customary offers issued. DPS can be figured by utilizing the accompanying recipe:

$$\text{DIVIDEND PER SHARE} = \text{DPS} / \text{EPS}$$

### **IV) Leverage proportion**

#### **A) Debt/value proportion**

Obligation to-Equity proportion is the proportion of aggregate liabilities of a business to its investors' value. It is a use proportion and it quantifies how much the benefits of the business are financed by the obligations and the investors' value of a business.  $\text{Obligation Equity Ratio} = \frac{\text{Total liabilities}}{\text{Shareholders Equity}}$ .

## **B) Current Ratio**

Current proportion is the proportion of current resources of a business to its present liabilities. It is the most broadly utilized trial of liquidity of a business and measures the capacity of a business to reimburse its obligations over the time of next a year.

$$\text{CURRENT RATIO} = \text{CURRENT ASSET} / \text{CURRENT LIABILITY}$$

## **V) Profitability proportion**

### **A ) Net Profit Margin**

Net revenue is exceptionally valuable when looking at organizations in comparative businesses. A higher overall revenue demonstrates a more productive organization that has better control over its costs contrasted with its rivals. Overall revenue is shown as a rate.

$$\text{Net revenue} = \text{Net salary} / \text{Sales income}$$

### **B) Dividend Payout Ratio**

Profit payout proportion is the proportion of profit per share separated by income pershare. It is a measure of how much profit an organization is paying out to its investors when contrasted with the amount it is holding for reinvestment.

$$\text{Profit pay-out proportion} = \text{Dividend per share} / \text{EPS} * 100$$

### **C ) Earnings Retention Ratio**

The income maintenance proportion (capacity to keep benefits and pay to investors) is away to compute what the level of profit are come back to investors.

Profit Retention Ratio = (net wage profits)/net wage

### **OBJECTIVES OF FUNDAMENTAL ANALYSIS**

- To anticipate the bearing of national economy in light of the fact that monetary movement influences the corporate benefit, speculator demeanors and desire and at last security costs.
- To appraise the stock value changes by concentrate the powers working in the general economy, and also impacts impossible to miss to ventures and organizations.
- To select the correct time and right securities for the speculation

### **THREE PHASES OF FUNDAMENTAL ANALYSIS**

1. Understanding of the large scale financial condition and advancements (Economic Analysis)
2. Analyzing the possibilities of the business to which the firm has a place (Industry Analysis)
3. Assessing the anticipated execution of the organization (Company Analysis)

The three stage examination of crucial investigation is likewise called as an EIC (Economy Industry-Company examination) system or a best down approach

Here the money related examiner first makes gauges for the economy, at that point for businesses lastly for organizations. The business gauges depend on the figures for the economy and thus, the organization estimates depend on the conjectures for both the business and the economy. Additionally in this approach, industry bunches are looked at against other industry gatherings and organizations against different organizations. Generally, organizations are contrasted and others in a similar gathering. For instance, a telecom administrator (Spice) would be contrasted with another telecom administrator not to an oil organization.

In this manner, the principal investigation is a 3 stage examination of

- a) The economy
- b) The industry and
- c) The organization

### **STRENGTHS OF FUNDAMENTAL ANALYSIS**

- Long-term Trends

Principal examination is useful for long haul ventures in view of long haul patterns. The capacity to distinguish and anticipate long haul monetary, statistic, innovative or buyer patterns can profit financial specialists and aides in picking the correct business gatherings or organizations.

- Value Spotting

Sound principal examination will help recognize organizations that speak to a decent esteem. The absolute most incredible speculators think for long haul and esteem. Major investigation can help reveal the organizations with important resources, a solid asset report, stable income, and fortitude.

- Business Acumen

A standout amongst the most self-evident, yet less substantial prizes of crucial investigation is the improvement of a careful comprehension of the business. After such meticulous research and examination, a speculator will be acquainted with the key income and benefit drivers behind an organization. Income and profit desires can be strong drivers of value

costs. A decent comprehension can enable speculators to keep away from organizations that are inclined to deficiencies and recognize those that keep on delivering.

- **Value Drivers**

Notwithstanding understanding the business, crucial examination enables financial specialists to build up a comprehension of the key esteem drivers inside the organization. A stock's cost is vigorously affected by the business gathering. By concentrate these gatherings, financial specialists can better position themselves to recognize openings that are high-hazard (tech), generally safe (utilities), development situated (PC), esteem driven (oil), non repeating (shopper staples), recurrent (transportation) and so on.

- **Knowing Who will be Who**

Managing an account area move as a gathering. Knowing an organization's business, financial specialists can better sort managing an account area inside their applicable industry aggregate that can have an enormous effect in relative valuations. The essential thought process of purchasing an offer is to offer it in this manner at a higher cost. By and large, profits are likewise not out of the ordinary. In this manner, profits and value changes constitute the arrival from putting resources into shares. Therefore, a speculator would be intrigued to know the profit to be paid on the offer later on as additionally the future cost of the offer. These qualities must be evaluated and not anticipated with assurance. These qualities are principally controlled by the execution of the organization which thusly is impacted by the execution of the business to which the organization has a place and the general financial and socio-political situation of the nation.

A financial specialist who might want to be judicious and logical in his venture action needs to assess a great deal of data about the past execution and the normal future execution of organizations, enterprises and the economy in general before taking speculation choice. Each offer is accepted to have a monetary worth in light of its present and future gaining limit. This is called its inherent esteem or crucial esteem. The reason for principal investigation is to assess the present and future winning limit of an offer in light of the



economy, business and friends essentials and along these lines survey the inborn estimation of the offer. The speculator would then be able to think about the inherent estimation of the offer with the predominant market cost to touch base at a venture choice. on the off chance that the market cost of the offer is lower than its characteristic esteem, the speculator would choose to purchase the offer as it is underpriced. The cost of such an offer is relied upon to climb in future to coordinate with its inherent esteem

Despite what might be expected, when the market cost of an offer is higher than its inborn esteem, it is seen to be overrated. The market cost of such an offer is relied upon to descend in future and consequently, the speculator would choose to offer such an offer. Key examination subsequently gives an investigative structure to objective speculation basic leadership. Basic investigation demands that nobody should buy or offer an offer based on tips and bits of gossip. The central approach calls upon the financial specialist to settle on his purchase or offer choice based on a point by point investigation of the data about the organization, the industry to which the organization has a place, and the economy. This outcomes in educated contributing.

The central examination can be significant, however it ought to be drawn closer with alert. on the off chance that you are perusing research composed by an offer side expert, it is vital to be acquainted with the examiner behind the report. We as a whole have individual predispositions, and each investigator has a type of inclination. There is nothing amiss with this, and the examination can in any case be of awesome esteem. Realize what the evaluations mean and track the record of an expert before hopping to a conclusion. Corporate explanations and public statements of an organization offer great data, yet they ought to be perused with a sound level of wariness to isolate the actualities from the turn. Public statements don't occur unintentionally; they are an essential PR apparatus for organizations. Financial specialists ought to wind up gifted perusers to weed out the essential data and overlook the buildup

## **TECHNICAL ANALYSIS**

Basic investigation and Technical examination are the two primary ways to deal with security investigation. Specialized investigation is much of the time utilized as a supplement to essential examination as opposed to as a substitute to it. As indicated by specialized examination, the cost of stock relies upon request and supply in the commercial center. It has little relationship with the inherent esteem. Every single money related datum and market data of a given stock is as of now reflected in its market cost.

Specialized experts have created devices and methods to think about past examples and anticipate future cost. Specialized examination is fundamentally the investigation of the business sectors as it were. Specialized experts contemplate the specialized qualities which might be normal at advertise defining moments and their goal evaluation. The past defining moments are considered with a view to build up a few attributes that would help in distinguishing proof of real market tops and bottoms. Human responses are, all around predictable in comparable however not indistinguishable response; with his different instruments, the expert endeavors to effectively get changes in pattern and exploit them.

Specialized examination is coordinated towards anticipating the cost of a security. The cost at which a purchaser and merchant settle an arrangement is thought to be the one exact figure which amalgamation, weighs lastly communicates all elements, reasonable and nonsensical, quantifiable and non-quantifiable and is the main assume that matters.

Along these lines, the specialized investigation gives a disentangled and extensive picture of what is occurring to the cost of a security. Like a shadow or reflection it demonstrates the expansive layout of the entire circumstance and it really works practically speaking

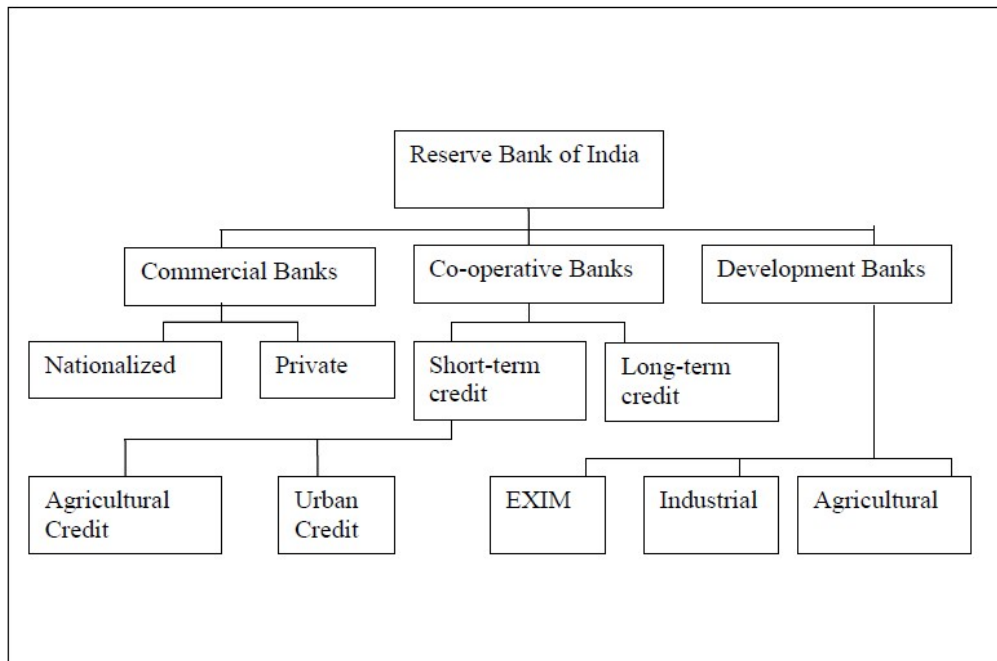
## **SUPPOSITIONS OF TECHNICAL ANALYSIS**

1. The market estimation of a security is exclusively dictated by the collaboration of interest and supply factors working in the market.
2. The request and supply variables of a security are encompassed by various components; these elements are both normal and in addition silly.
3. The security costs move in patterns or waves which can be both upward or descending relying on the slants, brain research and feelings of administrators or brokers.
4. The present patterns are affected by the past patterns and the projection of future patterns is conceivable by an examination of past value patterns. □ Except minor varieties, stock costs tend to move in patterns which keep on persisting for an apparent period of time.
5. Changes in patterns in stock costs are caused at whatever point there is a move in the request and supply factors
6. Shifts sought after and supply, regardless of when and why they happen, can be recognized through outlines arranged uniquely to demonstrate advertise activity.
7. Some graph patterns tend to rehash themselves. Examples which are anticipated by outlines record value developments and these examples are utilized by specialized investigation for making conjectures about the future examples

## ORGANIZATIONAL STRUCTURE OF BANKS IN INDIA:

In India banks are classified in various categories according to different criteria.

The following charts indicate the banking structure



## **CHAPTER 2**

### **CONCEPTUAL BACKGROUND AND LITERATURE REVIEW**

## **THEORETICAL BACKGROUND**

The market of securities, as the one of the primary parts of money related market plays out an allotment capacities between the financial specialists, who are eager and ready to put fiscal subsidizes keeping in mind the end goal to get the development of benefit, premiums and capital and guarantors, who are endeavoring to draw in capital for improvement, modernization or accomplishment of different objectives by conveying their offer and securities.

The market of the securities framed in Lithuania as of late, just in 1993, when the National Securities Exchange was established. Over two decades trade got more grounded, and after the privatization it changed the name to the NASDAQ OMX Vilnius and wound up sufficiently appealing spot for exchange of nearby and remote speculators. Nonetheless, the greater part of the financial elements for quite a while were picking the preservationist venture arrangements: securities of the administration, investment funds securities or bank stores. Notwithstanding, such speculations don't longer meet the desires for financial specialists as loan costs in Lithuania and also Europe are at record lows. Such a speculation situation, particularly applicable today, makes the expert and non-proficient financial specialists, looking for higher returns, to glance back at the securities advertise. All together not to put a foot wrong and appropriately select the speculation bearing it is important to have satisfactory information about the offers, which will help to precisely assess the costs of the securities and in this way decrease the rising dangers.

A standout amongst the most generally utilized strategies for examination by speculators is the essential investigation an arrangement of money related investigation strategies, procedures to decide the "genuine" estimation of the budgetary units. Research led by A. C. F. Moube and J. M. Jannach (2003) appear, that supreme dominant part (7 of 10) of speculation support directors by shaping a venture portfolio lean toward the principal examination. Major examination is as the primary instrument for picking partakes in moderately new trade, for example, NASDAQ OMX Vilnius, in light of the fact that there isn't sufficient chronicled information to abuse every one of the benefits of specialized investigation.

The principle objective of the article is to decide the sensible succession of ventures of this investigation by organizing and condensing the hypothetical parts of major examination keeping in mind the end goal to apply it legitimately for the consideration of the budgetary measures to the speculation portfolio. The objectives of the article:

1. To decide the substance of essential securities investigation;
2. To review the quirks of the general monetary investigation;
3. To decide and abridge the state investigation ventures of the fundamental branches of the business;
4. To portray the execution eccentricities of the organization action.

### **LITERATURE REVIEW**

Grewal S.S and Navjot Grewal (1984) uncovered some essential venture rules they cautioned the financial specialists not to purchase unlisted offers, as stock trades don't allow exchanging unlisted offers. Another decide that they indicate isn't to purchase inert offers and the third lead as per them isn't purchase partakes in firmly held organizations in light of the fact that these offers have a tendency to do less dynamic than the broadly held ones since they have few number of investors.

Preethi Singh (1986) revealed the essential run for choosing the organization to put resources into the managing an account part. The conclusion and understanding that measures the arrival and hazard is major to the speculation procedure. A large portion of the financial specialists are hazard mindful and to get more returns the speculators needs to confront more serious hazard. She infers that the hazard is essential to the procedure of venture. The speculator ought to assess the money related articulations with uncommon references to dissolvability, gainfulness, EPS and productivity of the organization.



R. Thamaraiselvi, Anupama (2008) considered in their paper that the value advertise at introduce is blasting, and with the Bull Run in our market and with FII's emptying cash into our market with Industrial extension and Retail members expanding, everything is by all accounts set appropriate for a "Value BOOM" in India. So a person who needs to gain predominant come back with significant measure of hazard needs to essentially take an interest in value market to get unrivaled returns in the limited ability to focus time. Along these lines this undertaking is tied in with directing those financial specialists who might want to put resources into NIFTY 50 with some valuable bits of knowledge about the Banking segment in the Indian market and some organization particular data which would help them in choosing their stock and furthermore it would help them in distinguishing the planning of the buy, so one can enhance his odd of profiting. Subsequently, the investigation is an endeavor to break down, the stock value developments in light of the key and specialized approach in the saving money segment over a time of three years and show the effect of different elements that influences the stock cost. The essential examination fundamentally tosses light on the organization on an expansive scale, its administration, its execution throughout the years, its development and its future prospects. Through the specialized examination devices like Moving normal, MACD and through different patterns, it is conceivable to propose the short and long haul pattern of each stock. To close, a few proposals can be prescribed in light of the discoveries for a simple and beneficial speculation involvement in the present complex speculators' reality.

S.P. Kothari and Jay Shanken and Sloan (1995) demonstrates that beta altogether clarifies cross sectional variety in normal returns, yet that size additionally has incremental logical power. The discoveries demonstrated that measurably critical, the incremental advantage of size given beta is shockingly little financially.

Sahil Jain (july-aug. 2012) examined value based shared supports in India. An endeavor has been made to investigate the execution of value based shared assets. An aggregate of 45 plans offered by 2 private segment organizations and 2 open part organizations, have been examined over the period april 1997 to april 2012(15 years). The examination has been influenced utilizing the hazard to return relationship and capital resource evaluating model (CAPM). The general examination found that HDFC and ICICI have been the best execution. UTI a normal entertainer and LIC the most noticeably bad execution which gave beneath expected profits for the hazard return relationship.

M.S. Annapoorna and Pradeepk gupta (Oct 2013) influenced a similar investigation of profits of shared assets to conspire positioned 1 by CRISIL. The fundamental point was to assess the execution of shared store plans positioned 1 by CRISIL and to contrast these profits and VIJAYA household term store rates. The outcomes got from the examination unmistakably delineated that, in a large portion of the cases the shared store plans have bombed even to give the arrival of VIJAYA local term stores.

T. Naryanaswamy and A.P. Muthulakshmi (2014) inspected the relative proficiency of all the private area banks in India shape 2008 to 2013 information envelopment investigation strategy. Hub Bank, Kotak Mahindra Bank, and ICICI Bank were generally productive as far as specialized effectiveness, unadulterated specialized proficiency, and scale proficiency. The normal (general) specialized wastefulness score amid the investigation time frame was observed to be 6%. As far as unadulterated specialized productivity, aside from the over three banks, HDFC Bank and National Bank were likewise generally proficient. The normal (general) unadulterated specialized wastefulness score amid the investigation time frame was observed to be 5%. Positive connection extending from 0.7 to 0.95 was seen between return on resources and distinctive kinds of efficiencies amid the investigation time frame (with the exception of the year 2008-09). Negative connection running from - 0.3 to 0.5 was seen between non - performing resources proportion and diverse sorts of efficiencies amid the examination time frame (aside from the year 2008-09).

Hanumantha Rao P, Subhendu Dutta (2014) watched that the last 5-6 years have been exceptionally unpredictable for the Indian economy, as well as for the whole world economy. Heaps of financial specialists have lost their cash as the stock costs have failed everywhere throughout the world amid this period. The managing an account division has dependably been one of the critical segments for speculation. In the season of vulnerability, when some are contending that the economies are currently recuperation, and keeping in mind that others are opining that the world is set for another retreat soon, the present article endeavored to ponder the essentials of the saving money division in India. Their article considered the factors like net working edge (OPM), net overall revenue (NPM), return on value (RoE), income per share (EPS), value profit proportion (PER), profits per share (DPS), and profit payout proportion (DPR) for a time of 6 years from 2006-07 to 2011-12 for three noteworthy

banks in India - VIJAYA, ICICI Bank, and HDFC Bank. The paper additionally analyzed the essentials of VIJAYA, ICICI Bank, and HDFC Bank.

Shalini Shukla (2017) led an examination on execution of the saving money industry in India on the bases of budgetary parameters. The examination is directed on 46 business banks open and private banks areas were included on the size, development, gainfulness and soundness and proposed eleven money related execution markers. The discoveries featured that open and private segment banks were not especially unique regarding size and development parameters.

C. L. Osler (2001) gives a smaller scale auxiliary clarification to the accomplishment of two well-known forecasts from specialized investigation: (1) patterns have a tendency to be turned around at unsurprising help and obstruction levels, and (2) patterns pick up energy once unsurprising help and opposition levels are crossed. There are checked contrasts between the grouping examples of stop-misfortune and take-benefit orders, and between the examples of stop-misfortune purchase and stop-misfortune offer requests. These distinctions clarify the achievement of the two expectations.

CESARI, R. what's more, D. CREMONINI, Gupta, (2003) inspected the discernments about the principle wellsprings of his stresses concerning money markets. An example involve white collar class household's spread more than 21 satiates/association domains. The examination uncovers that the premier reason for stress for family financial specialists is deceitful organization administration and in the second place is excessively instability and in the third place is excessively value control

Ravindra and Wang (2006) look at the relationship of exchanging volume to stock records in Asian markets. Securities exchange records from six creating markets in Asia are broke down finished the 34 month time span finishing off with October 2005. In the South Korean market, the causality reaches out from the stock records to exchanging volume while the causality is the inverse in the Taiwanese market.

Subrata Kumar Mitra (2002) has distinguished powerful motivations to trust the connection between stock costs and determinants are unpredictable nonlinear process. The examination was performed by utilizing moving normal and channels blend of stock costs of ACC, Reliance's enterprises, Vijaya, TISCO and BSE file. He found the productivity changes generally with changes of periods and the two techniques are giving gainful outcomes that assistance us to trust that making benefits in securities exchange isn't simply an issue of shot and there is need of expository and efficient ways to deal with making benefits in aggregate premise

Parvez Ahmed, Kristine Beck, Elizabeth Goldreyer (2005) examines the adequacy of utilizing moving normal specialized exchanging rules with monetary forms of developing economies. In the event that specialized exchanging rules are effective, they can turn into a hazard administration device for multinational firms and speculators in developing markets. They utilize 4 Variable Length Moving Average (VMA) exchanging models and contrast them with a basic purchase and hold technique. Results bolster the adequacy of exchanging models, which suggest the nearness of solid serial connection among cash returns for developing markets. Thus, the consistency of future cash costs will enable financial specialists to make powerful fences in the regularly unstable developing markets

Muhannad A. Atmeh, Ian M. Dobbs (2006) analysis the execution of moving normal exchanging rules in Jordanian securities exchange. The contingent profits for purchase or offer signs from real information are analyzed for an extensive variety of exchanging rules. These are contrasted and contingent comes back from reproduced arrangement produced by a scope of models (irregular stroll with a float, AR (1), and GARCH-(M)) and the consistency of the general file arrangement with these procedures is inspected. The experimental outcomes demonstrate that specialized exchanging tenets can foresee advertise developments, and that there is some confirmation that (short) guidelines might be gainful subsequent to taking into consideration exchanges costs, despite the fact that there are a few alerts on this

Massoud Metghalchi, Jianjun Du, Yixi Ning (2009) tests two moving normal specialized exchanging rules for 4 Asian markets. Recognize that moving normal guidelines do undoubtedly have prescient power and can observe repeating value designs for gainful exchanging. It bolsters the theory that specialized exchanging standards can outflank the purchase and-hold system. Earn back the original investment one-way exchanging costs are

assessed to be high for every one of the 4 markets. It was finished up from the factual outcomes that moving normal guidelines are legitimate and without a doubt have prescient power. It is inferred that the exchanging standards might be utilized to plan an exchanging procedure that will beat the purchase and-hold system in the Hong Kong, Singapore, South Korea, and Taiwan markets.

Ali Ataullah (2004) Concluded that there is still opportunity to get better in the effectiveness of banks in both the nations. A stage forward for the progression developer , along these lines, isn't just to deregulate financing costs and upgrade the level of rivalry yet in addition to reinforce the instutional structure to help great practices in the saving money industry

Gupta Sumeet&VermaRenu (2008) presumed that administration of non-performing resources and hazard radiating from unfavorable occasion is the way to higher productivity of the Indian keeping money. Straightforwardness and great administration would fill in as essential managing power in exhibit situation.

GhoshSaibal (2009) presumed that with global principles, Indian banks would need to enhance their innovative introduction and extend the potential outcomes for enlarging their money related exercises keeping in mind the end goal to enhance their benefit productivity sooner rather than later.

Dr. Ibrahim Syed M (2011) presumed this is indicative and exploratory in nature and makes utilize optional information. The examination finds and reasons that the booked business banks in India have altogether enhanced their operational execution.

Dr. Pardhan Kumar Tanmaya (2012) Concluded that-The examination depends on essential information. The information has been broke down by Percentage strategy. The device used to gather information from the bank authorities was an organized survey. Reactions got from the 50 Bank directors/senior officers.

Dr. Dhanabhakya M &Kavitha M. (2012) examined that banks need to re-arrange their procedures in the light of their own quality and the sort of market in which their prone to work on. In the point of view of this residential and universal advancement, the managing an account part needs to graph ideal for improvement.

## **FUNDAMENTAL ANALYSIS USING FINANCIAL STATEMENT ANALYSIS**

While normally not concentrating on bank managing an account division, there has been a broad earlier writing concentrating on the capacity of monetary signs to anticipate future stock returns. Ou and Penman (1989) demonstrate that specific money related proportions can help anticipate future changes in profit. Lev and Thiagarajan (1993) dissect 12 budgetary flags purportedly utilized by money related experts and demonstrate that these signs are connected with contemporaneous returns and future income. Abarbanell and Bushee (1997) demonstrate that a speculation system in view of these signs acquires huge irregular returns.

Two examinations that are most important to our paper are Piotroski (2000) and Mohanram (2005). Piotroski (2000) utilizes monetary proclamation investigation to build up a speculation procedure for high BM or esteem firms. Piotroski contends that esteem firms are perfect possibility for the use of budgetary explanation investigation as they are regularly dismissed by money related examiners. He joins nine paired signs in view of conventional proportion examination into a solitary list called FSCORE. He demonstrates that a methodology of taking a long position in high FSCORE firms and a short position in low FSCORE firms produces critical abundance restores that are tenacious after some time, once in a while negative, and not driven by hazard. Mohanram (2005) takes after a comparative approach as Piotroski (2000), however centers around low BM or development managing an account division. He tailors the proportions to better suit development keeping money segment. He joins eight double flags into a solitary list called GSCORE, and demonstrates that the GSCORE system is fruitful in isolating champs from failures among low BM firms. In this paper, we will endeavor to tailor principal examination for the setting of bank keeping money segment

**CHAPTER 3**  
**RESEARCH DESIGN**

## **STATEMENT OF THE PROBLEM**

Capital market gives the assets required by medium and substantial scale businesses for speculation purposes. Not at all like the currency showcase which manages here and now wellsprings of assets or which gives working capital assets, capital market bargains in long haul wellsprings of assets. The long haul sources, in this setting mean the wellsprings of assets the term for which is over one year. In this manner, capital market works as a foundation which channelizes the funds into venture. It fills in as medium to unite business people, starting movement including gigantic budgetary assets from one viewpoint and savers, people or foundations, looking for outlets for ventures, on the other.

## **NEED FOR THE STUDY**

Monetary explanation investigation is utilized to distinguish the patterns and connections between money related articulation things. Both inside administration and outer clients, (for example, examiners, banks, and speculators) of the money related articulations need to assess an organization's benefit, liquidity, and dissolvability. The most widely recognized strategies utilized for monetary explanation examination are incline investigation, common-size articulations, and proportion investigation. These techniques incorporate estimations and correlations of the outcomes to authentic organization information, contenders, or industry midpoints to decide the relative quality and execution of the organization being dissected.

## **OBJECTIVES OF THE STUDY**

1. To study the changes in the VIJAYA banking system over the years.
2. To evaluate the current situation in the VIJAYA banking industry by fundamental analysis.
3. Comparative study of banking companies.
4. To determine the future direction of the banking sector by technical analysis.



## **RESEARCH METHODOLOGY**

### **DATA COLLECTION**

The data collected was secondary in nature.

### **FUNDAMENTAL ANALYSIS**

- The fundamental analysis of the banking sector deals with:
- The effect of economy on the banking sector in the economic analysis,
- The banking industry as a whole in industrial analysis,
- The analysis of four selected banking companies in company analysis.

### **METHOD OF DATA COLLECTION**

Data was collected primarily through moneycontrol.com, RBI websites and other related websites.

### **ECONOMIC ANALYSIS**

#### **GDP**

Financial investigation manages powers working in the economy which impacts the keeping money area. Any economy is best portrayed by its GDP. Indian economy is the second quickest developing economy on the planet.

The worldwide budgetary framework is still far from a full recuperation by virtue of a lull in the US economy, the delicate arriving in China and the Euro obligation emergency. The Indian keeping money area has been moderately all around protected by the national bank and has figured out how to cruise through the vast majority of the emergency. Yet, presently in light of moderating local GDP development, tireless swelling, resource quality concerns and lifted financing costs, the speculation cycle has been faltering in the nation.

The cost of borrowings was higher by virtue of the different money related fixing measures attempted by the national bank. Individuals wanted to stop their assets in higher yielding settled stores as opposed to current or investment account (CASA). CASA gradual addition impeded for most banks which prompted a higher cost of assets. The reserve funds financial balance rate was deregulated by the RBI, anyway most banks keep on holding the rate at 4%.

## **EXPANSION**

Expansion is characterized as a supported increment in the general level of costs for merchandise and ventures in a country, and is estimated as a yearly rate change. Under states of expansion, the costs of things ascend after some time. Put in an unexpected way, as swelling rises, each dollar you possess purchases a littler level of a decent or administration. At the point when costs rise, and then again when the estimation of cash falls you have expansion.

There is no single hypothesis for the reason for expansion that is all around settled upon by market analysts and scholastics, however there are a couple of speculation that are normally held.

## **FINANCIAL DEFICIT**

The contrast between add up to income and aggregate consumption of the administration is named as financial deficiency. It means that the aggregate borrowings required by the legislature. While figuring the aggregate income, borrowings are excluded.

By and large monetary shortage happens either because of income deficiency or a noteworthy climb in capital consumption. Capital consumption is acquired to make long haul resources, for example, production lines, structures and other improvement.

## **SOVEREIGN CREDIT RATING**

An evaluating of a nation's capacity to meet its money related commitments. FICO score offices give these appraisals and financial specialists utilize this to evaluate the level of

hazard related with putting resources into a nation. The rating may likewise incorporate an assessment of a nation's political hazard.

## **REPO RATE**

Repo rate is the rate at which the national bank of a nation loans cash to business banks in case of any deficit of assets. Repo rate is utilized by money related specialists to control swelling.

In case of swelling, national banks increment repo rate as this goes about as a disincentive for banks to get from the national bank. This at last lessens the cash supply in the economy and along these lines helps in capturing expansion.

## **OUTSIDE EXCHANGE RESERVES**

Outside trade holds are saved resources held by a national bank in remote monetary standards, used to back liabilities all alone issued cash and also to impact fiscal approach.

Outside trade holds are customarily used to back a country's local money. Remote trade saves are exchange types of cash to back that confirmation. In this regard, security and liquidity are foremost for a valuable hold venture.

## **CONVERSION SCALE**

A conversion scale between two monetary forms is the rate at which one cash can be traded for another. That is, the swapping scale is the cost of a nation's money regarding another cash. For instance, if the conversion standard between the U.S dollar and the Japanese yen is 120 yen for every dollar, one U.S dollar can be traded for 120 yen in remote cash markets. A conversion scale has two components; a base cash and a counter money. Given the significance of the U.S dollar as a hold money, most trade rates utilize the USD as the base cash and the residential cash as the counter cash.

## INDUSTRIAL ANALYSIS

Banks in India can be ordered into non-booked banks and planned banks. Planned banks constitute of business banks and co-agent banks. There are 62 booked business banks. Among these, 25 banks are open area banks in which government has the real stake. There are 24 private and 13 outside area banks working in India. The business banks in India have a broad system of branches the whole way across the nation.

Watchman's five powers examination:

1. Risk of New Entrants. The normal individual can't tag along and start up a bank, yet there are administrations, for example, web charge installment, on which business visionaries can underwrite. Banks dread of being crushed out of the installment business, since it is a decent wellspring of expense based income. Another pattern that represents a danger is organizations offering other budgetary administrations.

2. Energy of Suppliers. The providers of capital won't not represent a major risk, but rather the danger of providers drawing ceaselessly human capital does. In the event that a capable individual is working in a littler territorial bank, quite possibly individual will be tempted away by greater banks, venture firms, and so forth.

3. Energy of Buyers. The individual doesn't posture quite a bit of a risk to the saving money industry, however one main consideration influencing the influence of purchasers is generally high exchanging costs. on the off chance that a man has a home loan, auto advance, Mastercard, financial records and shared assets with one specific bank, it can be greatly intense for that individual to change to another bank. While trying to bait in clients, banks endeavor to bring down the cost of exchanging, however numerous individuals would at present rather stay with their present bank.

Then again, substantial corporate customers have banks wrapped around their little fingers. Money related foundations - by offering better trade rates, more administrations, and

presentation to outside capital markets - work amazingly difficult to get high-edge corporate customers.

4. Accessibility of Substitutes. There are a lot of substitutes in the saving money industry. Banks offer a suite of administrations far beyond taking stores and loaning cash, yet whether it is protection, common finances or settled salary securities, odds are there is a non-managing an account money related Services Company that can offer comparative administrations on the loaning side of the business, banks are seeing rivalry ascend from whimsical organizations.

5. Focused Rivalry. The keeping money industry is exceptionally focused. The money related administrations industry has been around for many years and pretty much everybody who needs managing an account benefits as of now has them. Along these lines, banks must endeavor to draw customers from contender banks. They do this by offering lower financing, favored rates and venture administrations. The managing an account segment is in a race to see who can offer both the best and quickest administrations, however this likewise makes banks encounter a lower RoA. Bigger banks would want to assume control or converge with another bank as opposed to spend the cash to market and publicize to individuals.

### **LIMITATIONS OF THE STUDY**

1. Limited study done due to time constraint on the project.
2. For the fundamental analysis, only 5 banks were analysed. All banks are not included.
3. Dynamic market leads to inaccurate data.
4. The project study is restricted to banking sector used in India only.

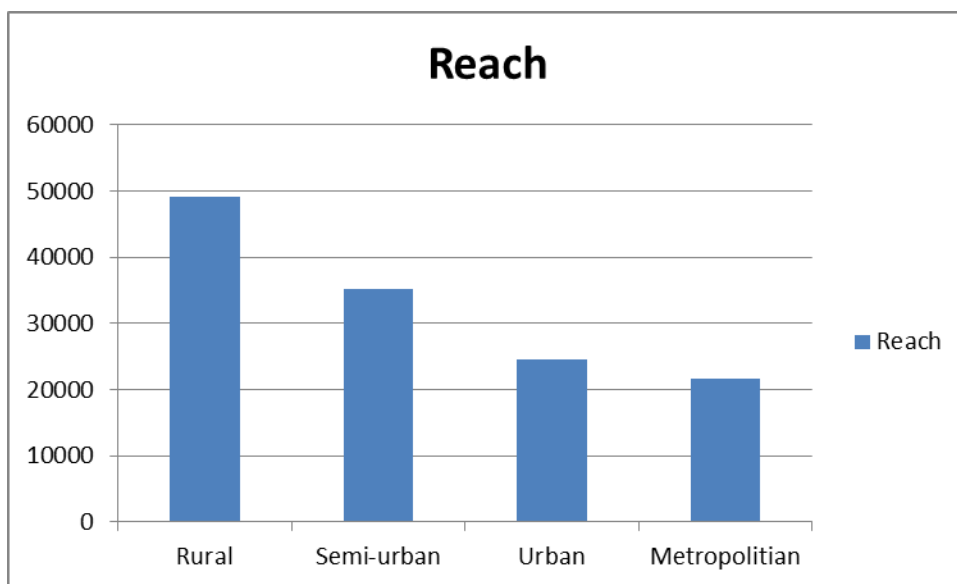
**CHAPTER 4**  
**DATA ANALYSIS AND INTERPRETATION**

#### 4.1 TABLE REPRESENTS REACH OF CUSTOMERS

##### REACH

	<b>Rural</b>	<b>Semi-urban</b>	<b>Urban</b>	<b>Metropolitan</b>
<b>Reach</b>	<b>49181</b>	<b>35259</b>	<b>24608</b>	<b>21650</b>

#### 4.1 THE BELOW CHART SHOWS REACH OF CUSTOMERS IN VARIOUS AREAS



India may be one of the most populous countries on earth, but a small proportion of its population has access to a bank branch. As the case for financial inclusion grows, lenders are clamouring to take advantage of what has been described as 'the largest banking opportunity in the world'.

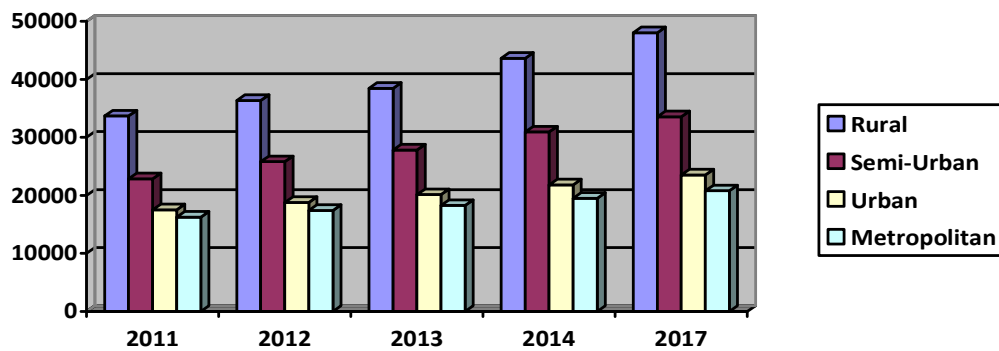
##### Findings

By the end of December 2017, near about 49181 banks reach rural areas, 35259 in semi urban areas, 24608 in urban area and 21650 banks in metropolitan area. Still large population of the country is still left to be covered by the banking sector.

## GROWTH

4.2 The table shows increase of banks

PARTICULAR	2011	2012	2013	2014	2017
Rural	33683	36356	38451	43641	48033
Semi-Urban	22843	25797	27822	30926	33523
Urban	17490	18781	20127	21783	23522
Metropolitan	16247	17396	18247	19472	20785



### Analysis:

The figure shows the year on year increase of banks in India. The banks included are; All Private and public sector banks.

### Interpretation:

The figure clearly depicts the phenomenal growth rate that banking industry has achieved over the years. Growth rate shows that Banking Industry is still in its growth phase of life cycle in India. It is opposed to what the general perception of the people had about Indian Banking Industry to be in mature phase with very little opportunity of growth.

## COMPANY ANALYSIS



For examination of managing an account organizations, four banks were chosen. The determination of these organizations was based on the special shareholding example of those organizations. The investors in a saving money organization are isolated into six gatherings. These are Indian Promoters, Foreign colleagues, Indian inst/Mutual Fund, Foreign Institutional Investors, Global Depository Receipts (GDRs)/American Depository Receipts (ADRs), free buoy.

## **SHAREHOLDING PATTERN**

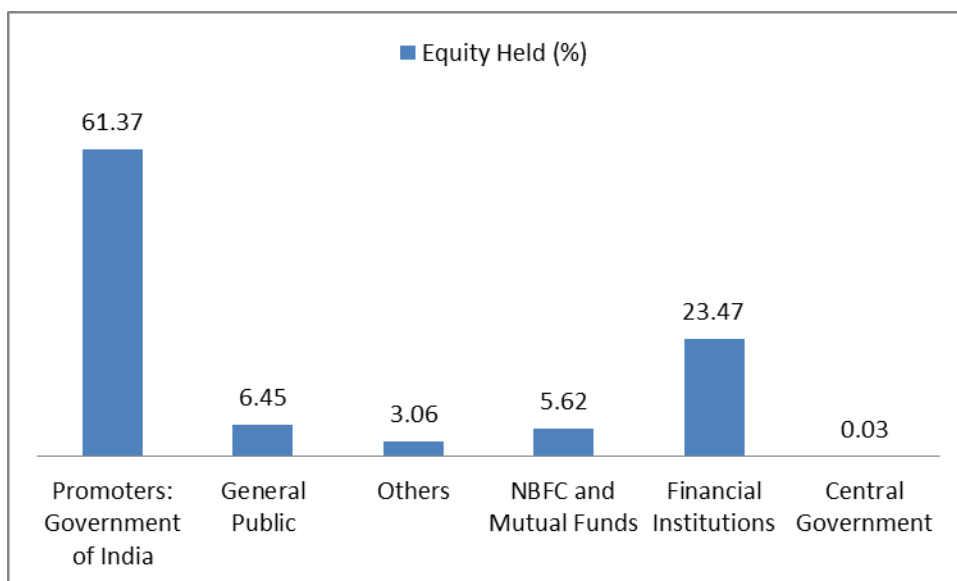
Shareholding design uncovers how the offers of an organization are separated among the different bodies that constitute its possession.

Before purchasing any stock, we explore the organization from every single conceivable point. We consider the organization's benefit and misfortune, deals and obligation, in addition to other things and accordingly, attempt to accumulate however much data as could be expected about the business into which we will contribute our well deserved cash to evade terrible astonishments later on.

This is additionally essential since when we purchase an offer, we are purchasing a bit of paper, as well as turning into a section proprietor of the business to the degree of the shareholding rate.

### **VIJAYA**

Name of the Holder	Equity Held (%)
Promoters: Government of India	61.37
General Public	6.45
Others	3.06
NBFC and Mutual Funds	5.62
Financial Institutions	23.47
Central Government	0.03

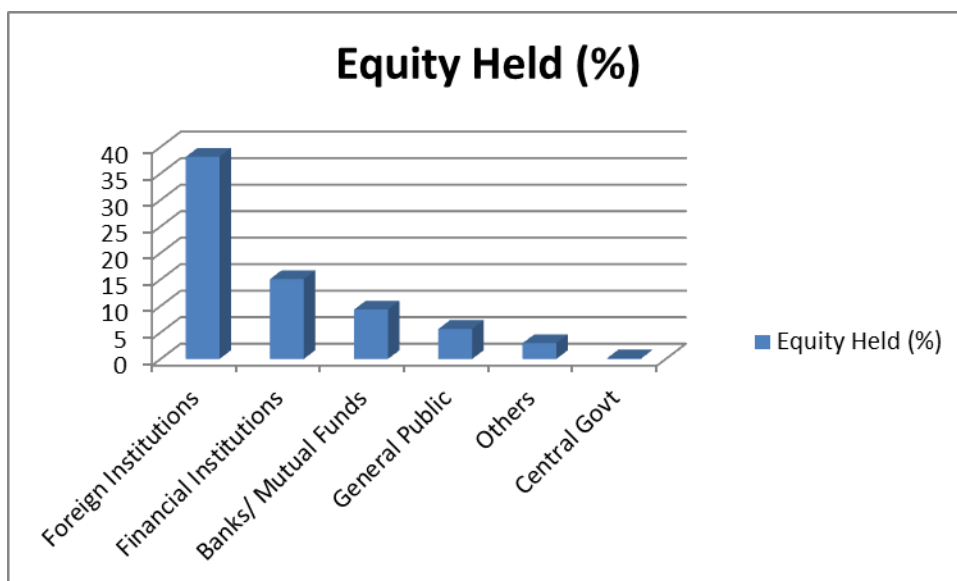


### **INTERPRETATION**

The Government of India owns 61.37% equity, 23.47% equity is held by financial institutions, 5.62 % equity is held by the NBFC and Mutual Funds and remaining equity is held by the general public and central government.

### **ICICI Bank**

Name of the Holder	Equity Held (%)
Foreign Institutions	38.15
Financial Institutions	15.08
Banks/ Mutual Funds	9.34
General Public	5.67
Others	2.99
Central Govt	0.11

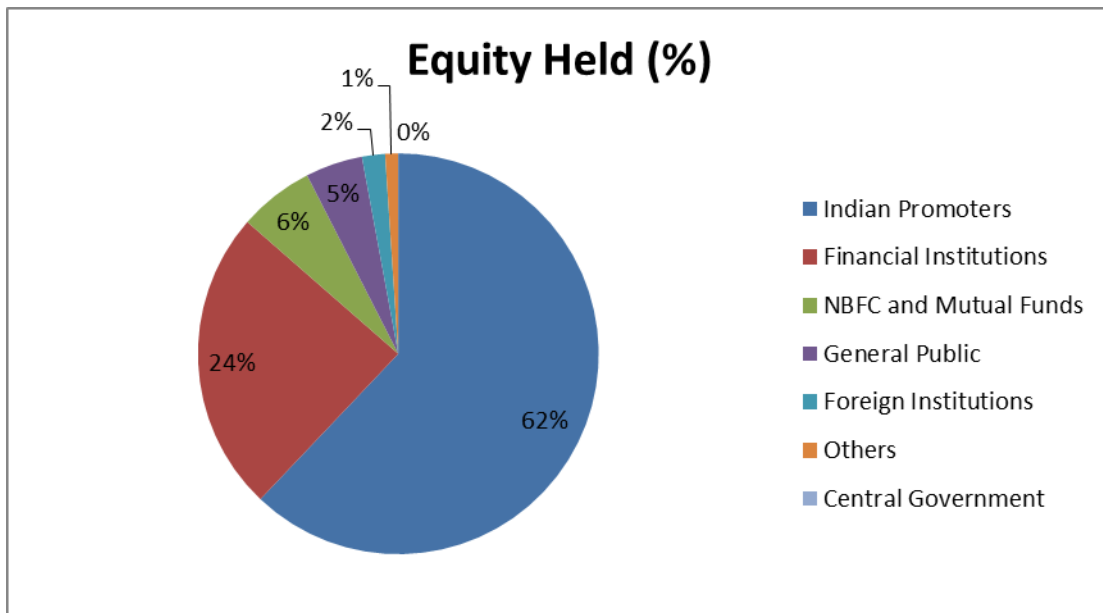


### **INTERPRETATION**

Foreign Institutions owns 38.15% equity, 15.08% equity is held by financial institutions, 9.34 % equity is held by the Banks and Mutual Funds and remaining equity is held by the general public and central government.

### **PUNJAB NATIONAL BANK**

Name of the Holder	Equity Held (%)
Indian Promoters	62.08
Financial Institutions	24.34
NBFC and Mutual Funds	6.06
General Public	4.61
Foreign Institutions	1.86
Others	1.03
Central Government	0.02

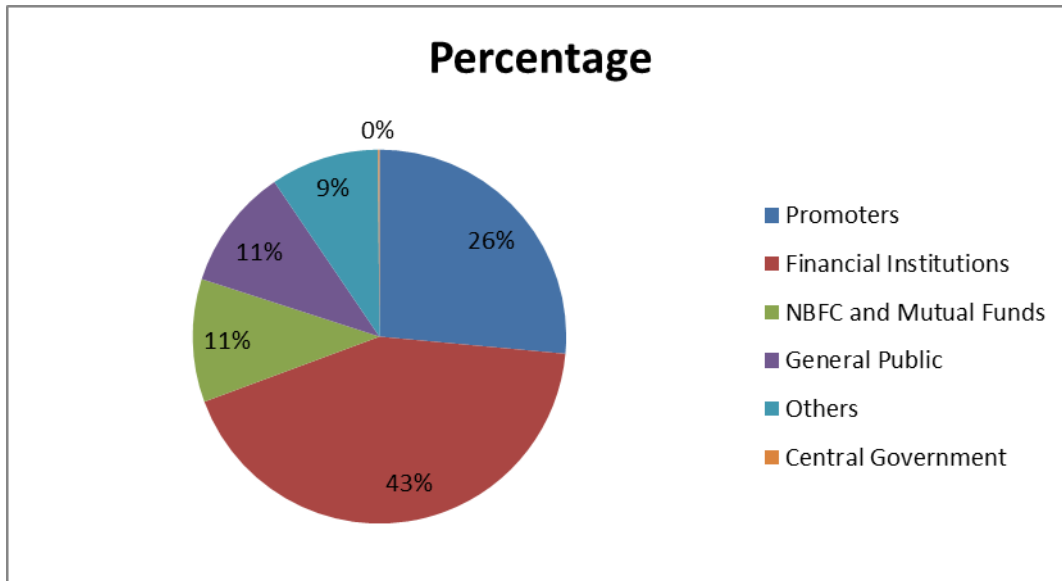


### INTERPRETATION

Indian Promoters owns 62.08% equity whereas 24.34% is held by Financial Institutions. The rest are held by NBFC, Mutual Funds, General Public and Central Government

### HDFC Bank

Name of the Holder	Percentage
Promoters	26.47
Financial Institution	42.87
NBFC and Mutual Funds	10.65
General Public	10.51
Others	9.39
Central Government	0.12

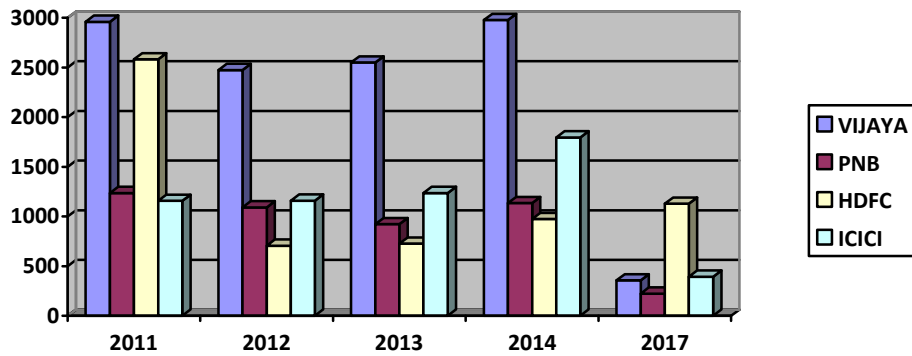


### **INTERPRETATION**

Promoters owns 26.47% equity, 42.87% equity is held by financial institutions, 10.65 % equity is held by the Banks and Mutual Funds and remaining equity is held by the general public and central government

### **COMPARISON OF PRICE OF SHARES (2011-2017)**

	2011	2012	2013	2014	2017
VIJAYA	2959.9	2474.8	2550	2977.85	355.9
PNB	1237	1091	922.1	1135.6	222.2
HDFC	2582.5	705	727	973.85	1127.9
ICICI	1158	1159	1236.9	1796.8	393.3

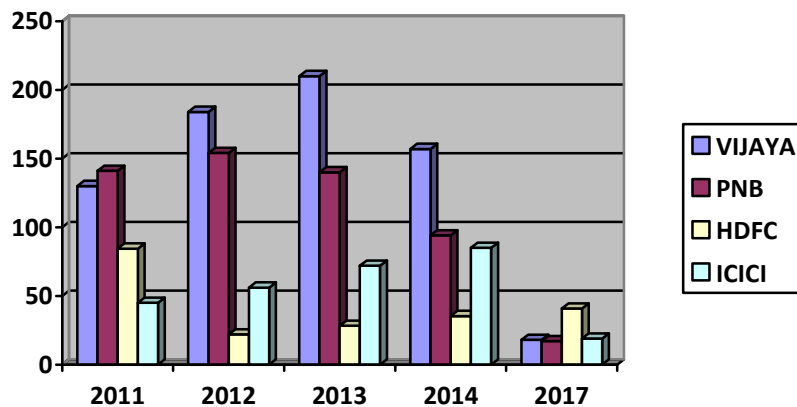


### INTERPRETATION

The Chart shows highest price of the shares of the banks i.e. VIJAYA, PNB, HDFC and ICICI in last five years. VIJAYA has touched a high of 2959.9 in the year 2011. Except for HDFC bank the rest of the banks have opted for stock split which makes the stock more liquid and affordable. HDFC has hit all-time high of around 2582.5 in 2011.

**EARNINGS PER SHARE** It is the important financial measure. It is also the portion of a company's profit allocated to each outstanding share of common stock.

	2011	2012	2013	2014	2017
VIJAYA	130	184	210	157	18
PNB	141	154	140	94	17
HDFC	84.4	22.02	28.27	35.34	40.76
ICICI	45	56	72	85	19



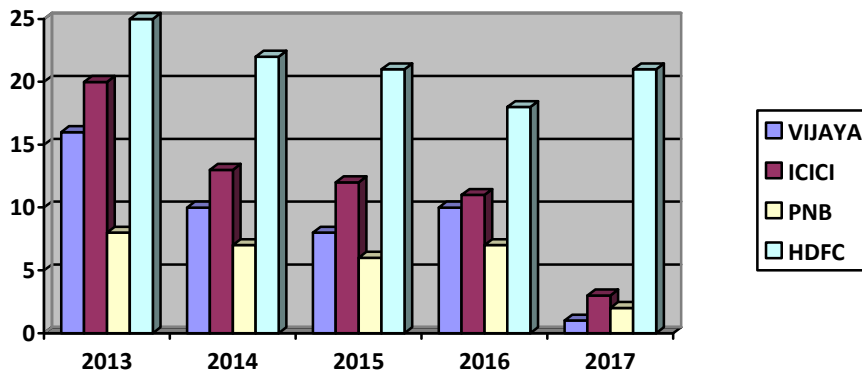
### **INTERPRETATION**

VIJAYA bank reported a net profit of Rs 3,692 crore, up 10.2 per cent YoY. Net interest income, rose just 3.6 per cent YoY to Rs 13,733 crore for the quarter ended June 30, compared to Rs 13,252 crore reported in the year-ago period. The rise in bad loans however has reduced the EPS of the bank. The weakness in the domestic markets have dented the profitability of the banks. Similarly PNB and ICICI have seen their share prices declined to a great extent.

HDFC on the other hand has its EPS increased since the year 2012 where it was 22.02 to 40.76 in 2017. In the private sector also HDFC is one of the top companies with the highest market capitalisation rate

### **PRICE TO EARNING RATIO**

The price-earnings ratio (P/E Ratio) is the ratio for valuing a company that measures its current share price relative to its per-share earnings.

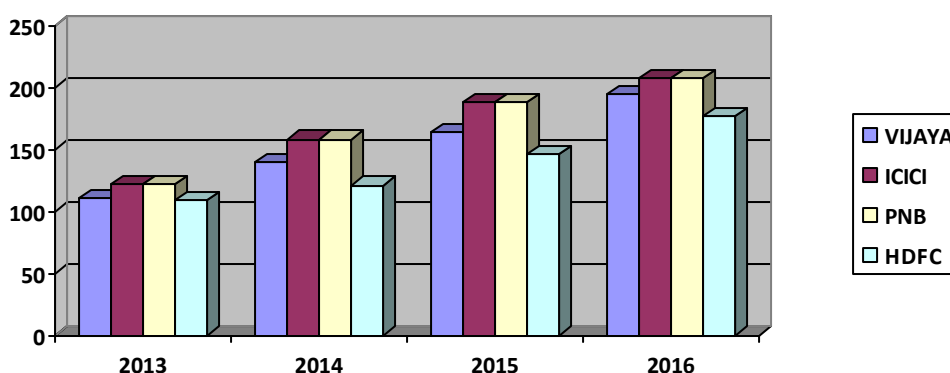


### Market Value per Share / Earnings per Share

When all is said in done, a high P/E proposes that financial specialists are expecting higher income development later on contrasted with organizations with a lower P/E. A low P/E can demonstrate either that an organization may right now be underestimated or that the organization is doing incredibly well in respect to its past patterns.

As can be seen from the diagram HDFC Bank has one of the most astounding potential among the banks. VIJAYA, ICICI and PNB have one of the minimum PE proportions. A sharp fall in the managing an account keeping money segment has seen the PE proportion drop to a low. This implies the financial specialists will pay considerably less for the keeping money shares. The majority of the cutting edge managing an account keeping money segment has fallen like nine sticks after the current measures taken by the Reserve Bank of India (RBI) to fix liquidity to balance out the Indian rupee.

**BOOK VALUE PER SHARE:** It is used to calculate per share value of company based on its equity available to common shareholders. The below graph shows the book value per share of various banks,





## **INTERPRETATION**

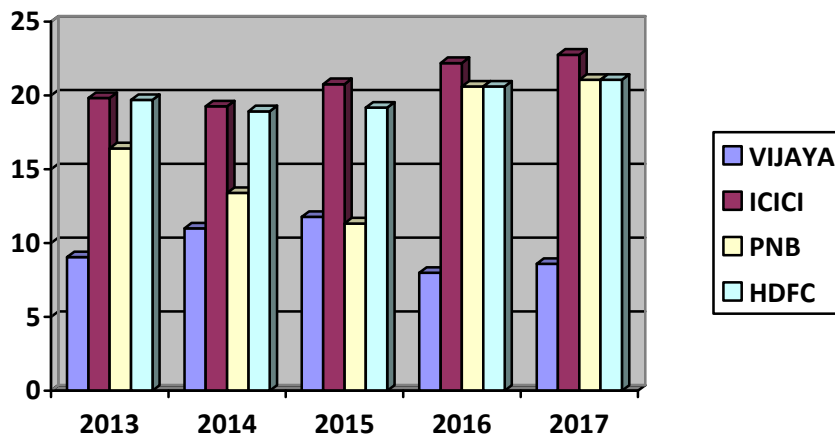
Book esteem per normal offer is a measure utilized by proprietors of regular offers in a firm to decide the level of wellbeing related with every individual offer after all obligations are paid as needs be. In straightforward terms it would be the measure of cash that a holder of a typical offer would get if an organization were to exchange. The above figures are balanced book esteem per share

A stock may exchange beneath its book an incentive for a few reasons, the premier being absence of financial specialist trust in the organization's future. On the off chance that it is broadly trusted that the organization's execution will break down, its stock will perhaps exchange at a rebate to its book esteem. Another reason could be conviction that the organization is embracing forceful bookkeeping arrangements to swell its total assets.

Among the banks HDFC has the most noteworthy book esteem per share with Rs 252 while whatever is left of the banks VIJAYA, ICICI and PNB are exchanging at 212, 230 and 230 separately. Book esteem ought not be found in disconnection. Now and again, because of its patterned nature, the entire business might experience intense circumstances. Such organizations, therefore, may exchange at a rebate to their book esteem

**NET PROFIT MARGIN RATIO:** It is the percentage of revenue remaining after all interest, preferred stock dividends, operating expenses and taxes have been deducted from a company's total revenue.

Profit margin ratio	2011	2012	2013	2014	2017
VIJAYA	9.05	10.99	11.78	7.98	8.59
ICICI BANK LTD	19.83	19.27	20.77	22.20	22.76
PNB BANK	16.42	13.40	11.33	7.73	6.61
HDFC BANK	19.7	18.93	19.18	20.61	21.07

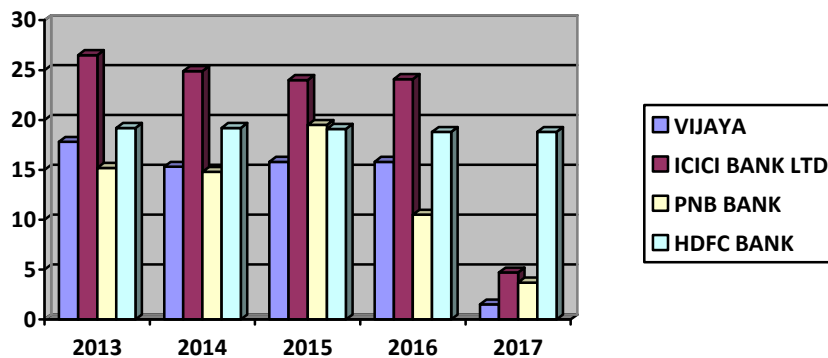


**INTERPRETATION:**

The net profit margin is a good way of comparing companies in the same industry, since such companies are generally subject to similar business conditions. However, the net profit margins are also a good way to compare companies in different industries in order to gauge which industries are relatively more profitable. A higher profit margin indicates a more profitable company that has better control over its costs compared to its competitors. Profit margin. The profit margin ratio, also known as the operating performance ratio, measures the company’s ability to turn its sales into net income. To evaluate the profit margin, it must be compared to competitors and industry statistics. It is calculated by dividing net income by net sales

**CURRENT RATIO:** Current ratio is one of two main liquidity ratios which are used to help assess whether a business has sufficient cash to be able to pay its debts as they fall due is known as the current ratio.

DIVIDEND PAYOUT RATIO	2011	2012	2013	2014	2017
VIJAYA	17.8	15.3	15.8	15.8	1.5
ICICI BANK LTD	26.5	24.9	24	24.1	4.7
PNB BANK	15.2	14.8	19.5	10.5	3.7
HDFC BANK	19.2	19.2	19.1	18.8	18.8



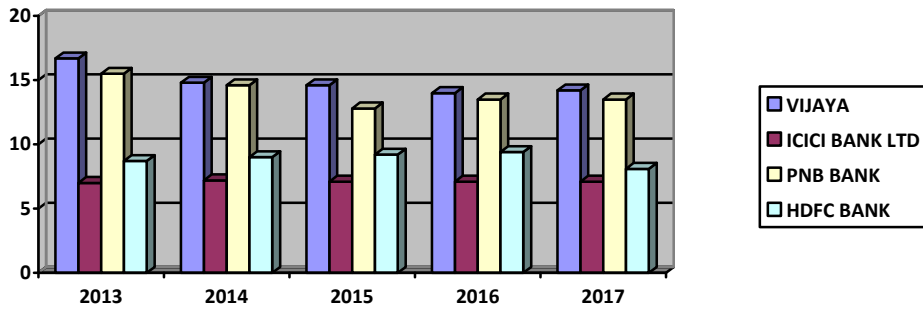
**INTERPRETATION:**

The part of the earnings not paid to investors is left for investment to provide for future earnings growth. Investors seeking high current income and limited capital growth prefer companies with high Dividend payout ratio. However investors seeking capital growth may prefer lower payout ratio because capital gains are taxed at a lower rate. High growth firms in early life generally have low or zero payout ratios. As they mature, they tend to return more of the earnings back to investors

The dividend payout ratio has been in a decreasing trend since 2011 for all banks except HDFC Bank. This can be attributed to the RBI's decision of clearing the NPA's by 2017 and also the RBI norms regarding the dividend payout ratio

**DEBT EQUITY RATIO:** It measures the riskiness of a company's financial structure and gives insight over time regarding its growth strategy.

CURRENT RATIO	2011	2012	2013	2014	2017
VIJAYA	16.7	14.8	14.6	14	14.2
ICICI BANK LTD	7	7.2	7.1	7.1	7.1
PNB BANK	15.5	14.6	12.8	13.5	13.5
HDFC BANK	8.7	9	9.2	9.4	8.1



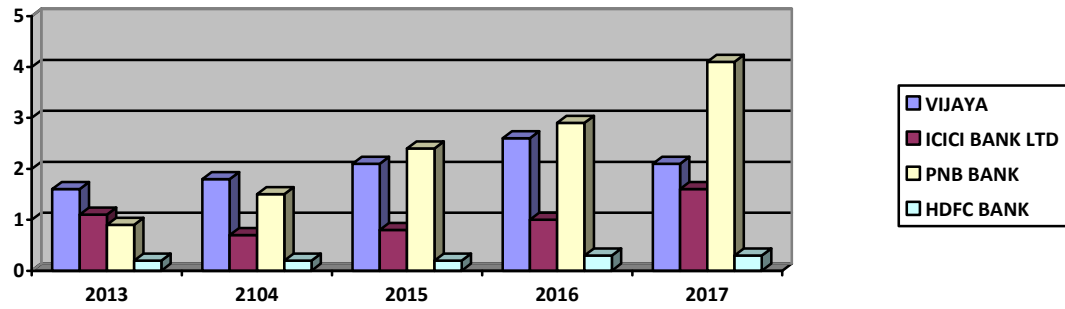
## INTERPRETATION

A measure of a company's financial leverage calculated by dividing its total liabilities by stockholders' equity, it indicates what proportion of equity and debt the company is using to finance its assets. A high debt/equity ratio generally means that a company has been aggressive in financing its growth with debt. This can result in volatile earnings as a result of the additional interest expense.

The debt equity ratio of the banks has reduced for all the banks. In case of VIJAYA Bank it has increased to 14.2 in the FY 2017. For ICICI and PNB the ratio has remained unchanged since the last year. HDFC has reduced the debt equity ratio from 9.4 in 2014 to 8.1 in 2017

**NET NON PERFORMING ASSETS (NPA)** It is a loan or amount of claim received and not appropriated.

NET NPA RATIO	2011	2012	2013	2014	2017
VIJAYA	1.6	1.8	2.1	2.6	2.1
ICICI BANK LTD	1.1	0.7	0.8	1	1.6
PNB BANK	0.9	1.5	2.4	2.9	4.1
HDFC BANK	0.2	0.2	0.2	0.3	0.3



## INTERPRETATION

Net Non-Performing Assets to total advances of each bank is well within the trigger level of RBI. HDFC Bank being most conservative player in the field is having the lowest value of the ratio. ICICI 's NPA ratio has increased to about 1.6% of the total advances. PNB has amongst the highest ratio of the NPA with about 4.1% in 2017

**CHAPTER 5**  
**FINDINGS CONCLUSION AND SUGGESTION**

## **FINDINGS**

### **VIJAYA BANK**

- The revenue growth for FY16 and FY17 is expected at 2.8-16%.
- VIJAYA PE ratio is expected to increase to about 10.9 in FY 2016
- The net non-performing assets to net advances ratio is expected to be at 3% in FY17 which shows the continuous improvement in its assets quality; but, it is still not up to the mark.

### **ICICI BANK**

- The dividend payout ratio has declined from 24.1% in 2014 to about 4.7% in 2017.
- Net NPA stands at about 1.6% in FY 2017 and this is expected to increase to 1.8% in FY 2016. As cited by the Management, the weakness in global steel cycle and RBI's contention to recognize and provide stressed assets that led to the substantial deterioration in asset quality.
- EPS has seen a major fall from 154 in 2012 to about 17 in 2017.
- PE ratio of the bank also has seen a drastic decline from 20 in 2011 to about 3 in 2017. Investors however have been advised to buy the share because of its great potential.

### **PUNJAB NATIONAL BANK**

- The revenue growth for FY16 is expected to grow at about 2.11%.
- EPS of the firm has reduced from 84.4 in 2011 to 28.27 in 2013. However there is a slight improvement from 28.27 in 2013 to 40.76 in 2017
- Amongst the banks compared PNB has one of the highest NPA to net advance ratio from 2.9 % in 2014 to 4.1 % in 2017. For the quarter ended 31<sup>st</sup> December 2017 its Gross NPA stands at about 8.4%. This has occurred due to the provisioning for bad loans.

### **HDFC BANK**

- HDFC is seemingly performing very well in terms of the ratio compared.
- The dividend payout ratio has been constant at around 18%

- The Bank has increased its book value per share by 43.01% in FY15.
- The non-performing assets to net advances ratio of the bank have been continuously around 0.3%, which shows its asset quality is very good.
- Profit margin is at an increasing trend from 19.18% in 2013 to about 21.07% in about 2017
- At a CMP of 1040 it is recommended to buy the share

## **SUGGESTIONS**

### **High development of Indian Economy:**

One can't deny that there is a solid connection amongst GDP and the development of the managing an account industry. India is one of the quickest developing economies on the planet and is set to stay on that way for a long time to come. This will be upheld by the stellar development in framework, industry, administrations and agribusiness. The best pointer is the development in bank credit. For as far back as 30 years it was 0.49 % of the GDP. Presently a similar proportion has expanded to 0.65 over the most recent 10 years.

### **Rising per capita wage:**

The rising per capita wage will drive the development of retail credit. Indians have a traditionalist standpoint towards credit aside from lodging and different necessities. Notwithstanding, with an expansion in discretionary cashflow and expanded presentation to a scope of items, shoppers have demonstrated a higher ability to assume praise, especially, youthful clients. Private Banks additionally have a considerably higher offer of the more beneficial mass princely portion.

### **Installment Banks:**



Eleven installments banks will dispace in 2016 and 2017. Higher store rates may upset the provincial, semi-urban store advertise for existing loan specialists.

### **Rivalry for stores:**

The store showcase in India has seen next to no change. Most banks have offered an enduring 4% on reserve funds stores even after these rates were deregulated in 2011. Some think installments banks could constrain a change while others say that installments banks won't make enough benefits in order to offer higher store rates

### **Human Resource Issues:**

An ever increasing number of senior individuals are resigning subsequently leaving a hole of experienced experts on the best. The banks need to consistently improve the aptitude levels of their workers in order to stay feasible and aggressive and to exploit new openings. The managing an account faculty, over the frameworks should be appropriately prepared to procure essential ranges of abilities to play out their employments all the more proficiently. The greatest test is to assemble limit at a rate which coordinates the loss of existing ability and aptitudes to retirement, poaching and acquiescences

## **RECOMMENDATIONS**

### **Vijaya bank**

- Based on the RBI recommendations of NPA provisioning the shares of PSB has dropped and will continue to do so in the next quarter.
- Therefore if an investor is looking for a long time horizon it's recommended that he hold on to it probably for a chance to turnaround.
- In the short term the stock looks weak at Rs 185 which is expected to rise at 235 in the long run.

### **ICICI Bank**

- ICICI is trading at around Rs220 in 2016 from around Rs 359 in 2016.
- The target price is expected to be around Rs 212-219
- Also the recent cut in repo rate by 25 basis points to about 6.5% suggests that the liquidity in the system will improve. After the provisioning of NPA is over the worst scenario will be over. Also ICICI is one of the best managed private sector bank.
- These factors put together makes ICICI share a HOLD for the medium to longer run.

### **Punjab National Bank**

- PNB is one of the weaker performing banking sector amongst the banks compared. There is a possibility that with more provisioning to come in the coming quarters the stock will further weaken.
- Like ICICI ,it is recommended that after the NPA provisioning is done and only after that a decision be taken whether to sell or accumulate the stock.

### **HDFC Bank**

- The bank has recorded a very healthy growth in terms of its operating income and its interest income
- Also the bank has expanded in various parts of the country with around 600 branches added in the last quarter

## **CONCLUSION**

The monetary development of the nation is an able pointer for the development of the keeping money part. The Indian economy is anticipated to develop at 7.3% and the nation's keeping money industry is relied upon to mirror this development.

The RBI will assume a critical part in keeping up strength in the Indian market with respect to the repo rate which remains at around 6.5%. This implies the loaning framework will turn into more less expensive which will give a lift to the Indian economy. This likewise goes about as an instrument to hold expansion under tight restraints by lessening cash supply in the economy

There are developing difficulties, which show up in the types of combination, recapitalization, frail banks, and non-performing resources, legitimate system and so on needs earnest consideration.

The Indian keeping money part has been moderately very much protected by the national bank and has figured out how to cruise through a large portion of the emergency. Be that as it may, presently in light of moderating local GDP development, relentless swelling, resource quality concerns and hoisted loan fees, the speculation cycle has been faltering in the nation.

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## ANNEXURES

### QUESTIONNAIRES

#### I. PERSONAL DETAILS (Please Tick)

1. Gender:

- 1) Male
- 2) Female

2. Age in completed years: ..... years

3. Academic qualifications:

- 1) School final
- 3) Post graduate
- 2) Graduate
- 4) Professional

4. Marital status:

- 1) Married
- 2) Unmarried

5. No of dependents: .....

6. Occupation:

- 1) Self-employed
- 2) Employed in Government
- 3) Employed in Private 4) Retired\

7. Annual income in Rs:

- 1) Below 2 lakhs
- 3) 4 lakhs to 6 lakhs
- 2) 2 lakhs to 4 lakhs
- 4) 6 lakhs and above

8. How much do you save:

- 1) Less than Rs. 25000
- 3) Rs. 50000 to 1 lakh annually (In Rs Approx.)
- 2) Rs. 25000 to 50000
- 4) Rs. 1 lakh and above

9. Do you own a house:

- 1) Yes

2) No

10. Do you have a mortgage loan on the house property?

1) Yes

2) No

## II. DETAILS OF INVESTMENT PREFERENCES

1. I own the following assets (Please tick whichever is applicable)

1) Bank deposits

2) Shares

3) Mutual funds

4) Postal savings

5) Insurance Policies

2. My investments in capital market are

1) All in demat form

2) Mostly in demat form

3) All in physical form

4) Mostly in physical form

3. The number of companies in my portfolio is .....

4. The sectors which are represented in my portfolio are (Please tick whichever is applicable)

1) Banking

2) Auto

3) Telecom

4) Steel

5) Oil Gas

6) Pharma

7) Any other (Please specify)

5 I prefer to do the investment transactions

1) Through my broker/financial advisor

2) On my own using internet

3) Any other (Kindly specify)

6. The time I spend for investing activities is

1) 2 to 5 hrs per week

2) 2 to 5 hrs per month

- 3) 2 to 5 hrs per year
- 4) Most of my spare time
- 5) Every day at least some time

7. I borrow and invest in stock market

- 1) Yes 2) No

8. The average rate of earnings on my investment for the past five years is

- 1) Below 10 percent
- 2) 10 to 20 percent
- 3) Above 20 percent
- 4) Net loss

9. I have shares in delisted companies

- 1) Yes 2) No

10. My experience in the stock market is

- 1) Less than 5 years
- 2) 5 – 10 years
- 3) Above 10 years



ACHARYA INSTITUTE OF TECHNOLOGY  
DEPARTMENT OF MBA

PROJECT WEEKLY REPORT (16MBAPR407)

**Name of the Student ;** VIJAY B

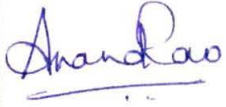



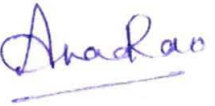

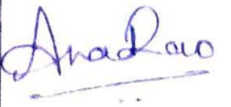

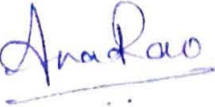

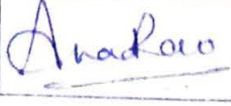

**Internal Guide:** MALLIKA B K

**USN No:** 1AY16MBA88





**Specialization:** Finance & Marketing

**Title of the Project:** A Study on Fundamental Analysis

**Company Name :** VIJAYA BANK

Week	Work Undertaken	External Guide Signature	Internal Guide Signature
15-1-2018 to 20-1-20018	Introduction about Vijaya Bank and its operation		
22-1-2018 to 27-1-20018	Learning about the different operation and services by Vijaya Bank		
29-1-2018 to 3-2-20018	Orientation and gathering information about the growth of the company		
5-2-2018 to 10-2-2018	Analysis of the market position of the company		
12-2-2018 to 17-2-2018	Research problem identification		
19-2-2018 to 24-2-	Preparation of the research instrument for		



2018	data collection		
26-2-2018 to 3-3- 2018	Theoretical background of the study	<u>Anand Rao</u>	
5-3-2018 to 10-3- 2018	Data collection and analysis	<u>Anand Rao</u>	
12-3-2018 to 17-3- 2018	Interpretation of the data gathered during the survey	<u>Anand Rao</u>	
19-3-2018 to 24-3- 2018	Final report preparation and submission	<u>Anand Rao</u>	



Company seal

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Head of the Department  
Department of MBA  
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College seal

