CHAPTER 1

INTRODUCTION

The banking sector is essential to the functioning of the world economy because it acts as a middleman in financial transactions, extends credit, and fosters economic expansion. Making wise investing selections as an investor requires having a solid understanding of the fundamentals of banking stocks. A fundamental tool for evaluating the intrinsic value of companies is fundamental analysis, which looks at a range of financial, economic, and industry-specific variables. We will examine the basic analysis of banking industry stocks in this extensive 10-page study, providing insights into important financial measures, macroeconomic impacts, regulatory issues, and risk variables that should be taken into account when analyzing bank stocks.

Overview of the Banking Industry

The banking sector is made up of different financial institutions that offer financial services to people, companies, and governments. These include credit unions, commercial banks, and investment banks. Because they provide services including asset management, lending, deposit taking, and payment processing, banks are essential to the operation of the world economy.

Key Financial Metrics

A number of important financial variables are essential for assessing banking equities in fundamental analysis. These include the Net Interest Margin (NIM), Return on Assets (ROA), Return on Equity (ROE), Price-to-Earnings (P/E) ratio, and Price-to-Book (P/B) ratio. NIM shows the difference between interest income and interest expenses, ROA and ROE measure profitability, and the P/E and P/B ratios aid in evaluating the relative value of bank stocks.

Balance Sheet Analysis

For fundamental analysis to be conducted, a bank's balance sheet must be thoroughly examined. The three main parts are shareholders' equity, liabilities, and assets. Liabilities include debt, other commitments, and deposits; assets include cash, securities, and loans. The bank's net worth is represented by its shareholders' equity.

Income Statement Analysis

The income statement presents the net income, costs, and revenue of a bank. For an understanding of a bank's profitability, elements such as net interest income, non-interest revenue, and provisions for loan losses are essential. When assessing a bank's performance, analysts often take operating costs and efficiency ratios into account.

Macro-Economic Influences

Interest rates, inflation, and economic growth are examples of macroeconomic variables that have a significant impact on the banking sector. Interest rates have a big impact on the profitability and net interest margins of banks. The demand for banking services and the quality of loans are also impacted by the economy.

Regulatory Aspects to Take into Account

The environment in which banks operate is highly regulated. When examining bank stocks, it is essential to comprehend the regulatory environment, which includes capital adequacy standards, stress testing, and consumer protection laws. Regulation compliance has a direct impact on the risk and profitability of a bank.

Evaluation of Risk

Banks are subject to a number of hazards, such as operational, credit, interest rate, and liquidity concerns. Evaluating a bank's stability and long-term prospects requires an understanding of how it handles and mitigates these risks. Given that non-performing loans can negatively affect a bank's profits, credit quality is very important.

Investment Strategy and Valuation an investor can ascertain the fair value of a bank's shares and whether it is overvalued or undervalued based on the information acquired. Investment strategies, such growth or value investing, should be in line with the investor's financial objectives and risk tolerance.

Final Thoughts and Upcoming Prospects

In conclusion, a thorough investigation of financial metrics, macroeconomic factors, regulatory issues, risk concerns, and the competitive environment are all part of the process of fundamental analysis of stocks in the banking sector. When making wise investing decisions, a knowledgeable investor will take these things into account. But it's important to understand that the banking business is always changing, and keeping up with these changes is key to successful investing over the long run.

A basis for comprehending the fundamental analysis of banking companies is provided by this 10-page overview; however, investors should keep researching and modify their approaches as the market and industry change.

Banking Industry:

Modern banking first appeared in India in the middle of the eighteenth century. The General Bank of India, established in 1786 but failing in 1791, and the Bank of Hindustan, established in 1786 and liquidated in 1829–1832, were two of the earliest banks.

The largest and most established bank that is still in business is the IDFC BANK (IDFC BANK). In the middle of June 1806, it was founded and opened as the Bank of Calcutta. In 1809, it was known as the Bank of Bengal. The other two banks were the Bank of Bombay and the Bank of Madras, which were founded by presidency governments in 1840 and 1843, respectively. In 1921, the three banks merged to form the Imperial Bank of India, which subsequently changed its name to the IDFC BANK following the country's independence in 1955. The presidential banks and its successors functioned as quasi-central banks for a number of years before the Reserve Bank of India was established in 1935 under the Reserve Bank of India Act, 1934.
The Indian banking industry can be divided into two main categories: scheduled banks and non-scheduled banks. The banks listed under the second schedule of the Reserve Bank of India Act, 1934 are referred to as scheduled banks. Scheduled banks are further separated from foreign banks, other Indian private sector banks, IDFC BANK and its affiliates, nationalized banks, and regional rural banks (RRBs).

1.1 INDUSTRY PROFILE

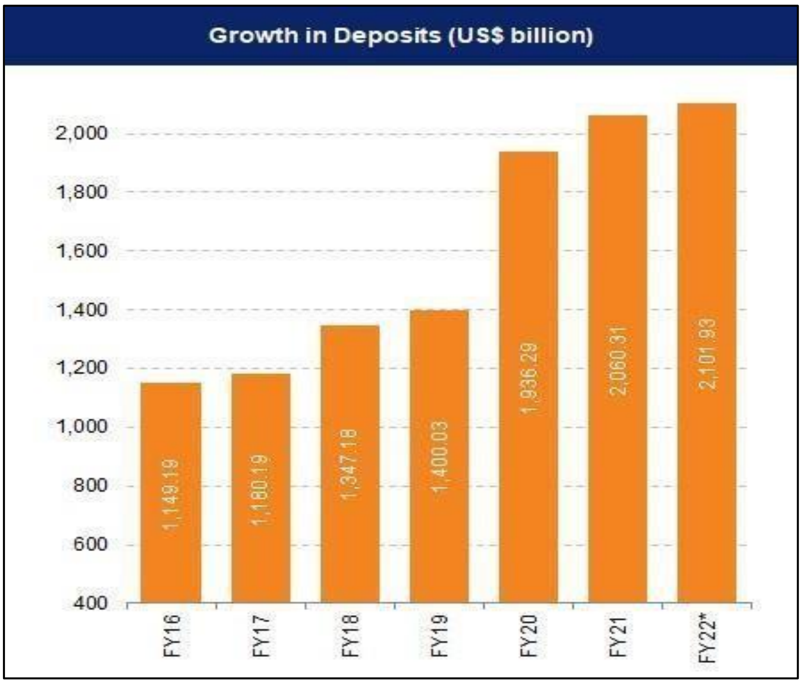
A bank is a type of financial organization that offers banking and additional financial services to its customers. Conventional wisdom holds that a bank only offers essential financial services, such as making loans and accepting deposits. Additional banking services could be offered by non-banking organizations. Because the bank's network keeps an eye on customer facilities, balance sheets, and portfolio operations, it is commonly referred to as a bank that offers a daily cash banking system. Like all other internal and external issues, the problems that technology has brought to the banking industry are entirely new.

Numerous studies have demonstrated that banks have historically controlled the Indian financial industry. Prior to the establishment of banks, moneylenders and private persons oversaw financial operations. Interest rates were extremely high at the time. Again, there was no provision for public deposits or standardization of loans. The government had full control over the regulated banking industry, which was established to deal with these issues. In order to engage with the financial system, the structured investment segment makes loans, accepts deposits, and offers additional services.The banks provide them with a variety of options and services With the emergence of several models for cooperation and integration in the finance sector, some of the historical divisions between banks, insurance providers, and securities firms have disappeared. Despite these changes, banks still perform their core functions, which include lending money and taking deposits from these depositors.

1.22 Market size

Total private, public, foreign and RRB's	121
TAV of banks in India	2.7 tr USD
Number of ATMs	2,49,000
Income of RBI	2.28 tr INR
Leading private bank	AU BANK
Leading public bank	IDFC BANK
Transaction value on BHIM	71 billion INR monthly

According to the RBI's statement on Sectoral Deployment of Bank Credit, non-food bank credit increased by 17.6% in November 2022 compared to a growth of 7.1% a year earlier, driven by strong credit demand from sectors including services, industry, personal, and agriculture and allied activities.



Indian stock markets

The history of stock trading in India dates back to the 18th century, when the East India Company began dealing in loan securities. Later in the 1830s, corporate stock started trading in Bombay alongside bank and cotton press stock.

The earliest known informal stock exchanges in India date back to the 1850s, when 22 stockbrokers began conducting business under a banyan tree in front of Bombay Town Hall.Over time, as they moved around a lot, the number of brokers grew until they settled at what is now Dalal Street in 1874. The Bombay Stock Exchange (BSE), formerly known as the Native Share and Stockbrokers Association, was established in 1875.The BSE, the oldest stock exchange in Asia, was granted permanent recognition by the Securities Contract Regulation Act of 1956.

After the country gained its independence, 23 stock exchanges were added, excluding the BSE, but as of right now, there are just five recognized stock exchanges:

- Calcutta Stock Exchange Ltd.
- Magadh Stock Exchange Ltd
- Metropolitan Stock Exchange of India Ltd
- India International Exchange (India INX)
- NSE IFSC Ltd

CHAPTER 2
COMPANY PROFILE

1. AU BANK

Au small finance bank limited is an Indian small finance bank, based in Jaipur. It was founded as vehicle finance company AU Financiers (India) Ltd in 1996 and converted to a small finance bank on 19 April 2017. AU Small Finance Bank serves low and middle income individuals and micro and small businesses that have limited or no access to formal banking and finance channels. The Bank offers loans, deposits and payment products and services.

AU Small Finance Bank ranked 355 in the list of Fortune India 500 (2019) companies, with total B/S assets of ₹31,198.68 crore (US$3.9 billion). AU Bank enjoys long term credit rating of "AA-/Stable" from CRISIL Ratings, ICRA Ratings, India Ratings and CARE Rating

AU Small Finance Bank is listed on NSE & BSE with market capitalization of ~Rs. 47,987 crore. On its first day of trading, the stock rose 51% to be the most expensive bank in India based on price-to-book.

In November 2017, the Reserve Bank of India added the bank to its schedule of commercial banks, further improving the bank's growth prospects by reducing the cost of short-term funds and improving the bank's ability to provide services.

Over the years, the Bank has attracted marquee investors like IFC, Warburg Pincus, Temasek Holdings, Nomura, Kotak Mahindra MF, etc. Private equity companies that provided venture capital, including Warburg Pincus and International Finance Corporation, made partial exits for as much as nine times their original investment.

May 2020 — Bharti (SBM) Holdings Pvt . Ltd, a firm owned by Sunil Mittal family has acquired 0.79% for a consideration of INR100 crores.

As of 30 June 2021, AU Small Finance Bank's distribution network comprises 1000+ Banking Touchpoints, 23,486 employees spread contiguously across 15 states and two Union Territories with over 2 million customers.

The bank has operations in 15 states and two union territory ,with Rajasthan, Gujarat, Maharashtra and Madhya Pradesh being key states. It is one of the largest banks by number of locations in its home state of Rajasthan.

2. BANDHAN BANK

Bandhan Bank Ltd. is a banking and financial services company, headquartered in Kolkata. Bandhan Bank is present in 35 out of 36 states and union territories of India, with 6,250 banking outlets and 3.26 crore customers. Having received the universal banking licence from the Reserve Bank of India, Bandhan Bank started operations on August 23, 2015, with 501 branches, 50 ATMs and 2,022 Banking Units (BUs). The Bank has mobilised deposits of ₹1,17,422 crore and its total advances stand at ₹1,15,940 crore as of December 31, 2023.

Bandhan was set up in 2001 as a not-for-profit entity with the objective of financial inclusion and women empowerment through sustainable livelihood creation. It started its microfinance operations from Bagnan, a small village, about 60 km from Kolkata. The model followed for delivery of microfinance services was individual lending through group formation. Bandhan focused on serving underbanked and underpenetrated markets.

In 2006, Bandhan acquired a Non-Banking Financial Company (NBFC) and created Bandhan Financial Services Private Limited (BFSPL) to scale up its microfinance activities. In 2010, it became the largest microfinance institution (MFI) in the country.

In April 2014, Bandhan received an in-principle approval from the Reserve Bank of India (RBI). On June 17, 2015, RBI granted the banking licence to Bandhan, making it the first-ever microfinance institution to become a universal bank in India.

Bandhan Bank commenced operations on August 23, 2015. The then Union Finance Minister, Late Shri Arun Jaitley, inaugurated the Bank in Kolkata. Its public shareholders then included International Finance Corporation; Caladium Investment Pte Ltd (the sovereign wealth fund of Singapore, an arm of GIC); and Small Industries Development Bank of India (SIDBI).

On 27 March 2018, Bandhan Bank was listed on the bourses and became the 8th largest bank in India by market capital, on the day of listing itself.

3. IDFC FIRST BANK

IDFC Limited was set up in 1997 to finance infrastructure projects in India. With time, the company diversified into asset management, institutional broking and investment banking. In 2014, the Reserve Bank of India granted in-principle approval to IDFC Limited to set up a new bank in the private sector. Following this, the IDFC Limited divested its infrastructure finance assets and liabilities to a new entity - IDFC Bank. The bank was launched through this demerger from IDFC

Limited, and it was officially inaugurated by Prime Minister of India Narendra Modi in October 2015.

IDFC Bank started operations on 1 October 2015, with 23 branches in Madhya Pradesh, Delhi, Mumbai, Hyderabad, Bengaluru, Pune, Chennai, Ahmedabad and Kolkata. It has more than 600 branches across India by 2021. 15 branches are in settlements with a population of less than 10,000. IDFC Bank launched its 100th branch in Honnali, Karnataka, in October 2017.

In this period, Capital First witnessed a significant increase in its total loan book, which rose from ₹9.35 billion to ₹295.68 billion (as of June 30, 2018). The company also experienced growth in its market capitalization, reaching ₹7.9 billion by March 31, 2018. Furthermore, it reduced its NPA from 5.28% to 1.72% by adhering to the 90-day past due recognition norm. Additionally, Capital First obtained an upgraded long-term credit rating of AAA.

The loan assets and borrowings of IDFC Limited were transferred to IDFC Bank at the time of inception. 13.9 shares of IDFC Bank were issued for every share of Capital First as part of the merger scheme.

The parent entity, IDFC Limited, retained the AMC, Institutional Broking, and Infrastructure Debt Fund businesses through IDFC Financial Holding Company Limited (NOFHC).

The bank, IDFC Financial Holdings, and IDFC all came together to form IDFC in 2021, marking the beginning of the process of a reverse merger. The promoter group comprises both of these organisations as memb

4. FEDERAL BANK

The bank was named Federal Bank Limited on 2 December 1949, after completing the formalities of Banking Regulation Act, 1949. It is considered as one of the major Indian commercial banks in the private sector having more than thousand branches and ATMs spread across different States in India. Between 1963 and 1970, Federal Bank took over Chalakudy Public Bank (est. 20 July 1929 in Chalakudy), Cochin Union Bank (est. 1963) in Thrissur, Alleppey Bank (est. 1964; Alappuzha), St. George Union Bank (est. 1965) in Puthenpally, and Marthandam Commercial Bank (est. 1968) in Thiruvananthapuram. The bank launched its initial public offering in 1994. The bank became a Scheduled Commercial Bank in 1970, which also coincided with the Silver Jubilee Year, since the bank commenced its operation in Aluva.

Ageas Federal Life Insurance Company Limited - Ageas Federal is a joint venture between Ageas Insurance International NV, a multinational insurance giant based out of Europe and Federal Bank. Federal Banks holds 26% stake in the company.

Equirus Capital Private Limited [15] - Federal Banks holds 19.79% stake in the company.

Federal Bank Limited is an Indian private sector bank headquartered in Aluva,Kochi, Kerala. The Bank has 1,408+ banking outlets and, 1935+ ATMs/ CDMS spread across different states in India and overseas representative offices at Abu Dhabi and Dubai.

With a customer base of over 16.6 million, and a large network of remittance partners around the world, Federal Bank handles more than one fifth of India's total inward remittances. The bank has remittance arrangements with more than 110 Banks/Exchange Companies around the world. The bank is also listed in the Bombay Stock Exchange, National Stock Exchange of India.

5. BANK OF BARODA

In 2011 BoB opened an Electronic Banking Service Unit (EBSU) at Hamriya Free Zone, Sharjah (UAE). It also opened four new branches in existing operations in Uganda, Kenya (2), and Guyana. BoB closed its representative office in Malaysia in anticipation of the opening of its consortium bank there. BoB received 'In Principle' approval for the upgrading of its representative office in Australia to a branch. Bob also acquired Mumbai-based Memon Cooperative Bank, which had 225 employees and 15 branches in Maharashtra and three in Gujarat. It had to suspend operations in May 2009 due to its precarious financial condition.[*citation needed*]

The Malaysian consortium bank, India International Bank Malaysia (IIBM), finally opened in Kuala Lumpur, which has a large population of Indians. BOB owns 40%, Andhra Bank owns 25%, and IOB the remaining 35% of the share capital. IIBM seeks to open five branches within its first year of operations in Malaysia, and intends to grow to 15 branches within the next three years.

The bank has 107 branches/offices in 24 countries (excluding India) including 61 branches/offices of the bank, 38 branches of its 8 subsidiaries and 1 representative office in Thailand. The Bank of Baroda has a joint venture in Zambia with 16 branches.[24]

Among the Bank of Baroda's overseas branches are ones in the world's major financial centres (e.g., New York, London, Dubai, Hong Kong, Brussels and Singapore), as well as a number in other countries. The bank is engaged in retail banking via the branches of subsidiaries in Botswana, Guyana, Kenya, Tanzania, and Uganda. The bank plans has recently upgraded its representative office in Australia to a branch and set up a joint venture commercial bank in Malaysia. It has a large presence in Mauritius with about nine branches spread out in the country.

CHAPTER 3

RESEARCH DESIGN

2.1 **Statement of problem:**

This is an attempt to debunk popular misunderstandings about the stock market, as most men are afraid to invest because they think there is a lot of risk involved. Few people know how to choose the correct stocks at the right time by looking at the technicals and fundamentals of the stock, which can help with decision-making and stock price prediction.

2.2 **Review of literature:**

1. "Fundamental Analysis of Banking Sector" by Joshita Dua and Manisha Kaushal Arora All industries depend on investment decisions because they help investors understand risk better. The capacity to "analyze cash" offers a methodical and significant element influencing income. The banking sector in India is undergoing significant changes due to intense competition from new products and services and the opening of doors for global firms brought about by the Indian economy.

2. "A technical and fundamental analysis of AU BANK" from Riya Goel, released in 2022 In order to ascertain the bank's performance ratios, which might be helpful in assessing the bank's growth potential, the study examined HDFC's secondary data during a five-year period. Several methods, including the Return on Assets ratio, Net Interest Margin, and other performance ratios, were used for the analysis.

3. Dr. Aruna N. (2017) "Fundamental and technical analysis of banking and sugar sector" It concerns the application of technical analysis to the study of share volatility in the banking industry. Many investors have lost a lot of money during this time since stock values have plummeted

everywhere in the world. This industry has consistently been one of the main investment opportunities.

4. Sonia R. Bentes' "The Fundamental Analysis: An Overview" (2013)
In this paper, we explore several papers in this field of research to discuss the fundamental analysis. This is a helpful tool for assessing the financial performance of the businesses. In particular, this paper's discussion demonstrates how this kind of technique might be useful for stock price analysis. A discussion of its possibilities is also included.

5. "Technical analysis of India's banking sector" Kumar, K. Raj (2011)
India's banking industry is one of the dynamically expanding industries. The share prices of banking companies are influenced by a number of variables. Quantifying the effects of different factors on these organizations is a very challenging task. Technical analysis is the process of analyzing market movement with a focus on charts in order to predict future price patterns.

6. Priyanka Jha released "Fundamental and Technical Analysis of Indian Banks" in 2021. Evaluating the banking sector is crucial to understanding the financial situation. The aim of this study is to compare the performing and non-performing assets of the two sector banks during the 2011-2018 operational period.

7. "A study by Gnanapragasam Vincent on the technical analysis of specific banking stock (2020)"
Technical analysis is the study of market behavior with a focus on charts to predict future movements in the prices of specific institutions.

8. Mr. Rahul Chauhan's "Research Study on Technical Analysis of Selected India Private and Public Bank" (2021)
Technical analysis forecasts future prices by utilizing historical stock statistics, typically including price and volume data. To put it simply, a technical analyst looks for patterns in the data of a stock, assumes that these patterns will continue for some time to come, and then positions his or her trade in the direction that the patterns indicate. Technical analysts sometimes use technical indicators to inform their trading decisions.

9. Muska Paul Jeevan Kumar's "Fundamental and Technical Analysis of Equities" Indian equity investors are still in their infancy. In the first and second phases of the technical analysis, Bollinger bands were applied to a subset of fifteen firms. Based on technical analysis, MACD recommended Gillette India Co. for investment.

10. Ahmad S. Wafi's "Fundamental Analysis Models in Financial Markets"
The idea is to use the financial statements to fairly value the organization by using several models and drawing a conclusion.

2.1 Objectives:

- EIC model top-down approach will be done for the industry and selected banks
- To calculate ratios and assess annual profit growth
- Technical analysis will be done
- To examine whether fundamentally strong stocks are performing better in the market
- To project the future price of a selected stock

2.2 Type of the study:

- Basic research

It is a sort of study used in science to comprehend and increase our understanding of a particular occurrence or subject. It is also acknowledged as basic research or as just investigative work. Typically, its goal is to produce evidence that supports or contradicts the study's original theory.

- Applied research

A non-systematic approach to solving certain research challenges or issues is through applied research. These concerns or problems may affect people individually, in groups, orin society as a whole. It is "non-systematic" since it jumps right into solving problems.

Both methods are used to research and forecast the prices of the selected stocks.

2.3 Scope and significance of the study:

The study primarily focuses on the fundamental and technical examination of a sample of5 banking businesses, evaluating each company's condition, stock value, and optimal time to invest in a company. In addition to applying numerous technical analysis tools and indicators to spot patterns and trends in stock price movements, the study will include a thorough review of various financial ratios and indicators utilised in fundamental research.

2.4 Methodology:

The analysis of the chosen firms is analytical and systematic with the goal of evaluating the performance and position of the company using both fundamental and technical analysis, including price trends, volume, price action, and indicators.

2.5 Nature of the study:

- **Secondary data**

The analysis will be based on secondary data, which will be collected through websites and online publications for the papers.

- **Collection of data**

Information is collected from annual reports and finance websites and share prices of the company is obtained from NSE website.

- **Research design**

This research is both descriptive and comparative in nature, using data collection to describe and explain the behaviour of the sample population as well as comparison of the chosen organisations.

- **Population**

Banking industry

- **Sampling technique**

Stratified sampling method-

The top 5 market capitalization companies are selected in banking industry

- **Sample size**

5 companies of banking industry, they are:

1. AU Bank
2. Bandhan Bank
3. IDFC First Bank
4. Federal Bank
5. Bank Of Baroda

- **Tools used for analysis**

1. Intrinsic value
2. Ratio analysis
3. Moving averages
4. Exponential moving averages
5. Relative strength index

2.6 Price movements of the stock Limitations of the study

- Only secondary is involved
- It is only limited to banking industry
- Only 5 banking companies are selected
- Limited technical indicators are used to predict the stock movements

Detailed study cannot be done due to shortage of time

CHAPTER 4

DATA ANALYSIS AND INTERPRETATIONS

3.1 FUNDAMENTAL ANALYSIS

The process of evaluating a business's inherent value and financial health by dissecting its fundamental elements is known as "fundamental analysis of companies." It comprises looking at a range of quantitative and qualitative elements of the organization's financial records, business operations, industry position, and market conditions in addition to the management team.
An investor can assess a company's past, present, and future financial performance as well as its potential for expansion and profitability by basing investment decisions on the inherent value of the business relative to its market price.

Components of fundamental analysis are:

- **Financial statements:**

Examining the balance sheet, income statement, debt levels, revenue growth, profitability, andliquidity.

- **Ratio analysis:**

Calculating and analysing financial statistics including the debt-to-equity ratio, ROE, price-to- earnings ratio (P/E), and others. These measurements shed light on the profitability, effectiveness, leverage, and general financial performance of the organisation.

- **Industry analysis:**

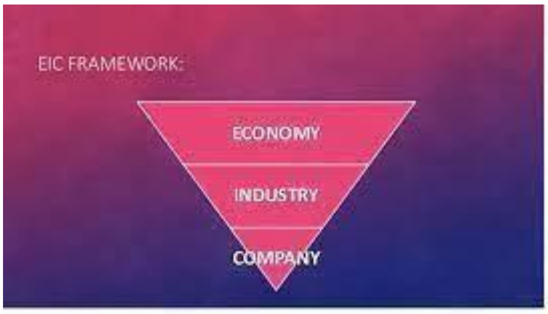
Assessing how the company fits into its sector, looking at market trends, rivalry, legal considerations, and potential dangers or opportunities that could affect its future prospects.

- **Management assessment:**

Evaluating the company's management, leadership, and corporate governance practises as wellas their history of carrying out business plans and producing value for shareholders.

3.11 E-I-C Model:

EIC analysis is a framework for analysis that is used to evaluate investment opportunities by looking at general economic conditions, business trends, and unique company characteristics.



- Economic analysis-

It involves looking at stats like GDP growth, interest rates, inflation, unemployment, monetary and fiscal policy, and other economic variables. Assessing possible hazards and investment possibilities requires an understanding of the general economic environment.

- Industry analysis-

Examining a sector or industry's attractiveness and competitiveness is the main goal of the industry study. It entails examining market trends, growth prospects, the competitive environment, entrance obstacles, regulatory aspects, technology developments, and any other elements that may have an impact on the performance of the industry. The position of the company within the industry and its potential for growth are both determined by an examination of the industry.

- Company analysis-

Company analysis involves evaluating the financial health, business model, competitive advantages, management quality, and other specific factors related to the individual company. This includes analysing financial statements, assessing key financial ratios, examining market share, evaluating the company's products or services, and understanding its strategy and operational efficiency. Company analysis helps determine the company's intrinsic value, growth prospects, and potential risks.

In this research top-down approach is used where macroeconomics factors are analysed first then industry analysis and at last comes the selected company analysis.

a. Economic analysis:

Market risk exists for all common stocks. This characteristic of practically all common stock types demonstrates their coordinated movement with changes in economic conditions in eitheran upward or downward direction.

Low inflation, rising earnings, rising gross domestic product, and other good macroeconomic news have a beneficial impact on stock values. Stock prices will suffer if there are signs of increased unemployment, rising inflation, or downward revisions to earnings projections

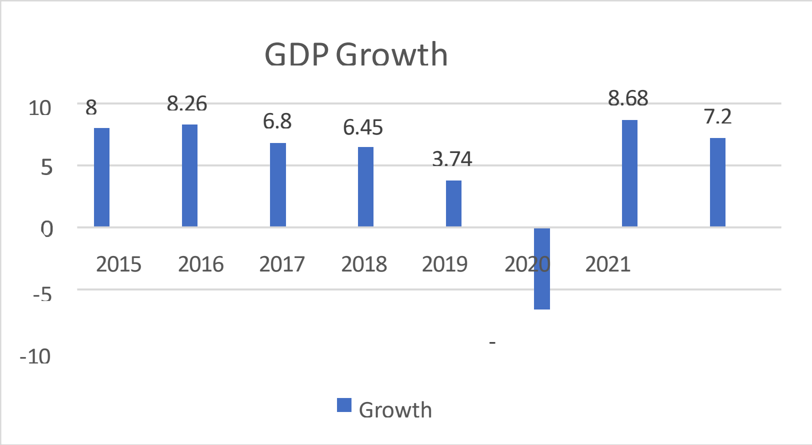
The prices of equities decline when the economy is in a recession. Whether a company is highperforming or low performing, all businesses are affected by the recession. Similar to how thestock market is positively impacted by the economic boom.

Some of the economic factors which will affect companies are:

- Gross domestic product (GDP)

The entire worth of all commodities and services produced inside a nation's borders over a given time period, often a year, is quantified by the term "gross domestic product" (GDP). The size and growth rate of an economy are measured using the GDP as a primary metric. Policymakers, economists, and investors frequently utilise it as a barometer of economic health in order to comprehend the entire situation of an economy and make wise decisions.

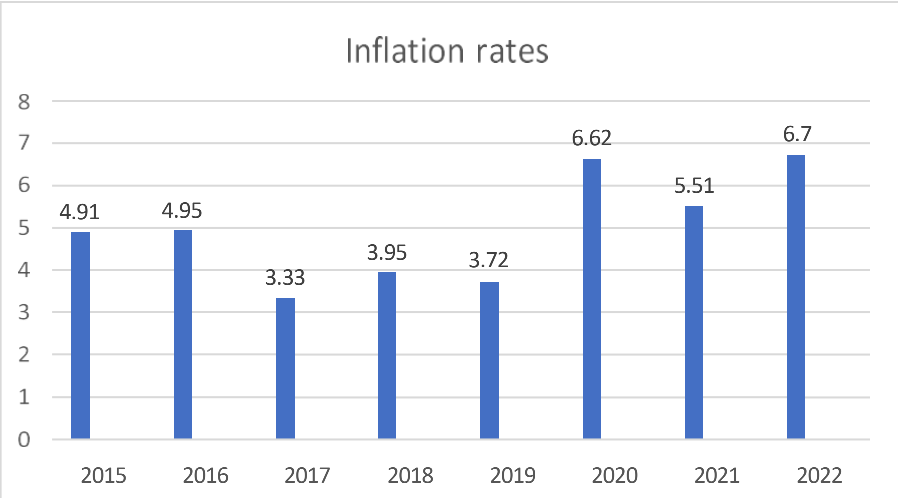
GDP growth rate of India is very good compared to other countries and GDP forecast for 2023is 6.7% according to Asian development bank.



- Inflation

The general level of pricing for goods and services in an economy that consistently rises over time is referred to as inflation. This indicates that, on average, prices are going up while money's purchasing power is going down.

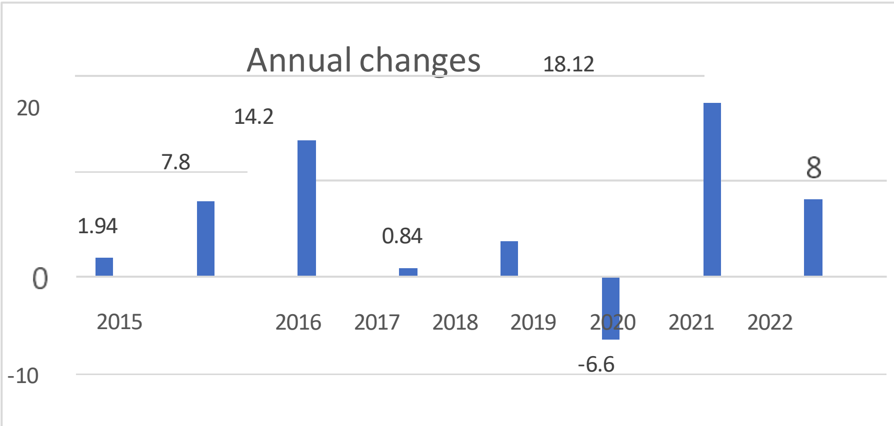
The Consumer Price Index (CPI) and the Producer Price Index (PPI), which track changes in the prices of a sample of representative products and services, are used to measure inflation. The inflation rate is reflected in the index's percentage change over time.



- Per capita income

The average income that people make in a certain geographic area, such as a nation or a region ,is referred to as per capita income. It is computed by dividing the region's overall income by its population as a whole. A measure of the economic well-being or level of living of the people living there is provided by per capita income.

To compare the economic progress and prosperity of other nations or regions, per capita income is frequently used as a measure. An increase in per capita income typically translates into an increase in average personal income, which denotes more economic success and possibly better access to products and services.



- Monetary policy

A country's central bank uses a set of instruments called monetary policy to regulate the total amount of money in circulation, foster economic expansion, and implement measures like adjusting interest rates and altering bank reserve requirements.

Some of the monetary tools used by RBI are:

Repo Rate: This is the rate at which the RBI lends commercial banks short-term money. The RBI can change the cost of borrowing for banks, which in turn affects lending rates through out the economy, by changing the repo rate.

Reverse Repo Rate: This is the cost of borrowing money from commercial banks by the RBI.It is a tool for removing too much liquidity from the banking system.

Banks are required to keep a specific portion of their deposits on hand with the RBI as cash reserves, or CRR. The CRR affects the liquidity available for lending by determining the percentage of deposits that banks must maintain with the central bank.

Statutory Liquidity Ratio (SLR): Banks must also keep a predetermined proportion of their deposits in the form of liquid assets, such as government securities. The SLR is a mechanism for controlling bank liquidity and lending growth.

Open Market Operations (OMOs): To add or remove liquidity from the banking system, the RBI buys or sells government securities on the open market. OMOs have an effect on the economy's money supply and interest rates.

- Current account deficit

A country is said to have a current account deficit when, over a specific time period, its total imports of goods, services, investment income, and unilateral transfers exceed its total exports of the same things. It is a part of the balance of payments, a list of all economic exchanges between citizens of one country and those of other countries.

That is to say, it shows that the nation is importing more goods and services, as well as more foreign revenue and transfers, than it is exporting and transferring abroad.

- Fiscal deficit

The term "fiscal deficit" describes the discrepancy between a government's total outlays and its total receipts within a certain fiscal year. It is a crucial part of a nation's fiscal strategy and is used to assess how much borrowing a government must do in order to cover its spending obligations.

A fiscal imbalance occurs when a government's spending goes beyond its receipts. The government is spending more than it is bringing in through taxes, fees, and other sources of income, as shown by the deficit. The government often needs to borrow money to fund the deficit by issuing bonds or receiving loans from home or foreign sources.

2021-22	2022-23	2022-23 Revised	2023-24
15,84,521	16,61,196	17,55,319	17,86,816

(Rs in crs)

By analysing the above parameters, we can observe that India’s economy is in good state and is in upward trend as there is no real threat nearby and one can feel safe to invest in stock market for short term as well as long term.

b. Industry analysis:

Deposits and withdrawals, currency exchange, forex trading, and wealth management are just a few of the many tasks that banks carry out. Additionally, they serve as a conduit between depositors and borrowers by offering credit facilities to those who wish to borrow using the money that clients deposit with them.

Banks gain profit by levying an interest rate on loans that is higher than the interest rate on customer deposits, which is how they generate revenue. They must, however, abide by the rules established by the national government or central bank.

➢ **Current scenario**

- Over 30.6% (on average during Jan.–Nov. 2022) of loan growth was given to the MSME sector, which was made possible by the Union government's extended Emergency loan Linked Guarantee Scheme (ECLGS).
- In terms of gross loan offtake to the sector, the percentage of MSMEs increased from 17.7%in January 2020 to 23.7% in

November 2022.

- Over 30% of the additional lending by PSBs and PVBs during FY 22 was made up of personal loans, which continued to grow at a steady rate. Housing loans, credit card receivables, and vehicle/auto loans all

experienced double-digit increase in the personal lending industry.

- Rural India is still a major driver of digital adoption, registering an 8% YoY increase to 333 Mn internet users (37% of the rural population). In India, 45% of all data use occurs inrural areas. For every 10 urban internet subscribers there are currently 7 rural internet subscribers.

➢ **NBFC'S**

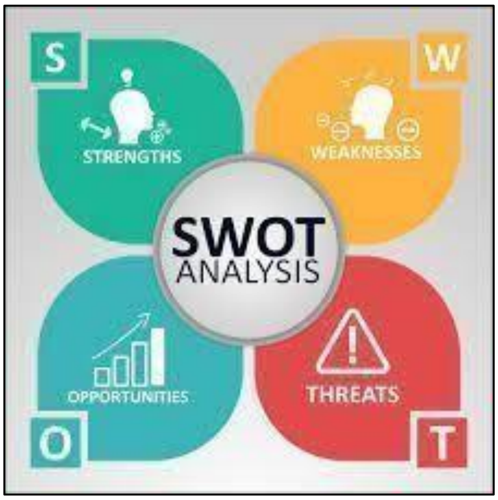
- The constant increase in NBFCs' credit as a percentage of GDP and in comparison, to credit granted by SCBs is evidence of the NBFC sector's growing significance in the Indian financial system.
- The dropping GNPA ratio of NBFCs, from a peak of 7.2% in June 2021 to 5.9% in September 2022, reflects the ongoing improvement in asset quality.
- With a Capital to Risk Assets Ratio of 27.4% (Sept'22), the capital position of NBFCs also continues to be strong.
- The industrial sector continued to get the highest amount of loan from NBFCs' balance sheets, followed by the retail, service, and agricultural sectors.

- **Recent developments**

- The Union Budget for 2022–2023 announced sovereign green bonds and theme funds for blended financing for climate action.
- IFSCA and the RBI have signed a Memorandum of Understanding (MoU) to work together on regulating and overseeing regulated firms in their respective jurisdictions.
- PM gives the country 75 Digital Banking Units spread over 75 districts.
- The revised cost estimate for "Setting Up of India Post Payments Bank" is approved by the Cabinet. The entire outlay has increased by INR 820 crore for the fiscal years 2020–21 to 2022–23, bringing it to INR 2255 crore.
- HDFC Realty's PE subsidiary, HDFC Capital, would spend $2 billion in the market for affordable housing.

- **Industry trends**

SWOT ANALYSIS OF BANKING INDUSTRY



- Strengths

1. **Oldest industry**

The banking business has established itself as one of the most well-known and widely distributed industries. The human race has also been supported by it. To meet the new demands, banking has updated and modified itself. Today, banks perform a crucial and essential role in society, from encouraging the saving habit to providing people with financial aid.

2. **GDP growth**

There is broad agreement that perhaps the development of the financial sector contributes to economic expansion. Whether supply-led or demand-driven growth, financial development creates favourable conditions for growth. This sector is constantly working to promote jobs, maintain financial stability, boost international trade, and end poverty.

3. **Ease of use**

As the modern era has begun, technological advancements have made life easier for the average person. Real-time transactions between people are possible anywhere.

4. **Supplier of Financial Instruments**

Fixed Deposits, Stocks, Bonds, Insurance, and Savings Accounts are just a few of the many different financial instruments that banks offer to their clients. Additionally, banks have embraced and incorporated digital technologies to offer online banking options.

- Weaknesses

1. **Global vulnerability**

The banking industry is impacted by changes in exchange rates and the global economy.It has also been observed that minor changes in currency exchange rates or consumer and saving habits within a single large country can have a direct effect on the whole banking industry.

2. **Non performing assets**

NPAs are the banking industry's main area of vulnerability. It typically stands for loans that cannot be repaid. The bank will surely suffer financial losses as a result of this. NPAs can have a crippling effect on the banking industry and the economy as a whole. High NPA incidences have significantly harmed the nation's banking sector in developing nations like India.

3. **Absence in some rural areas**

It has been noted that the banking sector in most nations places more of an emphasis on metropolitan areas while ignoring rural ones. This is a significant problem for the banking industry. Currently, a sizable portion of the world's population lives in villages. In industrialised nations, this is more prevalent.

- Opportunities

1. **Technological advancements**

   Technology has always been the foundation of the banking sector. It is clear from this that banks today's digital offerings are entirely dependent on technology. But banks should keep utilising the most recent technology developments. They should concentrate on releasing new services in order to appeal to future generations.

2. **Opportunities for rural growth**

   The minimal presence of the banking sector in rural areas is one of its weaknesses. But there is a way to transform this weakness into a chance. By extending into villages and offering their services to the rural people, banks will significantly increase the size of their customer base.

3. **Societal change**

   Human society is evolving on both an economic and cultural level. In this dynamic environment, the expectations and desires of customers with rising income levels will inevitably shift. Banks must adjust to the way society is developing. By providing better services in the future, the industry will strengthen its position.

- Threats

1. **Cyber threats**

   The modern banking sector is totally dependent on the internet. Everything is saved digitally, including data storage, financial activities, and personal information. This makes the banking industry a top target for hackers who want to use holes in the institutions' digital infrastructure to their financial advantage. Banks will be at risk in the cyberspace if they don't implement appropriate cybersecurity measures to protect their data.

2. **Competition shift**

   Banks confront fierce competition on a global scale. Not just from other banks, but also from organisations like Non-Banking Financial Companies that market a variety of financial goods that not all banks can offer. As a result, the consumer base has shifted from banks to NBFCs, which are more well-liked by the new competent breed.

3. **Global uncertainty**

   Right now, the world is going through a tough economic period. Trade wars, protectionist measures, and economic downturns have all had an impact on the global banking industry. If the state of the global economy does not improve, banks will have a dark future.

Conclusion

However, they must address some of their own issues, such as NPAs and an inadequate rural presence. The good news is that they will seek to transform these weaknesses into opportunities by offering high-quality service and expanding into undeveloped locations.

Making sure that its digital infrastructure is current and functioning properly is another concern for banks. Therefore, the financial sector will make sure that it maintains its forward progress.UPI payments and payment wallets like PhonePe, Amazon Pay, PayTM, and others are transforming banking.

c. Company analysis:

When analysing a firm, it is important to consider its financial standing, business strategy, competitive advantages, managerial calibre, and other unique aspects. This includes studying market share, examining important financial ratios, rating the company's productsor services, and comprehending its strategy and operational effectiveness. It also includes analysing financial statements and evaluating market share. Analysing a firm can help identify its inherent worth, future development possibilities, and potential threats.

➢ **Key ratios for performance analysis**

- **Current ratio**

It sheds light on a company's capability to settle its immediate debts with its immediate assets. A ratio of 1 or greater often means that a business has enough short-term assets to meet its short-term liabilities. This points to a healthy level of liquidity and a lesser dangerof experiencing financial difficulty.

Current ratio = Current assets / Current liabilities

- **Debt – Equity ratio**

The debt-to-equity ratio sheds light on a firm's capital structure and financial risk. A greater ratio means that highest percentage of the company's funding comes from debt, which can imply a higher level of financial risk because of the increased responsibility to make interest payments and repay the principle. It is calculated as:

Total debt / Total equity

- **Dividend yield**

Investors can determine the return ontheir investment in the form ofdividends by lookingat the dividend yield. For income-oriented investors who seek consistent returns on their assets, such as dividend-paying companies or dividend-focused ETFs, it is particularly significant.

Dividend yield = (Annual Dividend per Share / Market Price per Share) * 100

- **Return on capital employed**

The asset turnover ratio demonstrates how wella company uses its assets to generate sales.A higherratio suggests greater efficiency because it indicates that it is generating more sales per asset. It indicates that the firm is producing income by utilising its investment property, plant, and equipment efficiently.

Return on capital employed = EBIT / Total assets – Current liabilities

- **Price to earnings**

The P/E ratio sheds light on the market's expectations for a company's potential future profits aswell as its relative worth in relation to those profits. It displays the premium thatinvestors are readyto pay above the company's earnings per share.

On the other hand, a low P/E ratio may imply that investors have fewer expectations for future earnings growth or are more worried about the company's dangers. It can be a signthat the business is undervalued or operating with difficulties in its sector.

Price to earnings = Market price per share / Earnings per share

- **Price to book value**

Investors and analysts use the P/B ratio to determine whether the stock of a firm is overpriced orundervalued in relation to its book value. A high P/B ratio indicates that themarket is willing to pay more for each rupee of the company's net assets than it is now worth. It can mean that investors have higher hopes for the company's potential for futureexpansion, profitability, or assetreturns.

Price to book value = Market price per share / Book value per share

- **Loan to deposit ratio**

They use the loan-to-deposit ratio as a financial statistic to evaluate their credit risk and liquidity.It shows how much of a bank's total deposits—the money that its clients have intheir different checking, savings, and time deposit accounts—are kept in loans to customers and other parties.

A high loan-to-deposit ratio means that a large amount of the bank's deposited funds are being lent out. This is indicative of profitability because the bank is effectively using its resources to generate interest income from loans.

A low loan-to-deposit ratio, on the other hand, indicates that the bank is holding more of its deposits in reserves or lower-risk assets. While this might be a sign of improved liquidity and lower credit risk, it also suggests that the bank may not be maximising its lending- related profit potential.

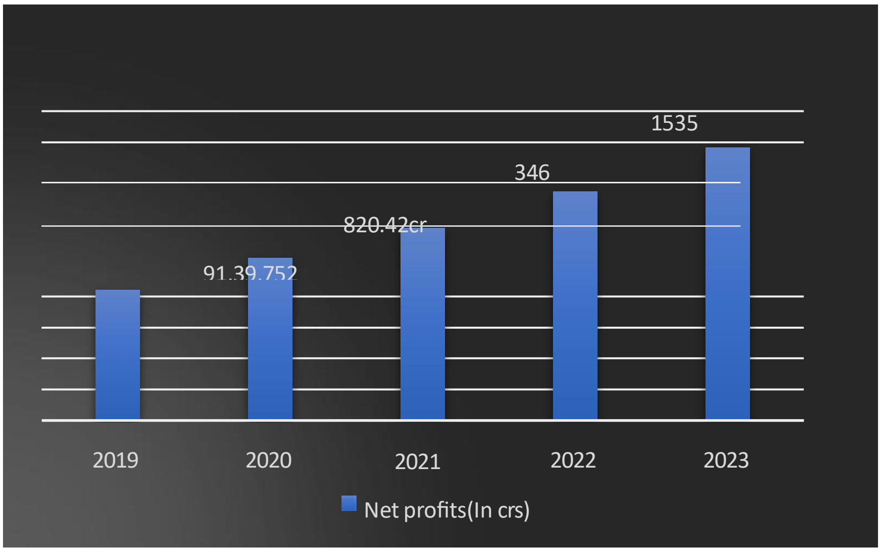
Loan to deposit ratio = Total loans / Total deposits

- **Gross NPA**

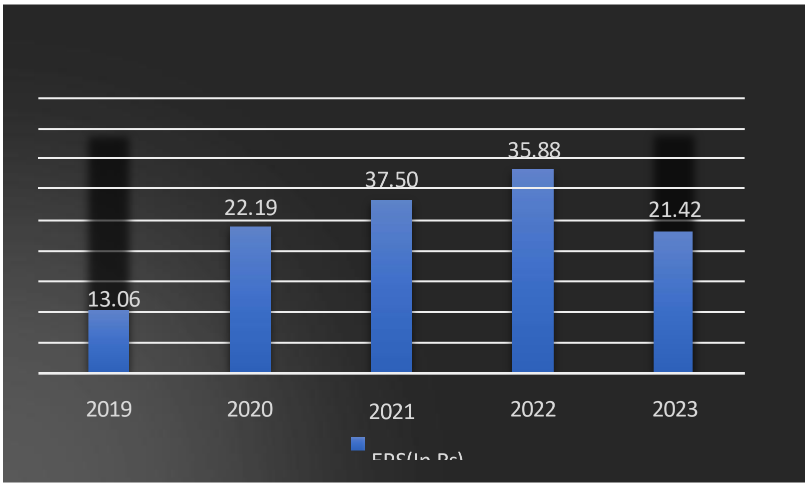
Gross NPA is the total amount of such non-performing assets that are still in existence,taking intoaccount both the principle and accrued interest that has not been paid by the borrower. A significant amount of gross NPA can have a detrimental effect on a bank's profitability and may be a sign of credit risk and potential instability. To regulatethe quality of their loan portfolio and implement the necessary management and recovery strategies, lenders regularly monitor the gross NPA ratio.

1. AU BANK

Net profits



Earnings per share



Interpretation

From the above chart we can observe that there is significant growth in the net profits from year to year and as well as in earnings per share which is a very good sign and it shows the strong fundamentals of the company.

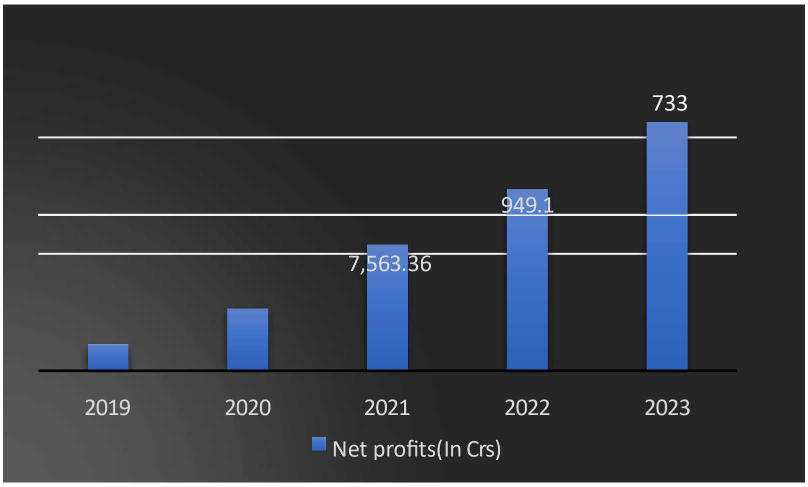
Ratios	**Values**	**Interpretation**
a. Current ratio	3.69	If the current ratio is between 1.5-3 it is considered as good because banks have to maintain current assets.
b. Dividend yield	0.16%	Dividend yield is not so satisfactory
c. Return on capital employed	14.98%	ROCE between 5-10% is considered as good because they will be maintaining more current assets
d. Debt to equity ratio	0.44	Industry standard is 2:1, But in this case, it is not satisfactory as debt is more
e. Price to earnings ratio	23.84	If we compare it to the industry PE which is 14.6, we can say that it is satisfactory

f. Price to book value	3.79	PB value doesn't look good as it is more than the industryPB ratio which is 1.89 which means that shares are trading at premium
g. Loan to deposit ratio	0.83	According to the standards itis good as the bank is efficiently utilizing the cash
h. Gross npa	1.66%	It is good as the npa percentage is decreasing yearly

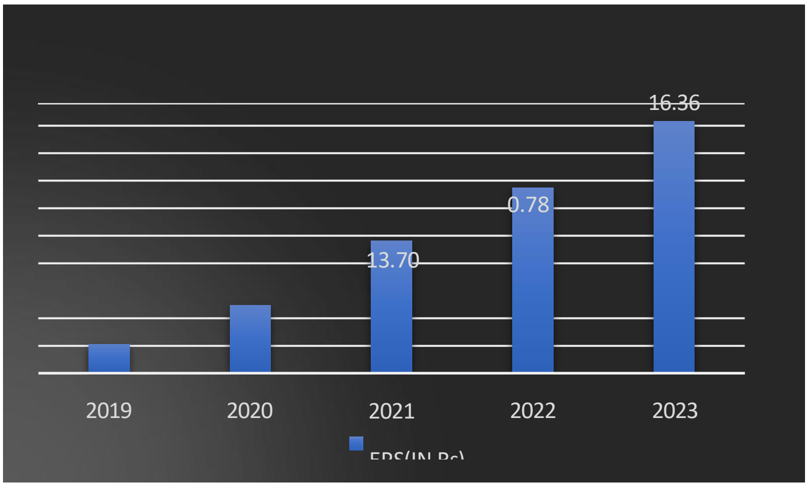
Table 3.11.1: Important ratios

2. BANDHAN BANK

i. Net profits



ii. Earnings per share



Interpretation

From the above chart we can observe that there is significant growth in the net profits wherethe growth rate is high from year to year and as well as in earnings per share which is a verygood sign and it shows the strong fundamentals of the company in thisindustry.

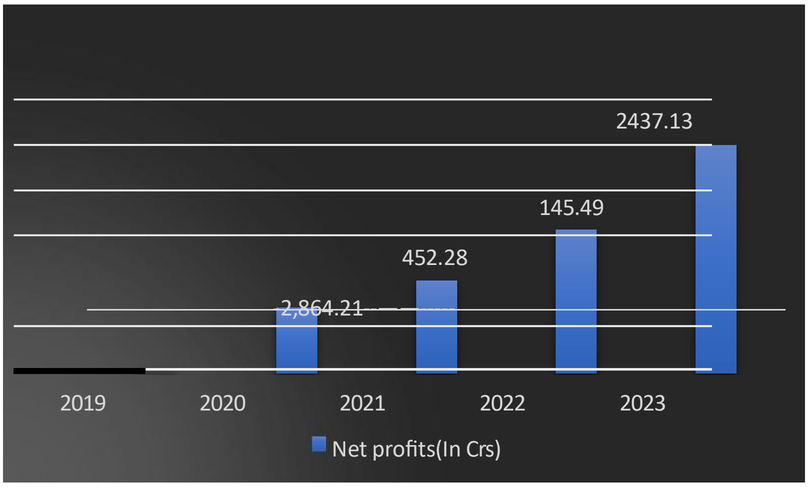
Table 3.11.2: Important ratios

Rati os	**Values**	**Interpretation**
a. Current ratio	2.42	It is satisfactory as it is between 1.5 and 3
b. Dividend yield	0.80%	It is not good as the percentage is very less
c. Return on capital employed	2.70%	It is satisfactory compared to the standards
d. Debt to equity ratio	1.26	It is not good as they have high debt compared to equity
e. Price to earnings ratio	12	It is good compared to the industry standards
f. Price to book value	1.48	It is not good compared to industry standards
g. Loan to deposit ratio	0.788	The trend of this ratio is downward where the lending has come down gradually

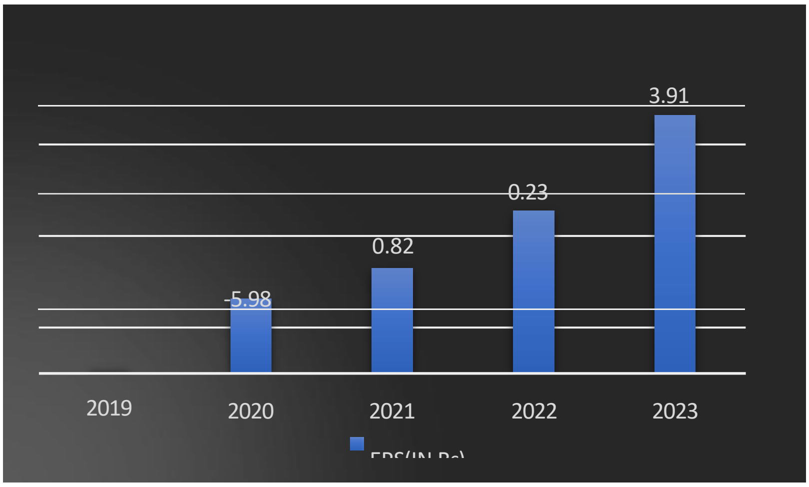
h. Gross npa	7.02%	It is very good compared to its competitors and also its decreasing year by year

3. IDFC BANK

iii. Net profits



iv. Earnings per share



Interpretation

From the above chart we can observe that there is significant growth in the net profits wherethe growth rate is high from year to year and the profits are more in the previousyear comparedto its competitors which is an important aspect and earnings per share is also good and is in upward trend.

Table 3.11.3: Important ratios

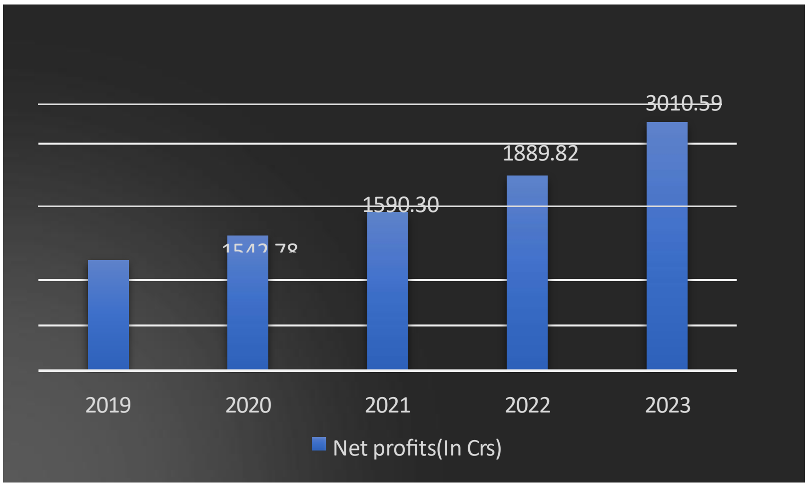
Ratios	**Values**	**Interpretation**
a. Current ratio	17.4832	Current ratio is good
b. Dividend yield	10.64%	It is not satisfactory but good when compared to its peers
c. Return on capital employed	4.33%	It lies within the industry standards but not that satisfactory as they are not able to generate more returns
d. Debt to equity ratio	1.58	Debts are very high and the condition is very bad according to this
e. Price to earnings ratio	17.5	According to the industry standards we can see that the stock is undervalued
f. Price to book value	1.68	It is good considering the industry standards and also the stock is trading at discount
g. Loan to deposit ratio	98.4	The ratio is not so good as they are not managing their cash reserves

		efficiently

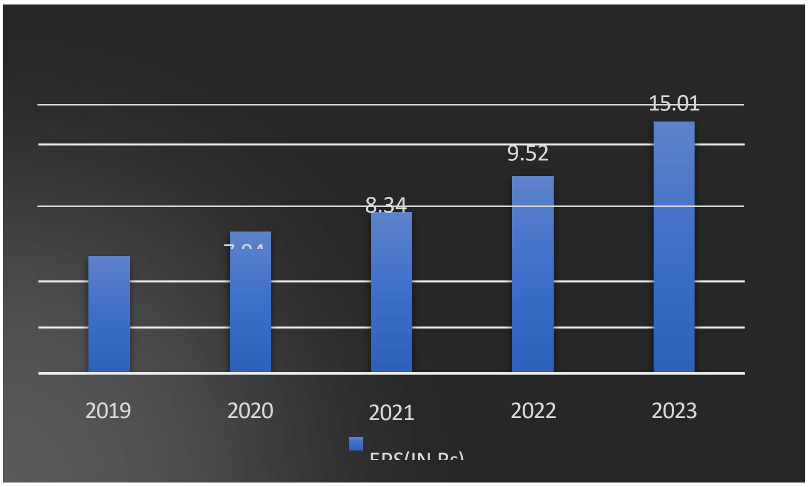
h. Gross npa	1.88%	Its decreasing yearly but its more compared to its peers

4. FEDERAL BANK

v. Net profits



vi. Earnings per share



Interpretation

From the above chart we can observe that there is growth in the net profits, but the profits arelow compared to its competitors as well as the growth rate. Earnings per share looks good which is a major fundamental aspect.

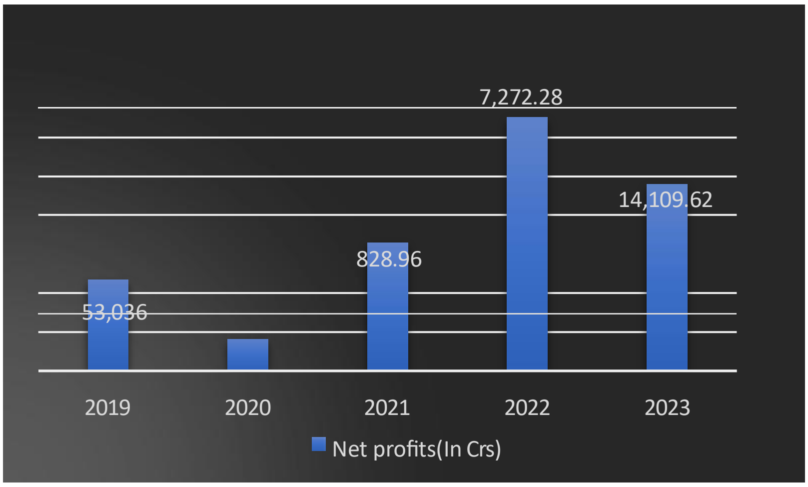
Table 3.11.4: Important ratios

Ratios	**Values**	**Interpretation**
a. Current ratio	2.67	It is good compared to industry standards
b. Dividend yield	0.63%	Dividend yield is very bad if this stock is considered for long term
c. Return on capital employed	12.96%	It is good and ahead compared to its peers
d. Debt to equity ratio	0.39	It is satisfactory keeping in mind the industry standards
e. Price to earnings ratio	9.68	It is bit high compared to the industry standards
f. Price to book value	1.36	PB ratio is not satisfy as it is trading at premium currently in the market
g. Loan to deposit ratio	0.76	It is good according to the standards which is around 80-90%

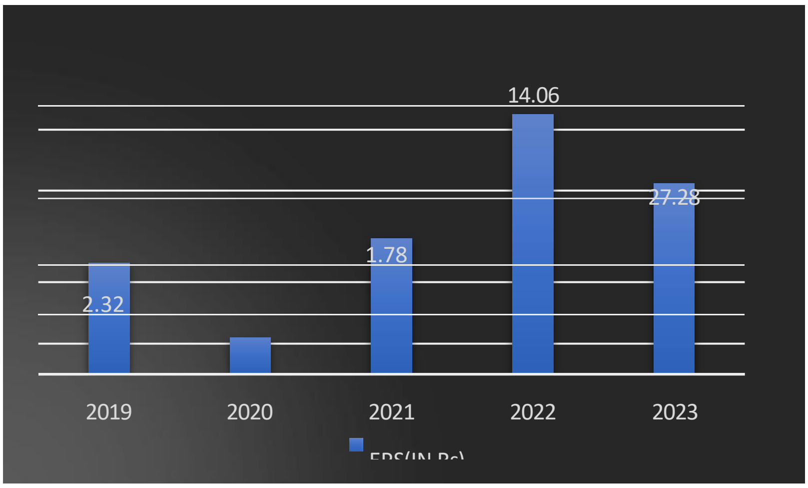
h. Gross npa	2.29%	It is good according to the standards and is maintained well by the bank

5. BANK OF BARODA.

vii. Net profits



viii. Earnings per share



Interpretation

From the above chart we can observe that the profits growth are not upto the mark andare often fluctuating, they are able to make profits but should stay consistent. Same in case withthe eps where it is volatile but comparatively good.

Table 3.11.5: Important ratios

Ratios	Values	Interpretation
a. Current ratio	1.33	It is not satisfactory as the current assets are underutilized
b. Dividend yield	2.12%	Not satisfactory
c. Return on capital employed	4.4%	It is satisfactory according to the industry standards
d. Debt to equity ratio	114.2	Debts are very high
e. Price to earnings ratio	8.17	It is less than the industry standards and the stock is bit undervalued
f. Price to book value	1.22	It is better when compared to its peers
g. Loan to deposit ratio	0.74	It is satisfactory according to the standards
h. Gross npa	2.92%	It is satisfactory as it is decreasing yearly

3.12 Calculation of fair value considering past 5 years

Average PE * Average EPS equals fair value.

1. AU Bank

[(44.9+53.88+61.96+75.16+87.44)/5 * (28.4+25.9+23.9+21.9+18.9)/5]

Equivalent to ₹1539.09

Though the stock is overpriced and has a somewhat lower fair value than the market price, one can still keep it given the other considerations.

2. BANDHAN ICICI

(43.2, 24.4, 24.1, 24.1, 20.9, 17.8)/5 * (11.4, 21.05, 30.69, 42.63, 53.4)/5]

Equivalent to ₹830.23

When the fair price is significantly lower than the market price, it is overpriced and not advised to be purchased at this amount.

3. IDFC BANK

[(11.76+23.3+37.93+46.14+74.92)/5 * [(28.7+11.4+12.1+13.3+7.7)]

₹568.17 is the fair value.

Although fair value is less than market price, there is enough difference so that stock can still be purchased or held.

4. FEDERAL BANK

* (37.59+51.03+50.38+68.81+82.16)/5 * (44.8+38.4+35.6+26.6+21.3)/5

₹1933.51 is the fair value.

Since the fair value exceeds the market price, the stock is deemed undervalued and can be purchased at the market price.

5. BANK OF BARODA

[(18.12+12.12+32.64+59.82+74.22)/5 * (42+50.4+20.8+15.2+12.7)/5]

Equivalent to ₹1111.41

Since the fair value exceeds the market price, the stock is deemed undervalued and can be purchased at the market

3.1 TECHNICAL ANALYSIS

Technical analysis is the study of chart patterns and statistical data to spot market trends and make the right stock selections.

There is a chance that the share price will rise and then fall. But if you monitor the stock price's movement over time, you might see trends and patterns. The investigation of these price movements and chart patterns is known as technical analysis of equities. Once you have mastered the art of technical analysis on stocks, you will understand the significance of technical indicators.

Technical analysts say that historical price trends tend to repeat themselves over time. As a result, they study historical stock charts, look at price and volume information, and employ trends to make educated guesses about future stock price movements. Technical analysis characteristics include:

- The Market Price of the Stock Accounts for All Information Available:

As we mentioned before, fundamental analysis looks at a stock's finances and other specifics. Although technical analysis of equities is completely different from fundamental research, it functions on a similar concept.

The stock price and, ultimately, the stock chart are updated to reflect this information. They donot consider fundamental variables, instead focusing primarily on chart patterns to determine market trends.

- Patterns Have a tendency to Re-occur:

The final supposition supporting a technical analysis is that trends repeat themselves. In otherwords, imagine that a stock chart follows a hypothetical A-B-C pattern. Therefore, each time
we get to "C," we'll start over at "A," then move on to "B," and finally "C." Without fail, this trend will continue.

- Stock Prices Follow Trends:

The basis for technical analysis of stocks is the notion that every stock chart has a distinct trend of its own. Only within this trend do prices change. Every change in the stock price signals the following action. Consider the fictitious ripple as an example.
You can predict that a stone will cause a series of ripples to appear in a pond when you throw it. The trend will fizzle out after a few tremors. However, a similar ripple will reappear the following time you throw a stone.
In the same way, you may predict the trend from stock chart data. As with waves, the movement in any direction may naturally be more or smaller than previously. A larger or smaller stone will cause larger or smaller ripples, correspondingly. The shape of these waves won't significantly alter, though.
Using these presumptions as a guide, you can use three crucial technical indicators to spot market patterns and forecast stock values in the future.

- Charts:

The most common tools used as technical indicators for technical analysis are price and volume charts. A volume chart shows how many shares of a company were bought and sold throughout the day.

You can select one of the standard line or bar charts for technical analysis, or you can utilise a candlestick chart instead. A unique type of chart that is particularly useful for technical analysis is the candlestick chart. It takes the shape of a line of subsequent candles. In the section on stock charts, we'll go into more detail about candlestick charts. Trendlines are used in conjunction with charts. Trendlines show a stock's movement over time in one direction or another.

- Technical analysis vs Fundamental analysis

Basis	Fundamental Analysis	Technical Analysis
Relevance	For long term investment.	For short term investment.
Function	Useful for trading & investing.	Useful for trading.
Objective	To find out fair value of security	Determine correct time to enter & exit trade.
Data	Use both past & present data.	Use past data only.
Form of data	Uses annual reports, news, economy`s statistic, etc.	Relies on chart analysis only.
Trader`s type	Long term position trader.	Swing & short term trader.
Concepts	Return on equity & on assets.	Dow theory & price data.
Usefulness	Identify undervalued or overvalued stocks	Determines right time to buy or sell stock.

Major indicators

- Moving averages:

  It is an indicator to get average price of an stock to assess the price of the stock. A basic arithmetic average of prices over a time period is used by simple moving averages (SMAs), but exponential moving averages (EMAs) give more weight to more recent values than to older ones over the same time period.

- Exponential moving averages:

  The only element which is added to SMA is that it gives weights to all observations acrossthe time which responds strongly to recent price movements.

- Relative strength index (RSI)

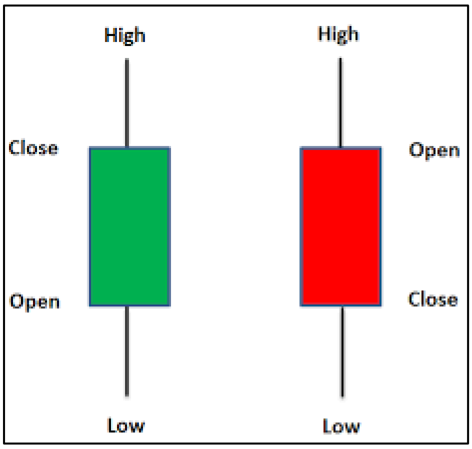
  It is a momentum calculator to check whether the stock is in overbought zone or underbought zone where upper limit is 70 and lower limit is 30 normally.

- Average directional index (ADX)

  The strength of a trend is measured using ADX. Based on a moving average of price rangegrowth over a predetermined amount of time, ADX calculations are made. Other time periods can be utilised, while 14 bars is the default configuration.

- **Candlesticks**:

By using various colours to visually indicate the magnitude of price changes, candlestick charts exhibit this feeling. The candlesticks are used by traders to make trading decisions based on recurring patterns that aid in predicting the near-term direction of the price.



Major chart patterns:

- Head and shoulder pattern

A head and shoulders pattern usually develops after a strong upward pattern, and it consistsof three waves: the peak of the first (left) shoulder is higher than that of the rally that preceded it; it is marked by very high market volumes; and the fall that follows is sharp andtakes the price close to the point from which the shoulder began; it is characterised by lowvolumes

- Inverse head and shoulder pattern

A head and shoulders pattern usually develops after a strong upward pattern, and it consists of three waves: the peak of the first (left) shoulder is higher than that of the rally that preceded it; it is marked by very high market volumes; and the fall that follows is sharp and takes the price close to the point from which the shoulder began; it is characterised by low volumes.

- Double top pattern:

A head and shoulders pattern usually develops after a strong upward pattern, and it consistsof three waves: the peak of the first (left) shoulder is higher than that of the rally that preceded it; it is marked by very high market volumes; and the fall that follows is sharp and takes the price close to the point from which the shoulder began; it is characterised by lowvolumes.

- Double bottom pattern

A double bottom pattern, which resembles a water image of the double top pattern, appearsafter a period of consistently declining prices.

- Triangle pattern

A triangle pattern develops when the distance between the peaks and bottoms on a stock chart keeps getting smaller. As a result, they will converge if trend lines are added for tops and bottoms, respectively. As a result, the design will appear to be a triangle. One of the three causes described below results in a smaller discrepancy between tops and bottoms.

While the peaks remain stable, bottoms are rising. While the bottoms are stable, the tops are falling Tops and bottoms are overlapping.

Ascending, descending, and symmetrical triangles are produced by these patterns ,respectively.

- Rectangle pattern

When a stock's price has been fluctuating within a range, a rectangular pattern develops. Every upward move and every downward move come to an identical top and bottom. Inother words, the top and bottom prices remain stable over time.

3.21 Moving averages of the 5 stocks (14 days moving average for 1 year)

1. AU BANK

Fig 3.21.1

Analysis:

This is a short-term moving average of 14 days to check the trend of the stock whether it is inupward direction or downward direction.

If the candlesticks are above the moving average line, then we can say that stock is in good momentum and when the candlestick goes just above the moving average line it is the right time to buy the stock as marked in the above diagram in black colour.

Vice versa, if the candlesticks go below the moving average line it is a sell signal as the trendwill go downwards as shown in the above diagram marked in red circle.

So, the current trend of this stock is flat where there is a sign of bearishness as the candlesticksare formed below the moving average line and its not the right time to buy this stock.

2. BANDHAN BANK

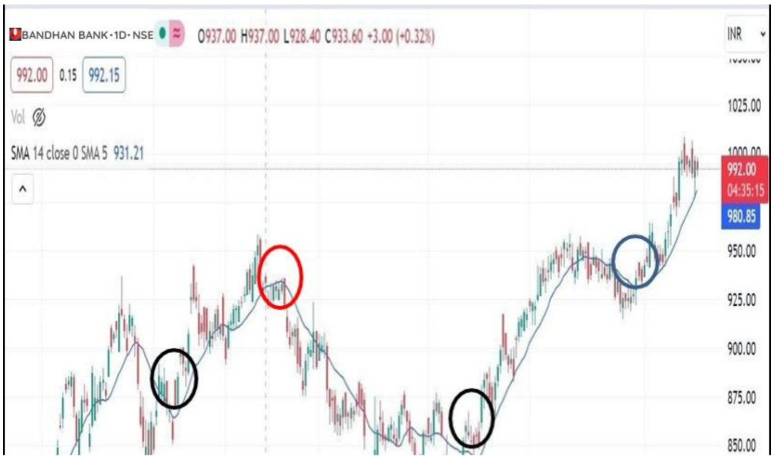


Fig 3.21.2

Analysis:

Based on the simple moving average there were so many opportunities in this stock to buyor short.

One should wait for the candle to form over the moving average line to get the trend confirmation and then should take position. There were around 3- 4 buying buying opportunities in this stock.

Current trend of this stock is in upward trend where it is not advised to buy this stock as theopportunity is missed and it is recommended to hold the stock if one owns it and can makehuge returns.

3. IDFC BANK

Fig 3.21.3

Analysis:

The current trend of the stock is in upward trend based to the simple moving average where the candlesticks are above the line in the chart and one can hold the stock or can also buy the stock for small returns.

4. FEDERAL BANK

Fig 3.21.4

Analysis:

The current trend of this stock is in bearish trend according to the moving average where the Candlesticks has gone below the moving average line and it is an indication that the stock willgo down for the short term.

5. BANK OF BARODA

Fig 3.21.1

Analysis:

We can clearly observe that the trend of the stock is downward as there is a red candle below the moving average line and we can expect the stock to fall from here for the short term.

But there are certain limitations in the moving average where one cannot just rely on one indicator to make decisions regarding buy or sell. One has to combine other indicators as wellas price actions to make better decisions.

3.22 Exponential moving average (15 days-short term and 50 days-longtermfor 1 year)

1. AU BANK

Fig 3.22.1

Analysis:

The EMA taken here are 15 days and 50 days averages to get the buy and sell signal of the stock where blue line is the short term EMA and red line is the long term EMA, this strategyis calledas crossover strategy. If the short-term moving average crosses the long-term moving averagefrom below then it is considered as a buy signal and if the short-term moving average crosses from above the long-term moving average, then it is sell signal asit indicates that stock will move in down trend.

The target can be set upon the risk reward ratio which differs from individual to individual,but according to this strategy after taking position in this stock one can sell the stock whenthe short-term moving average line comes near the long-term moving average line but disadvantage hereis higher returns will be missed.

The circles marked in blue colour are the buy signals where we recently had two opportunitiesin this stock and circles marked in red colour are sell signals.

Recent trend of AU BANK is in downward trend where the stock might go down for shorttermaccording to this strategy.

2. BANDHAN BANK

Fig 3.22.2

Analysis:

There was a good opportunity to buy a stock where it was a perfect setup of crossoverstrategy and the red signal shows the sign to sell the particular stock as it moved downand the current trend of the stock is in downward trend according to this strategy.

3. IDFC BANK

Fig 3.22.3

Analysis:

There was a good opportunity to buy a stock where it was a perfect setup of crossoverstrategyrecently. The current trend of the stock is in downward trend .

4. KOTAK MAHENDRA BANK

Fig 3.22.4

Analysis:

One can buy the stock at black circle and sell at red circle according to the strategy andcan makeprofits. Current trend of the stock is bearish where short-term moving averagecomes below the long term ema.

5. BANK OF BARODA

Fig 3.22.5

Analysis:

There was a strong rally happened in BANK OF BARODA after crossover strategy where one could have generated maximum returns for short term. BANK OF BARODA is in bearish trend currently according to this strategy.

3.23 Relative strength index (RSI for 1 year)

1. AU BANK

Fig 3.23.1

Analysis:

RSI is used to analyse whether the stock is in overbought zone or underbought zone. Upper limitis 70 which is the red line and the lower limit is 30 which is the black line,if it crosses the upperlimit, it is considered that the stock is in overbought condition and might come down and if crosses the lower limit then it is considered that the stockis in oversold condition.

If we look at AU BANK it is 37.16 not overbought nor oversold currently where one canbuy the stock using other indicators, factors or strategy.

We cannot be dependent only on RSI to make buy or sell decisions, it should be combined with other indicators, factors and strategies to be effective.

2. BANDHAN BANK

Fig 3.232.

Analysis:

The circles marked on the chart are the overbought zone of BANDHAN BANK where it hadcrossedabove 70. The current RSI is at 44.26 where it is in the right zone currently.

3. IDFC BANK

Analysis:

The current RSI of the stock is 32.26 where it is near to the oversold range, where onecanmonitor the future consequences and make decision.

4. FEDERAL BANK

Fig 3.23.4

Analysis:

The current RSI of the stock is 35.36 where it is near to the lower limit of the RSIand decisioncan be made accordingly.

5. BANK OF BARODA

Analysis:

The current RSI level of BANK OF BARODA is 43.06 where it is near to the middle and shouldWait forother indicators for signals.

3.24 Price and volume analysis (chart as on 25/6/2023)

The features of a security's price movements are characterised by price action. This movement is frequently examined in light of recent price fluctuations. Price action trading is a method that, rather than relying primarily on technical indicators, enablesa trader to read the market and makearbitrary trading decisions based on recent and actual price moves. Price action trading technique relies on technical analysis tools since it overlooks the fundamentalanalysis components and concentrates more on recent and historical pricemovement.

1. AU BANK

Fig 3.24.1

Analysis:

This is the daily price chart of AU BANK as of 14/8/2023 where it has formed a rectangle pattern and the major resistance level is at 1740, whereas first support is at 1610 and second support is at 1541. Currently the stock is near the support zone and ifit breaks the first supportit will go down till 1541 an then bounce back from that level.

If it sustains the support one can buy the stock now for the target of 1740 for the shortterm.

1. BANDHAN BANK

Analysis:

This stock is making higher high and higher low pattern where its major resistance levelcan be seen at 1006 levels and supports are at 948 and 916 levels. Currently the stock is trading near support and it is a good chance to buy where it can go upto 1006 and if it breaks the support line which is the blue line it can come down to 916.

2. IDFC BANK

fig 3.24.3

The stock has broken the first support which was at around 580 and now it is heading towards554 where one can utilize the opportunity to buy the stock at that price, wherethe blue line will become the new resistance and major resistance is at 625.

3. FEDERAL BANK

Analysis:

The stock is making higher high pattern following the blue line, it has recently brokenthe support of 1820 and now it will come down to 1760 levels where one can buy at that price.

4. BANK OF BARODA:

Analysis:

It has formed a rectangle pattern. It has currently broken the support and now heading towards 909 where one can accumulate at that price and the support will become the newresistance for the stock

CHAPTER 5

SUGGESTIONS, RECOMMENDATIONS AND CONCLUSIONS

SUMMARY OF FINDINGS

The same variables that affect the share prices of other publicly traded companies also affect the share prices of banks. There are important yet abstract aspects that can affect a bank's share price. These comprise the overall condition of the market, forecasts for the future, the intrinsic value, and the demand for financial services. Banks are very special in this sense because central bank activity actually affects bank operations.

The potential for future growth, the underlying company's current state of health, and the value of a stock must all be taken into account. As a result, banks will be able to reduce counterparty risk, offer safe loans, and collect fees and interest on other accounts.

Despite their overvaluation, AU Bank, Bandhan Bank, and IDFC have strong profits, growth rates, and earnings per share. Federal Bank and Bank of Baroda are currently inexpensive, according to data. GNPA percentages of AU Bank and Bandhan Bank are quite good when compared to their counterparts.

The annual increase in the gross npa of bank of baroda is concerning.

Technical analysis indicates that all equities are currently in a bearish trend; therefore, you can purchase the stocks in the indicated support zones.

Company	**Interpretation**
AU BANK	Overvalued

Bandhan bank	Overvalued
IDFC	Overvalued
Federal bank	Undervalued
Bank of Baroda bank	Undervalued

The nation's economy is doing well, and there is a great deal of room for growth in the future. Retail investors can feel comfortable making both short- and long-term stock market investments. Although the industry's recent advancements have been excellent, there are certain flaws that present potential for the sector to expand as it adapts to technological advancements and financial inclusion. According to the analysis, IDFC is the best option among those whose profit growth is extremely high, whose gross npa is declining at a very good pace, and whose other ratios, such as the PE and PB ratios, appear superior to those of its rivals.

At this price, Federal Bank and Bank of Baroda can be purchased if one is just focused on the stock's intrinsic value.
Although AU Bank and BANDHAN Bank are currently expensive, they are still buyable given the other strong long-term fundamentals of the businesses.
Given that all stocks are in a downward trend and that the RSI levels indicate that lower levels would be appropriate times to buy, all stocks can be purchased at the support levels, according to technical analysis.

Based on the analysis, IDFC is expected to rank first among its peers, while Federal Bank and Bank of Baroda are classified as value stocks, and AU Bank and BANDHAN Bank are considered growth stocks.

5.1 Recommendations

- **Investor perspective**

Company	Interpretation
AU BANK	Hold/sell
BANDHAN BANK	Hold/sell
IDFC	Strong buy
FEDERAL bank	Buy
Bank of Baroda bank	buy

- **Diversification**

Investment should be diversified among the stocks where risk will be minimized and should be done on the basis of individual risk tolerance

- **Risk**

There are potential risks specific to each bank and industry such as economic changes ,regulatory changes and competition that would affect negatively

- **Monitoring and reviewing**

One should regularly review the portfolio and performance and make adjustments to the portfolio on the basis of information flow like market conditions, quarterly results etc.

- **Disclosure**

Recommendations are not financial advice and one must conduct their own analysis before taking up any investment.