

**CONTEMPORARY TRENDS IN MUTUAL FUNDS - SHAREKHAN STOCK BROKERS Ltd.****Dr. C Sudeep**Principal and Professor  
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Management**ABSTRACT**

*This paper focus on the entire journey of mutual fund industry in India. Its origin, its fall and rise throughout all these years and tried to predict what the future may hold for the Mutual Fond Investors in the long run. A mutual fund, also called an investment company, is an vestment vehicle which pools the money of many investors. The fund's manager uses the money collected to purchase securities such as stocks and bonds. The securities purchased are referred to as the fund's portfolio. Restrictions on competing products may have acted as a catalyst for the development of money market and (short-term) bond funds. This study was conducted to analyse and compare the performance of different types of mutual funds in India and concluded that equity funds outperform income funds. This study further concludes that equity fund managers possess significant market timing ability and institutions funds managers are able to time their investments, but brokers operated funds did not show market timing ability. Further, it has been found empirically that fund managers are able to time their investments with the conditions in the market, and possesses significant timing ability. Key words: Mutual Fund Industry, India, Equity Fund, Money Market References: 1. Blake D. Allan T (1998). Mutual Fund Performance: Evidence from UK. Eur, Finane 2. Fama EF (1972) Components of investment performance. 3. Ferson WE, Rudi WS (1996). Measuring fund strategy and performance in changing economic conditions. 4. Goodwin TH (1998). The Information Ratio, 5. Gupta A (1974). Performance of Indian mutual fund industry. 6. Henriksson RD, Merton RC (1981). On the Market Timing and Investment Performance of Managed Portfolios II-Statistical Procedures for Evaluating Forecasting Skills.*

**OBJECTIVES OF THE STUDY**

1. To show the wide range of investment options available in Mutual Funds by explaining various schemes offered by four different Asset Management companies.
2. To help an investor to make a right choice of investment, while considering the inherent risk factors.
3. To understand the recent trends in the Mutual Funds world.
4. To understand the risk and return of the various schemes.
5. To find out the various problems faced by Indian mutual funds and possible solutions.

**SCOPE OF THE STUDY**

1. The study is limited to the analysis made for a Growth scheme offered by the asset management company.
2. Each scheme is calculated their risk and return using different performance measurement theories
3. The study analyze the performance of company based on that valid suggestion will be given to the company
4. Graphs are used to reflect the portfolio risk and return.

**NEED FOR THE STUDY**

1. The mutual funds are dynamic financial intuitions which play a crucial role in the economy by mobilizing savings and investing them in the capital market.

2. The activities of mutual funds have both short and .long term impact on the savings in the capital market and the national economy.
3. Mutual funds, trust, assist the process of financial deepening & intermediation.
4. To banking at the same time they also compete with banks and other financial intuitions.
5. India is one of the few countries to day maintain a study growth rate is domestic savings.

## **RESEARCH METHODOLOGY**

### **Research Design**

Research Methodology is the systematic, theoretical analysis of the methods applied to a field of study. It comprises the theoretical analysis of the body of methods and principles associated with a branch of knowledge.

### **Primary Data**

The primary data is a fresh and used for the first time. I have collected primary data during the observations while my research. It is a new data as it is used by the researcher first timeand

nobody else has used this before. The primary data can be collected through following ways:

1. Observation Method
2. Discussion with Mutual Fund Adviser

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2. Discussion with Mutual Fund Adviser

### **Secondary Data**

The secondary data collected from the different sites, brochures, newspapers, company offer documents, different books and through suggestions from the project guide and from the faculty members of our college.

Company Name : SHAREKHAN LIMITED  
 Source of Data : Secondary Data  
 Duration of the Study : 45 Days  
 Period of the Study : 01 DEC 2020 TO 14 JAN 2021  
 Tools & Techniques: Beta, Standard Deviation, Fund Growth, Treynor’s Ratio & Sharpe’s Ratio.

**TOOLS AND TECHNIQUES**

The following parameters were considered for analysis:

- **Beta:** Calculating the fund return minus risk free rate divided by benchmark return minus risk free rate.
- **Standard Deviation:** Calculating the total rate returns divided by total number of rate of observation points.
- **Fund Growth:** Calculating total rates of company return divided by total number of rate observation points.
- **Treynor’s Ratio:**  $(RM-RF) / \beta$

Calculating total company returns minus risk free rate divided by Beta.

- **Sharpe’s Ratio:**  $(RM-RF) / \sigma$   
 Calculating total company returns minus risk free rate divided by Alpha. (Alpha= Standard deviation).

**5. LIMITATIONS OF THE STUDY:**

1. The study is conducted in short period, due to which the study may not be detailed in all aspects.
2. The study is limited only to the analysis of different schemes and its suitability to different investors according to their risk-taking ability.
3. The study is based on secondary data available from monthly fact sheets, web sites; offer documents, magazines and newspapers etc., as primary data was not accessible.
4. The study is limited by the detailed study of various schemes.
6. The data collected for this study is not proper because some mutual funds are not disclosing the correct information.
7. The study is not exempt from limitations of Sharpe Treynor and Jensen measure.
8. Unique risk is completely ignored in all the measure.

**CHAPTER-IV DATA ANALYSIS AND INTERPRETATION**

**ICICI Bank – Comparative Balance Sheets**

(Rs. in Crores)

Particulars	Mar-17	Mar-16	Mar-15	Mar-14	Mar-13
<b>SOURCES OF FUNDS</b>					
Capital	1,151.82	1,144.89	1,143.29	1,462.68	1,249.34
Reserves Total	54,150.38	50,181.61	45,664.24	43,612.55	23,058.32
Minority Interest	1,358.22	1,270.40	913.51	731.19	512.57

Deposits	259,136.00	241,572.30	261,855.75	276,983.23	248,613.63
Borrowings	145,838.86	145,698.32	146,066.35	84,566.05	61,659.54
Other Liabilities & Provisions	92,618.27	79,989.68	57,641.23	78,895.39	59,894.44
<b>TOTAL LIABILITIES</b>	<b>534,223.55</b>	<b>489,827.20</b>	<b>483,251.37</b>	<b>486,248.12</b>	<b>394,984.84</b>
<b>APPLICATION OF FUNDS :</b>					
Cash & Balances with RBI	21,234.00	27,850.28	17,875.44	29,800.75	19,241.04
Balances with Banks & money at Call	18,151.26	19,293.84	17,185.94	15,527.93	20,448.12
Investments	212,652.78	186,319.78	148,137.00	160,046.76	140,616.69
Advances	256,019.31	225,778.13	266,130.47	251,401.67	214,399.44
Fixed Assets	5,489.55	3,862.29	4,497.46	4,678.35	4,402.55
Other Assets	23,676.94	26,722.88	29,455.06	24,792.63	18,877.03
Miscellaneous Expenditure not written off	0.00	0.00	0.00	0.00	0.00
<b>TOTAL ASSETS</b>	<b>534,223.84</b>	<b>489,827.20</b>	<b>483,251.37</b>	<b>486,248.12</b>	<b>394,984.84</b>
Contingent Liability	1,022,599.66	820,519.93	867,788.40	1,313,328.54	673,614.69
Bills for collection	8,530.40	6,718.86	6,002.66	4,290.81	4055.39

**Table: 1**

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

**Table: 2**

Particulars	Mar-17	Mar-16	Mar-15	Mar-14	Mar-13
<b>INCOME :</b>					
Interest Earned	30,111.40	30,153.71	36,250.71	34,124.96	24,002.55
Other Income	31,513.30	29,446.06	28,375.94	26,436.88	17,540.24
<b>Total</b>	<b>61,594.70</b>	<b>59,599.77</b>	<b>64,626.65</b>	<b>60,531.84</b>	<b>41,542.79</b>

Total	55,276.51	54,756.36	61,247.23	57,416.58	38,912.39
<b>II. Expenditure</b>					
Interest expended	19,342.57	20,729.19	26,487.25	25,766.98	17,675.72
Payments to/Provisions for Employees	4,392.60	3,678.43	3,904.30	3,969.80	2,636.50
Operating Expenses & Administrative Expenses	2,777.37	2,991.89	3,148.16	3,271.68	2,414.01
Depreciation	739.68	762.87	806.69	679.42	615.50
Other Expenses, Provisions & Contingencies	25,955.80	24,861.80	25,334.91	22,622.02	14,806.59
Provision for Tax	1,624.33	1,497.20	2,138.85	1,962.82	1,201.34
Fringe Benefit Tax	0.00	0.00	65.92	78.00	58.72
Deferred Tax	444.16	234.98	-618.85	-934.14	-498.99
Total	61,594.70	59,599.77	64,626.65	60,531.84	41,542.79
Total	55,276.51	54,756.36	61,247.23	57,416.58	38,912.39
<b>III. Profit &amp; Loss</b>					
Net Profit before Minority Interest	6,318.19	4,843.41	3,379.42	3,145.26	2,633.40
Minority Interest	224.92	173.14	-197.53	-282.97	-147.23
Net Profit after Minority Interest	6,123.27	4,670.29	3,576.95	3,398.23	2,760.63
Extraordinary Items	21.01	57.58	0.83	32.82	22.69
Adjusted Net Profit	6,102.26	4,614.71	3,576.14	3,365.41	2,737.94
Profit brought forward	1,688.64	537.17	549.68	-7.37	-243.56
<b>IV. Appropriations</b>					
Transfer to Statutory Reserve	1,288.00	1,010.00	940.00	1,040.00	780.00
Transfer to Other Reserves	610.23	945.40	1,215.93	365.68	648.17
Trans. to Government /Proposed Dividend	1,878.92	1,566.42	1,433.53	1,435.50	1,126.27
Balance carried forward to Balance Sheet	4,010.76	1,688.64	537.17	549.68	-7.37
Equity Dividend (%)	140.00	140.00	140.00	140.00	131.00
EPS before Minority Interest	52.56	41.39	28.48	26.14	27.19
EPS after Minority Interest	52.56	41.39	28.48	26.14	27.19

Book Value (Unit Curr.)	480.13	460.13	420.17	401.93	266.39
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### HDFC Bank – Comparative Balance Sheets

(Rs. in Crores)

Particulars	Mar-17	Mar-16	Mar-15	Mar-14	Mar-13
<b>SOURCES OF FUNDS :</b>					
Capital	465.23	457.74	425.38	354.43	319.39
Reserves Total	25,147.91	21,158.15	14,262.74	14,180.72	6,150.98
Minority Interest	141.66	75.89	43.35	36.92	28.61
Deposits	211,287.21	167,297.78	142,644.80	130,631.38	68,264.27
Borrowings	14,650.44	13,171.80	9,253.64	4,594.92	2,815.39
Other Liabilities & Provisions	29,393.44	20,881.46	16,455.40	16,470.97	13,815.91
<b>TOTAL LIABILITIES</b>	<b>278,035.89</b>	<b>223,042.82</b>	<b>183,115.31</b>	<b>133,269.34</b>	<b>91,394.55</b>
<b>APPLICATION OF FUNDS :</b>					
Cash & Balances with RBI	25,130.89	15,483.31	13,527.21	14,553.18	5,105.25
Balances with Banks & money at Call	4,737.39	14,594.88	4,012.94	2,274.80	3,998.18
Investments	70,276.67	58,511.28	58,715.15	49,288.01	30,567.04
Advances	160,831.41	146,162.73	99,027.37	63,426.90	46,944.78
Fixed Assets	2,200.94	2,149.06	1,732.28	1,196.24	987.53
Other Assets	14,891.50	6,147.47	6,479.77	4,530.21	3,821.77
Miscellaneous Expenditure not written off	0.00	0.00	0.00	0.00	0.00
<b>TOTAL ASSETS</b>	<b>278,038.80</b>	<b>223,045.73</b>	<b>183,491.72</b>	<b>133,269.34</b>	<b>91,394.55</b>
Contingent Liability	575,159.47	479,145.00	406,027.36	593,142.33	328,196.10
Bills for collection	13,428.49	8,144.86	8,552.24	6,920.71	4,606.83

**Table: 3**

### HDFC Bank – Comparative Profit & Loss Accounts

(Rs. in Crores)

**Table: 4**

Particulars	Mar-17	Mar-16	Mar-15	Mar-14	Mar-13
<b>INCOME :</b>					
Interest Earned	19,928.21	16,172.72	16,332.26	13,145.00	6,647.93



Other Income	4,335.15	3,983.14	3,470.64	2,283.15	1,594.59
Total I	24,263.36	20,155.83	19,802.90	14,398.15	8,242.52
II. Expenditure					
Interest expended	9,385.11	7,786.30	8,914.13	4,887.14	3,179.45
Payments to/Provisions for Employees	2,836.04	2,289.18	2,238.20	1,301.35	776.86
Operating Expenses & Administrative Expenses	2,048.46	1,783.23	1,580.24	1,135.40	856.26
Depreciation	497.40	394.39	359.91	271.71	219.60
Other Expenses, Provisions & Contingencies	3,677.72	3,613.59	3,414.20	2,521.93	1,571.60
Provision for Tax	2,237.46	1,365.67	1,054.31	866.25	581.88
Fringe Benefit tax	0.00	0.00	0.00	16.78	14.00
Deferred Tax	-345.20	-25.23	0.00	-192.58	-96.58
Total II	20,336.96	17,210.13	17,557.96	13,810.95	7,131.10
III. Profit & Loss					
Reported Net Profit	3,926.40	2,948.70	2,244.94	1,590.20	1,141.45
Extraordinary Items	-0.50	2.74	2.85	0.43	-0.68
Adjusted Net Profit	3,926.90	2,945.96	2,242.12	1,589.77	1,142.13
Prior Year Adjustments	0.00	0.00	0.00	0.00	0.00
Profit brought forward	4,532.79	3,455.57	2,574.63	1,932.03	1,455.02
IV. Appropriations					
Transfer to Statutory Reserve	981.60	737.18	561.23	397.55	285.36
Transfer to Other Reserves	411.55	492.84	304.51	197.52	147.16
Trans. to Government /Proposed Dividend	894.80	641.46	498.26	352.53	261.92
Balance carried forward to Balance Sheet	6,174.24	4,532.79	3,455.57	2,574.63	1,932.03
Equity Dividend %	165.00	140.00	130.00	85.00	70.00
Earnings Per Share-Unit Curr	81.72	62.43	51.11	43.42	34.55
Earnings Per Share(Adj)-Unit Curr	81.72	62.43	51.11	43.42	34.55
Book Value-Unit Curr	545.46	470.13	344.31	324.39	201.42

**AXIS Bank – Comparative Balance Sheets**

(Rs. in Crores)

**Table: 5**

Particulars	Mar-17	Mar-16	Mar-15	Mar-14	Mar-13
SOURCES OF FUNDS :					

Capital	413.55	405.17	359.01	357.71	281.63
Reserves Total	18,484.06	15,583.93	9,836.70	8,394.13	3,136.82
Minority Interest	0.00	0.00	0.00	0.00	0.00
Deposits	189,166.43	141,278.66	147,357.66	87,619.34	58,785.02
Borrowings	26,267.88	17,169.55	15,519.87	5,624.04	5,195.60
Other Liabilities & Provisions	8,270.39	6,181.98	4,660.74	7,618.98	5,939.41
<b>TOTAL LIABILITIES</b>	<b>242,599.31</b>	<b>180,619.29</b>	<b>147,733.98</b>	<b>139,614.20</b>	<b>73,311.48</b>
<b>APPLICATION OF FUNDS :</b>					
Cash & Balances with RBI	13,886.16	9,482.05	9,419.21	7,305.66	4,661.03
Balances with Banks & money at Call	7,522.49	5,723.84	5,600.19	5,199.86	2,257.27
Investments	71,787.55	55,876.54	46,271.75	33,865.13	26,887.16
Advances	142,410.83	134,340.95	81,556.77	59,475.99	36,876.46
Fixed Assets	2,292.92	1,235.99	1,112.39	932.47	677.84
Other Assets	4,702.36	3,959.92	3,803.67	2,835.14	1,948.72
Miscellaneous Expenditure not written off	0.00	0.00	0.00	0.00	0.00
<b>TOTAL ASSETS</b>	<b>242,599.31</b>	<b>180,619.29</b>	<b>147,733.98</b>	<b>139,614.20</b>	<b>73,311.48</b>
Contingent Liability	453,998.76	318,281.38	212,259.83	258,895.66	184,165.35
Bills for collection	32,473.14	19,292.87	13,957.31	8,323.39	6,274.63

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

Particulars	Mar-17	Mar-16	Mar-15	Mar-14	Mar-13
<b>INCOME :</b>					
Interest Earned	15,154.86	14,639.05	13,829.14	7,005.11	4461.65
Other Income	4,671.45	3,964.21	2,996.74	1,814.21	1,014.82
<b>Total</b>	<b>19,826.31</b>	<b>15,603.26</b>	<b>13,825.85</b>	<b>8,816.29</b>	<b>5,474.47</b>
<b>Total</b>	<b>16,481.63</b>	<b>13,145.14</b>	<b>14,014.92</b>	<b>7,757.15</b>	<b>4,820.22</b>



II. Expenditure					
Interest expended	8,588.61	6,632.63	7,148.92	4,419.84	2,993.18
Payments to/Provisions for Employees	1,745.80	1,359.79	1,067.76	752.13	391.18
Operating Expenses & Administrative Expenses	1,674.58	1,276.76	1,002.47	766.14	488.58
Depreciation	293.69	237.87	190.22	159.30	142.01
Other Expenses, Provisions & Contingencies	2,426.43	2,277.16	1,633.84	1,114.14	498.14
Provision for Tax	1,958.34	1,495.27	1,126.01	725.59	414.60
Fringe Benefit Tax	-0.34	0.00	14.68	9.33	6.05
Deferred Tax	-205.48	-154.36	-137.98	-159.25	-81.49
Total	19,826.31	15,603.26	13,825.85	8,816.29	5,474.47
Total	16,481.63	13,145.14	14,014.92	7,757.15	4,820.22
III. Profit & Loss					
Net Profit before Minority Interest	3,344.68	2,478.14	1,814.93	1,059.14	654.25
Minority Interest	0.00	0.00	0.00	0.00	0.00
Net Profit after Minority Interest	3,339.91	2,478.14	1,814.93	1,059.14	654.25
Extraordinary Items	-4.40	-2.73	-4.97	-8.44	-1.70
Adjusted Net Profit	3,344.31	2,480.87	1,817.90	1,067.58	655.95
Prior Year Adjustments	0.00	0.00	0.00	0.00	-31.81
Profit brought forward	3,371.63	2,328.95	1,537.20	1,024.29	731.04
IV. Appropriations					
Transfer to Statutory Reserve	847.14	628.63	453.84	267.75	164.76
Transfer to Other Reserves	329.49	239.38	146.82	26.84	15.64
Trans. to Government /Proposed Dividend	670.48	567.45	420.52	251.64	148.79
Balance carried forward to Balance Sheet	4,864.45	3,371.63	2,328.95	1,537.20	1,024.29
Equity Dividend (%)	140.00	140.00	130.00	60.00	45.00

EPS before Minority Interest (Unit Curr.)	79.14	59.16	48.78	28.57	22.45
EPS after Minority Interest (Unit Curr.)	79.14	59.16	48.78	28.57	22.45
Book Value (Unit Curr.)	460.23	394.63	284.00	244.66	140.32

Table: 6

**COMPARITIVE ANALYSIS OF ICICI, HDFC AND AXIS BANKS**

**TOTAL INCOME**

Total Income	In Rs Crores				
	2017	2016	2015	2014	2013
ICICI Bank	55,276.51	54,756.36	61,247.23	57,416.58	38,912.39
HDFC Bank	24,263.36	20,155.83	19,802.90	14,398.15	8,242.52
AXIS Bank	16,481.63	13,145.14	14,014.92	7,757.15	4,820.22

Table: 7

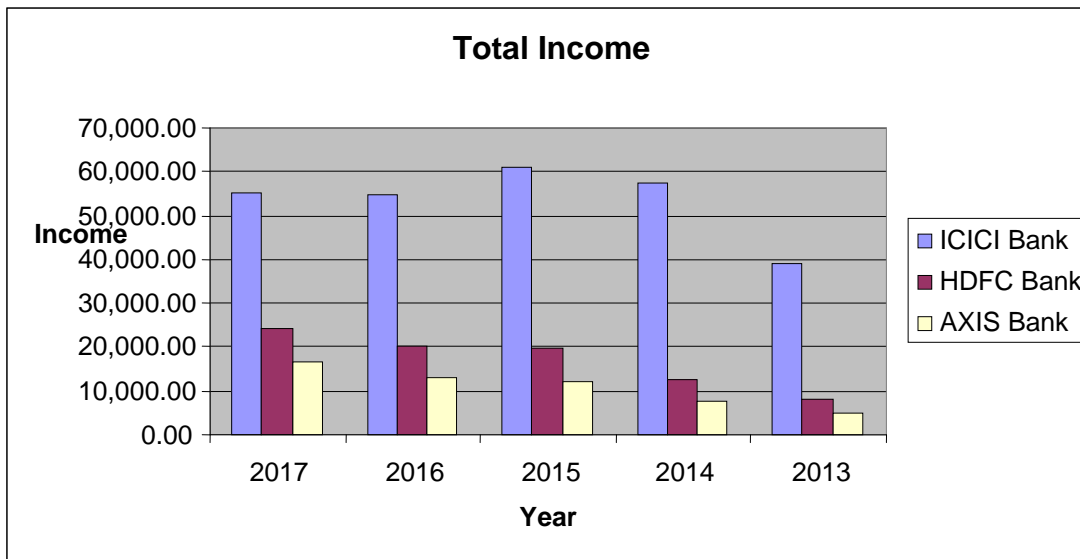


Fig: 1

**Interpretations:**

ICICI Bank has shown a marginal increase in the total income, while HDFC and Axis Banks have maintained a good growth in their total income in 2017 compared to 2016. The total income of ICICI Bank has remained stable in the last three years while HDFC and AXIS banks are improving their positions quite rapidly.

**NET PROFIT**

Net Profit for the Year	In Rs Crores				
	2017	2016	2015	2014	2013
<b>ICICI Bank</b>	6,102.26	4,614.71	3,576.14	3,365.41	2,737.94
<b>HDFC Bank</b>	3,926.90	2,945.96	2,242.12	1,589.77	1,142.13
<b>AXIS Bank</b>	3,344.31	2,480.87	1,817.90	1,067.58	655.95

Table: 8

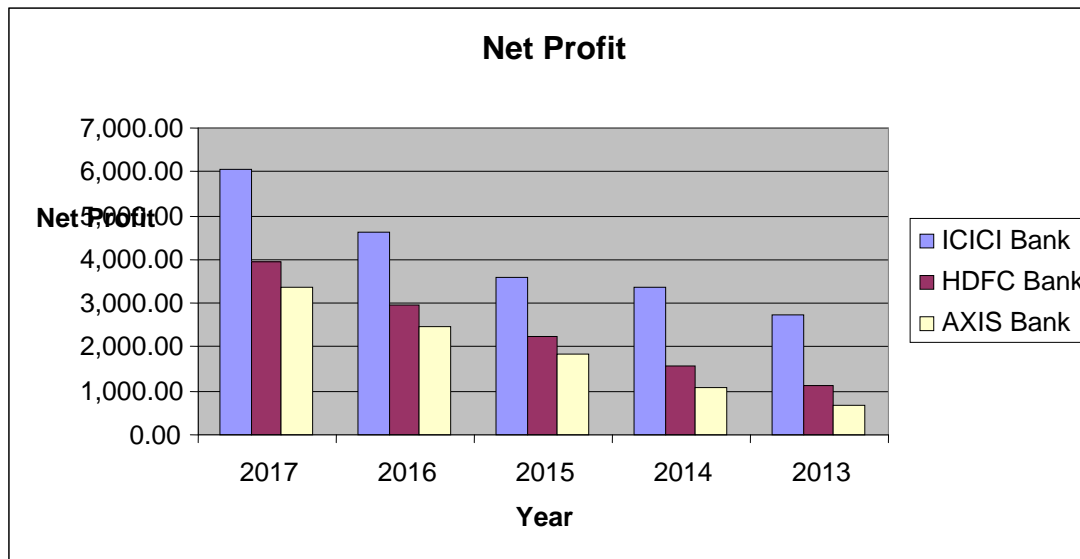


Fig: 2

**Interpretations:**

All the banks showed a positive trend in net profits over the last few years. Although the net profits of all the banks have increased sharply in 2017, AXIS Bank stands on the top increasing its net profit by nearly 35%. Therefore AXIS Bank would be the best option for an investor to expect good growth.

**EARNINGS PER SHARE**

EPS	In Rs				
	2017	2016	2015	2014	2013
ICICI Bank	43.0	34.6	32.4	36.0	32.9
HDFC Bank	81.7	62.4	51.1	43.4	34.6
AXIS Bank	80.2	60.1	48.9	28.9	22.6

Table: 9

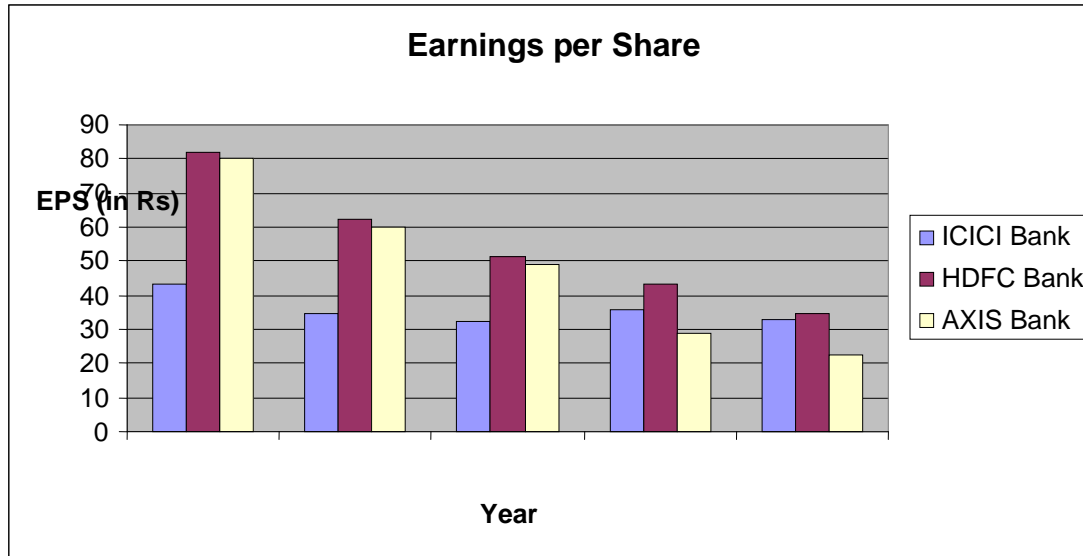


Fig: 3

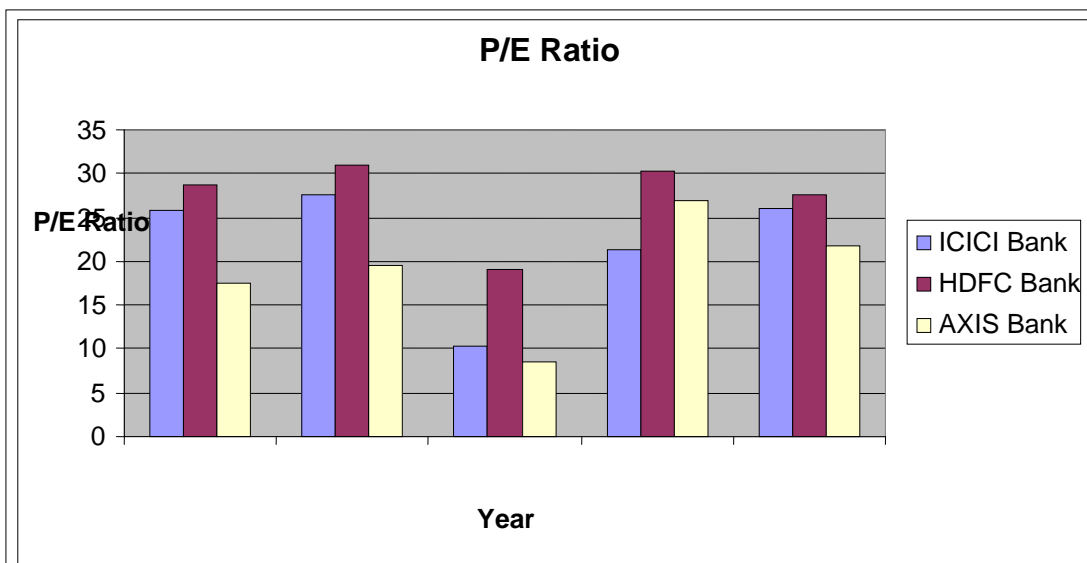
**Interpretations:**

EPS measures the profit available to the equity shareholders per share, that is, the amount that they can get on every share held. Although, all the three banks have declared an increase in their Earnings Per Share, HDFC Bank stood on top of the three players with AXIS Bank following closely. HDFC and AXIS Banks have good potential and shareholders can expect better returns in the future.

**P/E Ratio**

P/E Ratio	In Rs				
	2017	2016	2015	2014	2013
ICICI Bank	25.9	27.5	13.3	21.4	26.0
HDFC Bank	28.7	31.0	19.0	30.4	27.5
AXIS Bank	17.5	19.5	8.5	27.0	21.7

Table: 10



**Fig : 4**

**Interpretations:**

The **P/E ratio (price-to-earnings ratio)** of a stock (also called its "P/E", or simply "multiple") is a measure of the price paid for a share relative to the annual net income or profit earned by the firm per share. a higher P/E ratio means that investors are paying more for each unit of net income, so the stock is *more* expensive compared to one with a lower P/E ratio. HDFC Bank has the highest P/E ratio of 28.7 times while AXIS Bank has the lowest P/E ratio of 17.5 times.

**PRICE/BOOK VALUE**

Table: 11

Book Value	In Rs Per Share				
	2017	2016	2015	2014	2013
ICICI Bank	2.3	2.1	0.8	1.8	3.2
HDFC Bank	4.3	4.1	2.8	4.1	4.7
AXIS Bank	3.0	3.0	1.5	3.2	4.1

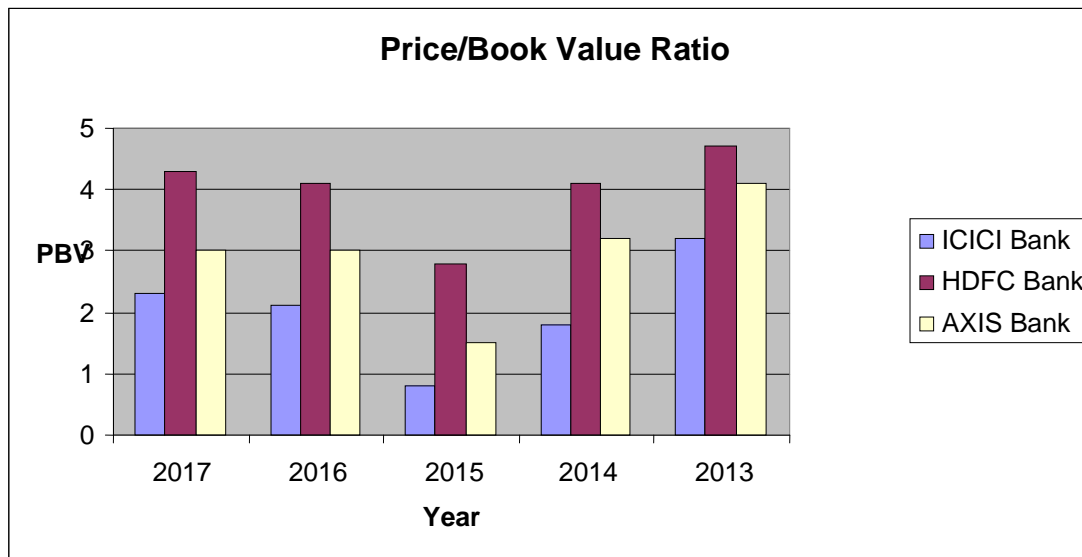


Fig: 5

**Interpretations:**

Book value is the company's common stock equity as it appears on a balance sheet, equal to total assets minus liabilities, preferred stock, and intangible assets such as goodwill. This is how much the company would have left over in assets if it went out of business immediately.

HDFC is valued at 4.3 times its Book Value while ICICI Bank is valued at only 2.3 times its Book Value.

**RETURN ON NET WORTH**

Return on Net Worth	%				
	2017	2016	2015	2014	2013
ICICI Bank	9.7	8.0	7.8	14.8	13.4
HDFC Bank	16.7	16.1	16.9	17.7	19.5
AXIS Bank	19.3	19.2	19.1	17.6	21.0

Table: 12

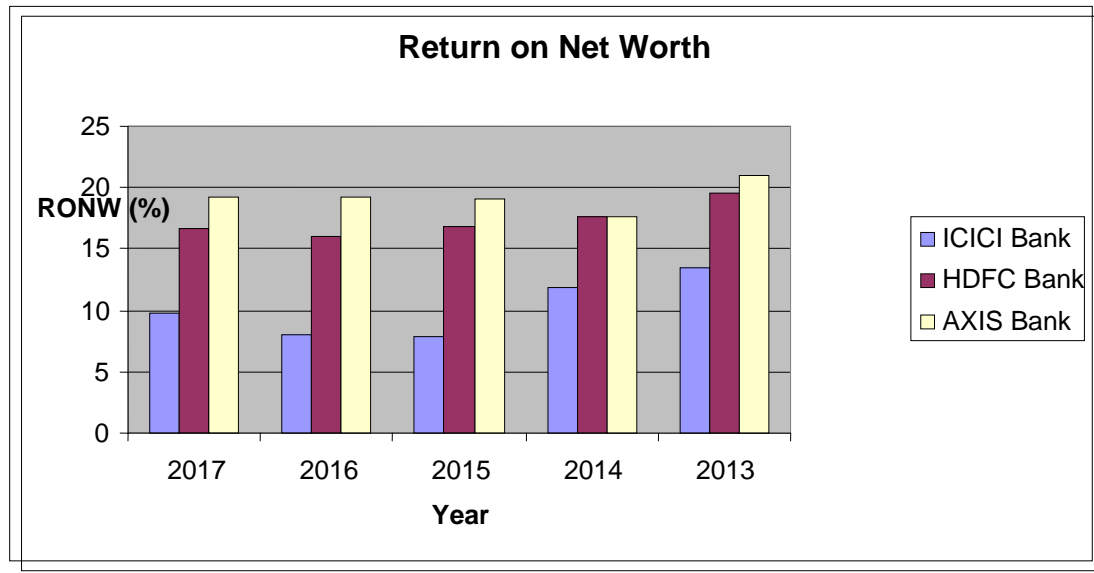


Fig: 6

**Interpretations:**

Return on Net Worth is one of the most important ratios used for measuring the overall efficiency of a firm and determines whether the investments in the firms are attractive or not. According to the graph, Return on Net worth of ICICI has registered a marginal growth, while HDFC and AXIS Banks have maintained a stable ROI. As investors would like to invest only where the return is higher, AXIS Bank would be again attractive for investment as it still has the highest Return on Net worth.

**CHAPTER - V FINDINGS, SUGGESTIONS, AND CONCLUSION  
FINDINGS**

- ^ The three banks have been performing well in the wake of growing Indian economy. ICICI Bank appears to have reached its saturation point as it is maintaining stable ratios in the last five years. AXIS bank has been showing good growth in all the aspects over the last few years.



- ⤴ ICICI Bank has shown a marginal increase in the total income, while HDFC and Axis Banks have maintained a good growth in their total income in 2016 compared to 2015. The total income of ICICI Bank has remained stable in the last three years while HDFC and AXIS banks are improving their positions quite rapidly.
- ⤴ All the banks showed a positive trend in net profits over the last few years. Although the net profits of all the banks have increased sharply in 2016, AXIS Bank stands on the top increasing its net profit by nearly 35%. Therefore AXIS Bank would be the best option for an investor to expect good growth.
- ⤴ Although, all the three banks have declared an increase in their Earnings Per Share, HDFC Bank stood on top of the three players with AXIS Bank following closely. HDFC and AXIS Banks have good potential and shareholders can expect better returns in the future.
- ⤴ HDFC Bank has the highest P/E ratio of 28.7 times while AXIS Bank has the lowest P/E ratio of 17.5 times.
- ⤴ HDFC is valued at 4.3 times its Book Value while ICICI Bank is valued at only 2.3 times its Book Value.

### SUGGESTIONS

The three giants of Indian Banking Sector viz. ICICI, HDFC and AXIS Banks have outperformed in the industry. ICICI Bank, the largest private sector bank in India seems to have reached its saturation point after a very good growth over the years. HDFC Bank has been performing consistently and stands in between ICICI and AXIS Banks in terms of increase in its growth. AXIS Bank seems to be the best bet for the investors from Fundamental Analysis as it has registered very good growth in the recent years. All its ratios have outperformed over ICICI and HDFC Banks.

### CONCLUSION:

- ⤴ The banking index has grown at a compounded annual rate of over 51 per cent since April 2013 as compared to a 27 per cent growth in the market index for the same period.
- ⤴ Policy makers have made some notable changes in policy and regulation to help strengthen the sector.
- ⤴ The changes include strengthening prudential norms, enhancing the payments system and integrating regulations between commercial and co-operative banks.
- ⤴ Further, the inability of bank managements (with some notable exceptions) to improve capital allocation, increase the productivity of their service platforms and improve the performance ethic in their organisations could seriously affect future performance.
- ⤴ First, the market is seeing discontinuous growth driven by new products and services that include opportunities in credit cards, consumer finance and wealth management on the retail side, and in fee-based income and investment banking on the wholesale banking side

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