INTERNATIONAL JOURNAL OF ENGINEERING MANAGEMENT AND SOCIAL SCIENCES (IJEMSS)

e-ISSN : 3139-065X

www.ijemss.com

editor@ijemss.com

Vol. 01, Issue 2, June2026, pp :758-769

A STUDY ON FUNDAMENTAL ANALYSIS OF SELECTED COMPANIES IN BANKING INDUSTRY

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ABSTRACT

Axis Bank, ICICI Bank, and HDFC Bank were the subjects of a fundamental analysis study that covered the five-year period from 2021–2025. The study shed light on the financial health, profitability, and value of these prominent private sector banks. While all three banks have been steadily increasing their total income and net profit, ICICI Bank continues to lead the pack. While ICICI and Axis saw changes in EPS as a result of corporate activities, HDFC Bank shows consistency. Investors are more confident in HDFC Bank than in its competitors, according to valuation factors such the P/E and Price-to-Book Value. All three banks are efficient according to Return on Net Worth (RONW), although HDFC is marginally better than the others.

With stronger valuation ratios and consistent returns, HDFC Bank stands out as the most appealing investment opportunity, according to the comparison research. All three banks have demonstrated outstanding financial performance. While AXIS Bank maintains a lower valuation despite consistent development, ICICI Bank displays strong profitability and income growth. Investors, scholars, and politicians might use the results to better comprehend the competitive standing and monetary well-being of India's private sector banks.

INTRODUCTION

As the backbone of the Indian economy, the banking industry is constantly evolving to meet the needs of the country's growing middle class and ensure the country's financial stability. Banks face ongoing pressure to be profitable and efficient in the face of rising competition, regulatory reforms, and technology improvements. To assess the soundness of banks and their investment prospects in this setting, fundamental examination is essential.

Financial metrics including Total Income, Net Profit, Earnings Per Share (EPS), Price-to-Earnings (P/E) Ratio, Price-to-Book Value, and Return on Net Worth (RONW) are analysed in fundamental analysis to determine a company's performance, value, and sustainability. These metrics help investors make smart choices by reflecting the operational strength of banks.

This project compares and contrasts ICICI Bank, HDFC Bank, and Axis Bank, three of India's most prominent private sector banks, over the course of five years. The study's overarching goal is to shed light on their investment appeal and competitive stance in the sector by assessing their financial performance and identifying growth trends, profitability, efficiency, and market valuation.

LITERATURE REVIEW

1. Singh & Vamshi (2025):

To assess the stability of the financial institutions, Singh & Vamshi (2025) conducted a basic analysis on a subset of banking organisations. Profit, liquidity, leverage, and asset quality ratios were among the key performance indicators

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considered in this analysis. Other external factors like as macroeconomic variables, industry trends, and regulation were also considered. This investigation shows that fundamental analysis is a strong tool for assessing the health and future prospects of financial institutions.

2.GRD Institute of Management and KG College of Arts and Science (2025):

Profitability of Nifty Bank stocks has been assessed by scholars from KG College of Arts and Science and the GRD Institute of Management (2025) in order to develop appropriate stock pricing strategies. They used metrics to determine the intrinsic worth of banking industry companies, as well as profit making, dividend payments, sales growth, and other metrics. They found out that basic research can help you locate lucrative investments, and that profitability is a major consideration when evaluating stocks.

3.Madhukumar and Srinivas (2025):

Using performance indicators such as Capital Adequacy Ratio, Return on Assets, Net Profit Margin, and Non-Performing Assets, Madhukumar and Srinivas (2025) examined the financial health of a few chosen private banks. To assess the financial health of these financial institutions in light of the dangers they faced, the study used the Altman Z-Score method. Among the chosen financial institutions, there were striking differences in profitability and general health, according to the findings.

4.Escalante Viteri et al. (2025):

Organisational decision-making could be enhanced by implementing the model of business intelligence proposed by Escalante Viteri et al. (2025) for online banking enterprises. The examination and use of business intelligence tools led to the discovery that they could cut down on operational costs, time consumption, and staff needed to complete specific tasks.

5.Azzabi and Lahrichi (2023):

In their review of 54 academic papers, Azzabi and Lahrichi (2023) sought to identify the most important factors influencing bank performance and to identify research gaps. Financial institutions' profitability, capital adequacy, asset quality, and efficiency were named as critical performance determinants by the writers. In addition, the writers highlighted emerging trends like digitisation as crucial for future development.

6.Satyanarayana, Narasimha Rao, and Jaya Surya (2023):

Satyanarayana, Narasimha Rao, and Jaya Surya (2023) assessed how bank mergers and acquisitions in India affected the capital structure and performance of these institutions. To compare the financial situation before and after the merger, the researchers used paired t-test analysis. Consequently, it is clear that mergers and acquisitions significantly impact the dynamics of capital structure and profitability.

7.Anand & Mishra (2022):

Axis Bank, State Bank of India, HDFC Bank, ICICI Bank, and Punjab National Bank were among the prominent Indian financial institutions that Anand and Mishra (2022) examined through a basic study. Operating Profit Margin, Net Profit Margin, Earnings Per Share, and Diluted Profit Share were some of the financial performance metrics used for analysis. Anand and Mishra drew the conclusion that basic analysis is useful for determining the real value of these selected banks after using ANOVA to discover statistically significant variations in their profitability.

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8.Jape and Pauldhas (2021):

In their analysis of the COVID-19 epidemic, Jape and Pauldhas (2021) focused on the performance of a small number of bank stocks traded on the BSE and NSE. The investigation employed regression and correlation approaches to determine the impact of economic indicators on stock prices. These elements include the Nifty Index, Sensex Index, exchange rate, foreign investments, and government securities rate. The results clearly show that the impact on stock prices varied considerably depending on whether the banks in question were public or private.

9.Mansuri (2020):

In a study published by Mansuri (2020), the current literature on fundamental analysis and stock valuation was reviewed. This study drew heavily from works published on the subject between 1977 and 2020. Furthermore, as per Mansuri, the fundamental analysis method is defined by determining the company's worth by looking at how well it does in areas like income, assets, dividends, and managerial efficiency.

10. Gudimetla Aruna. (2018):

The purpose of this study was to examine the profitability and maintaining a consistent performance record of thematic mutual fund schemes over a given time frame. To compare the selected theme funds' returns to their benchmarks, we used a variety of risk-adjusted performance measuring approaches. There were a few thematic mutual funds that outperformed their benchmarks for short periods of time, but that success was short-lived. Based on the findings, it is clear that historical success is not indicative of future profitability.

11. Gudimetla Aruna & Raghunatha Reddy, D. (2018):

The study set out to answer the question, "Can sector-specific mutual funds generate higher returns relative to the investor's risk?" by looking into the matter. Various risk-adjusted performance assessment approaches and benchmarking methods were used to assess the sectoral mutual funds' performance. It was determined that sector-specific mutual funds have the potential to be profitable investments; however, before investing, one should evaluate market trends and dangers associated with the sector.

12. Gudimetla Aruna (2015):

Fund managers in Indian sector mutual funds had their market timing and selection abilities examined in this study work. Using performance measurement techniques and risk adjusted return measures, we evaluated the efficiency of a subset of sector mutual funds. For sector mutual funds, the results showed that the managers' efficacy varied across the two metrics. Fund performance was found to be more influenced by market selectivity than market timing.

Research Gap

Numerous studies have been conducted on various investment avenues such as equities, mutual funds, fixed deposits, bonds, gold, and real estate. However, most existing research focuses on individual investment options rather than

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providing a comprehensive comparison of multiple investment alternatives. Furthermore, many studies primarily evaluate investments based on returns, while giving less attention to other critical factors such as risk, liquidity, safety, tax benefits, and investor preferences. The changing economic environment, fluctuations in financial markets, inflationary pressures, and the emergence of new investment products have significantly influenced investment decisions, yet limited recent studies have examined these changes in a comparative framework. Additionally, investor awareness and risk tolerance vary across demographic groups, but there is insufficient research analyzing how different investment options align with diverse investor profiles and financial objectives. Therefore, this study aims to bridge these gaps by conducting a comparative analysis of different investment options, helping investors identify the most suitable avenues based on their risk appetite, return expectations, and financial goals.

OBJECTIVES OF THE STUDY

1. Comparing ICICI, HDFC, and Axis Bank's Total Income and Net Profit Trends Over a Five-Year Period.
2. In order to assess the EPS and what it means for the wealth of shareholders.
3. To learn how much these banks are worth in the market by comparing their price-to-earnings (P/E) ratios and price-to-book values.
4. Evaluate the ROI (Return on Net Worth) to see how attractive the business is to investors and how efficient it is.
5. Summarise the three institutions' relative merits and shortcomings while drawing attention to any discrepancies in value.
6. To provide information that can be utilised by academics, investors, and lawmakers to assess the financial stability of private sector banks.

ANALYSIS AND DISCUSSION

4.1 COMPARITIVE ANALYSIS

5 TABLE 4.1 – CALCULATION OF TOTAL INCOME

1. Total Income (In Rs Crores)						
S.No.	**Company Name**	**Mar '25**	**Mar '24**	**Mar '23**	**Mar '22**	**Mar '21**
1	ICICI Bank	61,267.27	54,606.02	48,425.30	41,045.41	32,625.94
2	HDFC Bank	57,466.25	49,055.21	41,921.49	32,530.04	24,263.36
3	AXIS Bank	43,843.65	38,046.38	33,733.68	27,420.87	21,786.94

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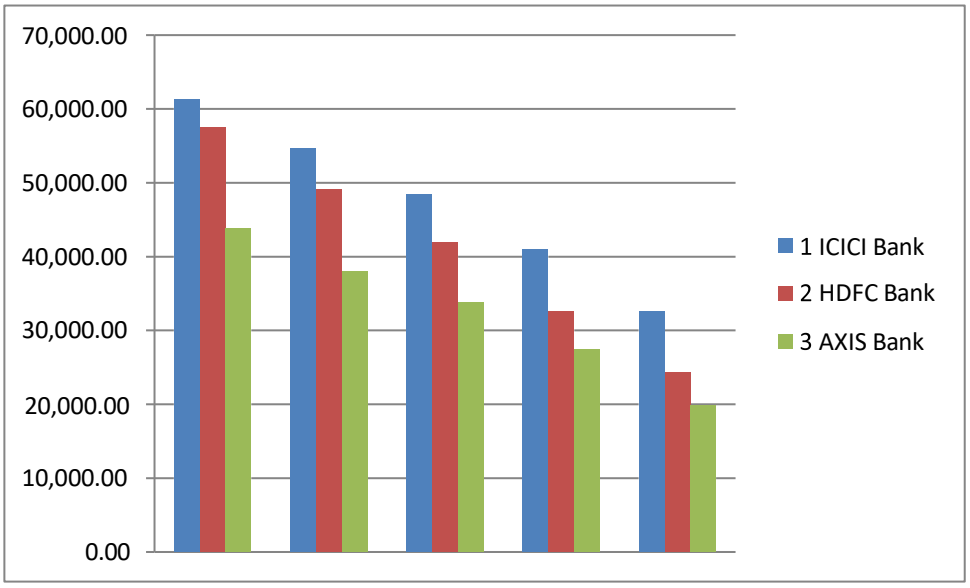
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Vol. 01, Issue 2, June2026, pp :758-769

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FIGURE 4.1 Graphical Representation of Total Income



Interpretation

The expansion of the business is shown by its total income. All of the banks' overall income has gone up significantly, as seen in the table above. In terms of overall income, ICICI Bank has been leading the pack, with HDFC Bank and AXIS Bank following closely behind.

TABLE 4.2 – CALCULATION OF NET PROFIT

2.Net Profit (In Rs Crores)						
S.No.	**Company Name**	**Mar '25**	**Mar '24**	**Mar '23**	**Mar '22**	**Mar '21**
1	ICICI Bank	16,215.35	9,810.48	8,325.47	6,465.26	5,181.38
2	HDFC Bank	10,258.92	8,478.38	6,726.28	5,207.09	3,926.40
3	AXIS Bank	7,357.82	6,251.67	5,250.43	4,242.25	3,388.49

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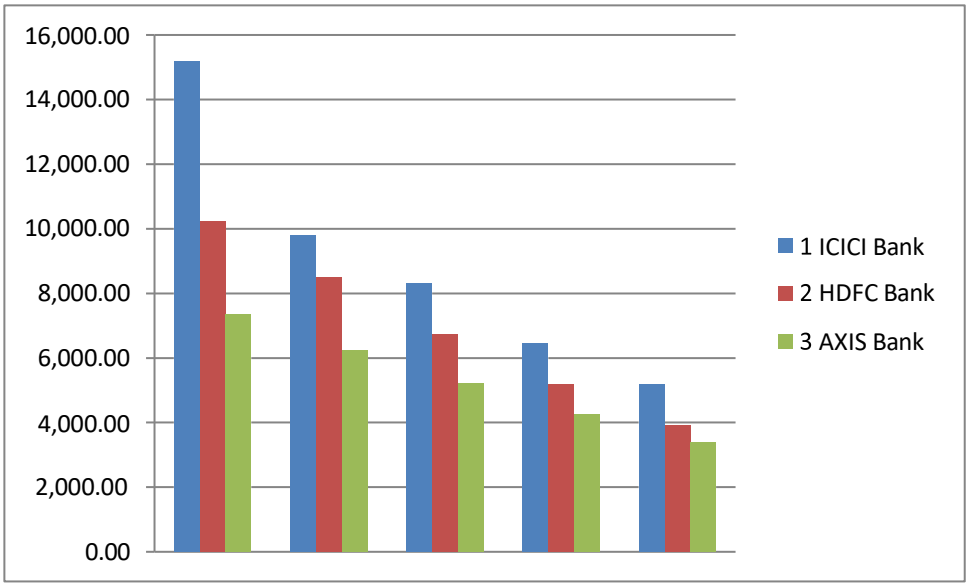


Figure 4.2 Graphical Representation of Net Profit

Interpretation

The profitability of companies is shown by their net profit. All of the corporations' net earnings have been on the rise for the past many years, as seen in the table above. All of the companies' net profits in 2025 were far higher than in the previous year.

TABLE 4.3 – CALCULATION OF EARNINGS PER SHARE

3.Earnings Per Share						
S.No.	**Company Name**	**Mar '25**	**Mar '24**	**Mar '23**	**Mar '22**	**Mar '21**
1	ICICI Bank	21.28	84.95	72.21	56.09	44.73
2	HDFC Bank	40.76	35.34	28.27	25.02	84.40
3	AXIS Bank	31.04	172.33	160.68	102.67	82.54

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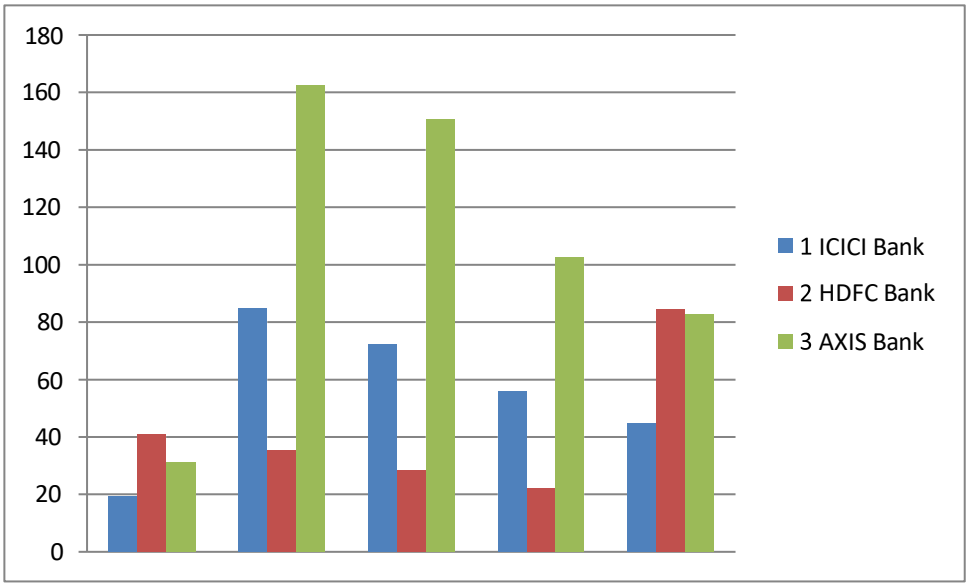


Figure 4.3 Graphical Representation of Earnings Per Share

Interpretation

Profit available to equity owners per share, or the amount that can be obtained for each share held, is measured as earnings per share (EPS). HDFC's earnings per share have been rising slowly from last year. When compared to other years, ICICI and AXIS banks' earnings per share fell dramatically in 2025.

TABLE 4.4- CALCULATION OF P/E RATIO

4.P/E Ratio						
S.No.	**Company Name**	**Mar '25**	**Mar '24**	**Mar '23**	**Mar '22**	**Mar '21**
1	ICICI Bank	20.8	18.0	18.0	20.4	25.9
2	HDFC Bank	26.1	25.9	25.8	24.4	28.7
3	AXIS Bank	20.6	56.7	18.1	16.5	21.5

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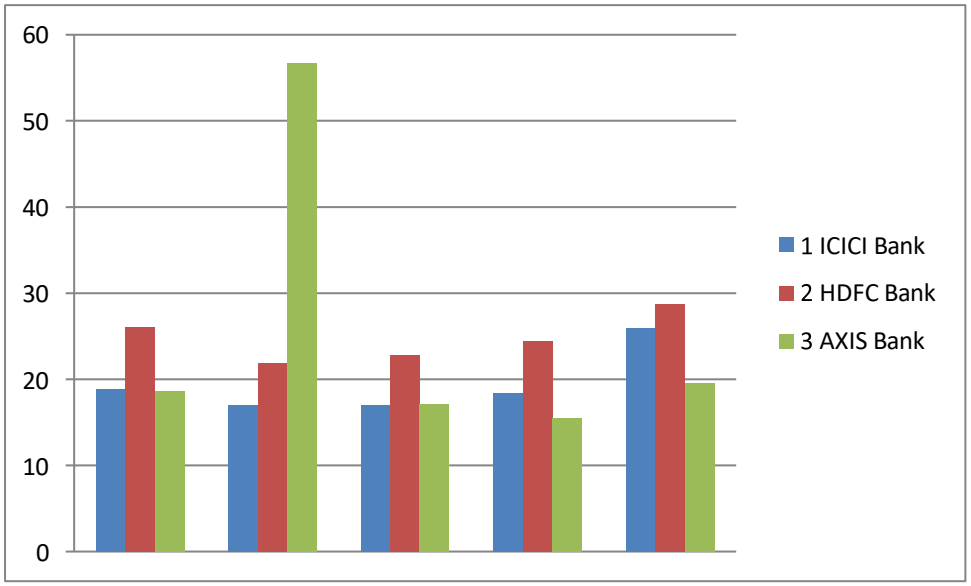


Figure 4.4 Graphical Representation Of P/E Ratio

Interpretation

One way to evaluate a stock's value is to look at its price-to-earnings ratio, which compares the price of a share to the company's yearly net income or profit per share. The stock is more costly when the price to earnings ratio is high because investors are paying more for every unit of net income. The price-to-earnings ratio for HDFC Bank is 26.1 times, while that for ICICI Bank is 20.8 times.

TABLE 4.5- CALCULATION OF PRICE/BOOK VALUE

5.Price / Book Value Ratio						
S.No.	**Company Name**	**Mar '25**	**Mar '24**	**Mar '23**	**Mar '22**	**Mar '21**
1	ICICI Bank	2.3	2.0	1.8	1.7	2.3
2	HDFC Bank	4.1	4.1	4.1	4.1	4.3
3	AXIS Bank	3.0	9.0	1.8	2.1	3.0

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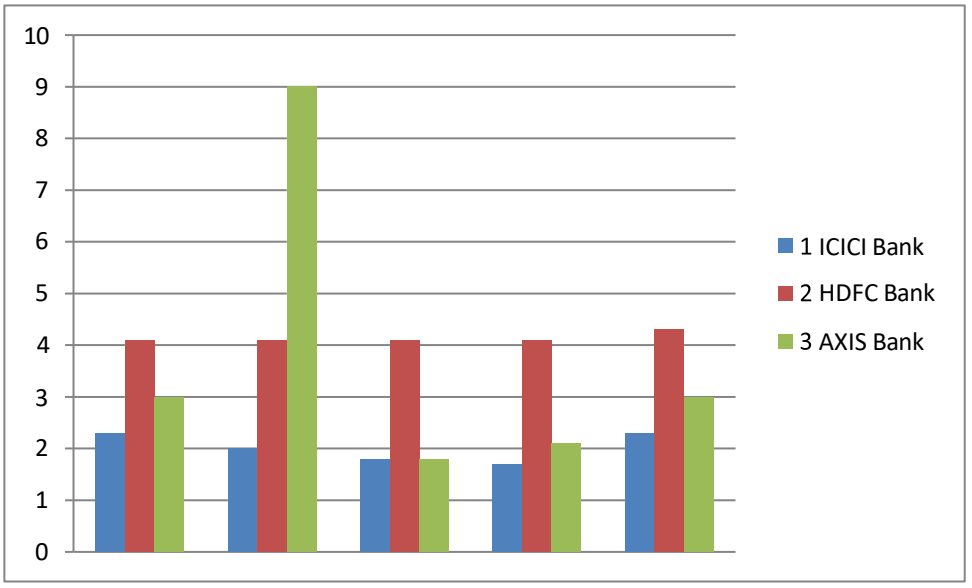


Figure 4.5Graphical Representation of Price/Book Value

Interpretation

A company's book value is its common stock equity as shown on its balance sheet. It is calculated by subtracting its liabilities, preferred stock, and intangible assets like goodwill from its total assets. This is the amount of money that would be left over in the company's assets if it were to instantly close its doors. ICICI Bank and AXIS are valued at 3.0 and 2.3 times their book values, respectively, whilst HDFC is valued at 4.1 times.

TABLE 4.6- CALCULATION OFRETURN ON NET WORTH

6.Return on Net Worth						
S.No.	**Company Name**	**Mar '25**	**Mar '24**	**Mar '23**	**Mar '22**	**Mar '21**
1	ICICI Bank	20.6	20.0	17.1	16.2	9.7
2	HDFC Bank	21.4	25.3	21.3	20.7	20.7
3	AXIS Bank	21.8	21.4	20.5	21.3	21.3

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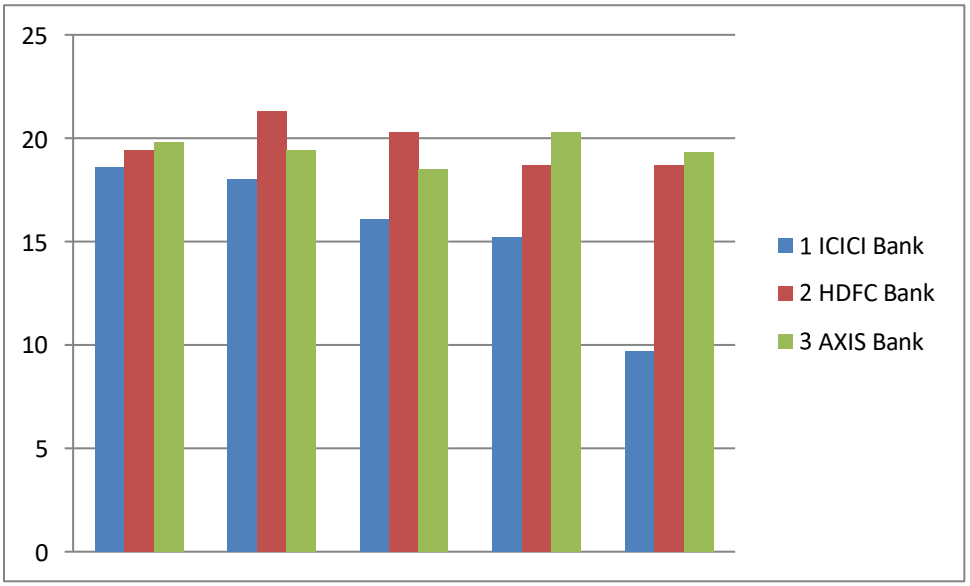


FIGURE4.6 Graphical Representation of Return on Net Worth

Interpretation

If you want to know if investing in a company is a good idea, one of the most crucial factors to look at is its return on net worth. There is a discrepancy between the RONW figures reported by HDFC Bank (21.4.3%), ICICI Bank (21%) and AXIS Bank (22%) in the table. Since investors like to put their money where it will yield the maximum return, HDFC is a good candidate for investment thanks to its high Return on Net Worth.

FINDINGS

From the data analysis and interpretations of the ratios of three companies, namely ICICI Bank,

HDFC and AXIS Bank, the following findings have been given:

- The combined revenue of all three banks has grown.
- The booming Indian economy has been good for all three banks.
- The stability of ICICI Bank's ratios over the past five years suggests that the bank has reached its saturation point.
- Across the board, HDFC and AXIS Bank have been performing admirably in recent years.
- The Total income for Axis Bank has jumped significantly from 2024 to 2025, whereas that of ICICI and HDFC has remained relatively stable.
- AXIS Bank has been making significant strides in recent years, and ICICI Bank's overall income has been on the rise for the past two.
- Net earnings have been on the rise for all of the corporations in recent years.

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- The exception to this trend is 2025, when no company has reported consistent earnings per share.

An examination of the present state of the Indian economy and banking sector reveals enormous investment opportunities, as the country is still in its development and has a long way to go before reaching its full potential. Opportunities for economic growth exist in a variety of forms, including rising incomes and consumer demand, advances in technology, increased international investment, and globalisation.

5.1 SUGGESTIONS

- It has been shown that the banking sector has a lot of growth potential through the use of fundamental analysis. Since the banking business is seeing unprecedented growth, it is safe to say that investing in this area is a wise choice.
- ICICI, HDFC, and AXIS Banks—the three largest financial institutions in India—have achieved remarkable success.
- ICICI Bank, India's biggest private sector bank, has grown substantially over the years, yet it appears to have hit a plateau.
- If we look at growth rates, HDFC Bank is in the middle of the pack, behind only ICICI and AXIS Banks.
- Given its impressive track record of development over the past few years, AXIS Bank appears to be Fundamental Analysis's top pick for investors. Compared to HDFC Bank and ICICI Bank, all of its ratios have performed better.
- Before buying stock, an investor should research the company's industry, level of public awareness, performance history, and projected growth needs. In addition to looking at the company's cash flow, he has to pay attention to the balance sheet financial ratios (such as earnings per share, price-earnings ratio, debt-equity ratio, dividends per share, etc.). It is the responsibility of the investor to select business-appropriate value metrics.

5.2 CONCLUSION

Three of India's most prominent private sector banks—ICICI, HDFC, and Axis—have shown remarkable financial strength and endurance over the past five years, according to a comparative fundamental analysis. Total income and net profit have all grown at all three institutions, showing strong growth and efficient operations.

Of these, ICICI Bank is head and shoulders above the competition thanks to its exceptional profit and revenue growth. In terms of absolute income, HDFC Bank is just behind ICICI. However, when looking at investment options, the most appealing one is HDFC Bank because of its consistent earnings per share growth, strong return on net worth, and premium valuation ratios. Investors should proceed with care in light of Axis Bank's EPS volatility and inconsistent valuation, despite the bank's praiseworthy gains in efficiency and profitability.

The study finds that all three banks are healthy and expanding, but that HDFC Bank is the most consistent and investor-friendly, that ICICI Bank is very strong financially and profitable, and that Axis Bank is stable and has

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room to grow. The competitive posture of these banks in India's dynamic financial industry is highlighted by this analysis, which also emphasises the relevance of fundamental indicators in driving investment decisions.

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