

ICICI BANK LTD – Stock Analysis

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I.INTRODUCTION

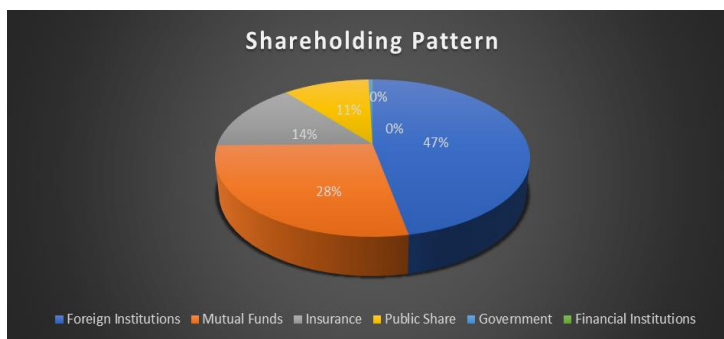
ICICI Bank Limited is a Banking company. The Bank is engaged in providing a range of Banking and financial services, including commercial Banking, retail Banking, project and corporate finance, working capital finance, insurance, venture capital and private equity, investment Banking, broking and treasury products and services. The Bank's business segments are Retail Banking, Wholesale Banking, Treasury, Other Banking, Life insurance, General insurance and

Others. It has a network of approximately 18,210 branches and automated teller machines (ATMs). The Bank has approximately 110 Touch Banking branches across over 30 cities. Its international Banking is focused on providing solutions for the international Banking requirements of its Indian corporate clients and leveraging economic corridors between India and the rest of the world. The Bank caters to the financial needs of women entrepreneurs through its Self-Help Group (SHG) program as a part of its microfinance initiatives



A. SHAREHOLDING PATTERN

Institutions	%
Foreign Institutions	45.66
Mutual Funds	27.07
Insurance	13.92
Public Share	10.2
Government	0.41
Financial Institutions	0.07

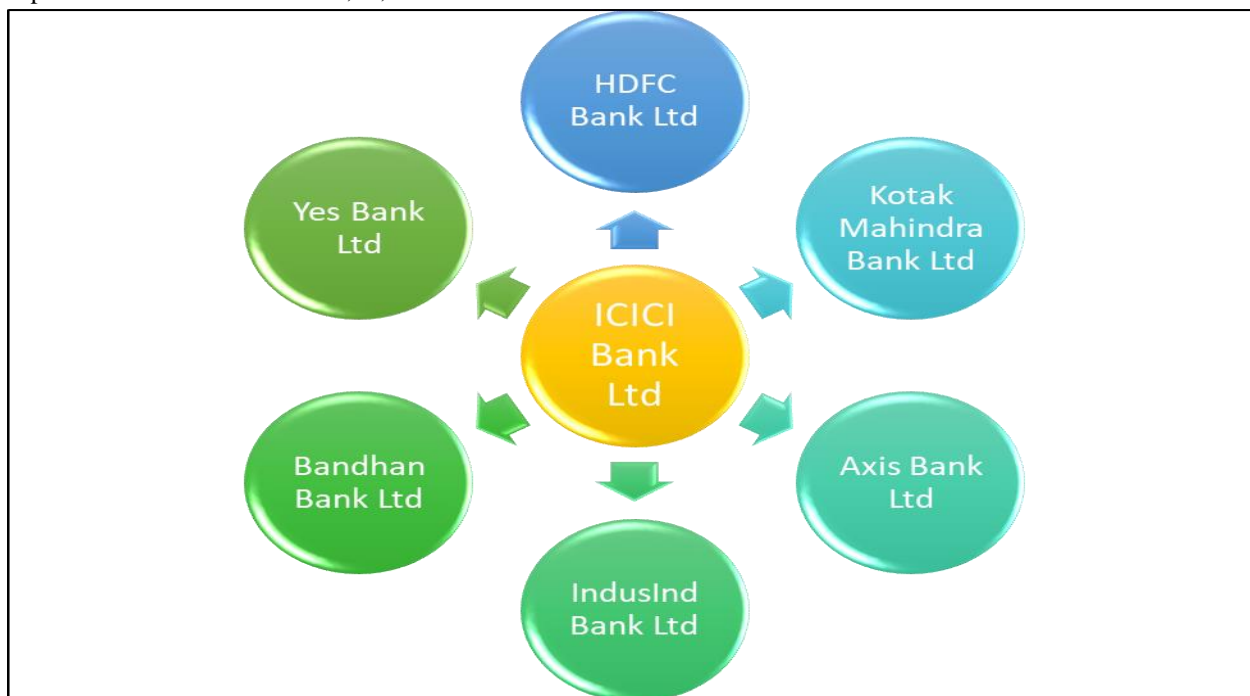


Foreign Institutions are the major investors with 45.66% stake followed by Mutual Fund Companies with 27.07% stake

II. MARKET POSITION AND COMPETITION

ICICI Bank Ltd is in Bank – Private. It was incorporated in the year 1994. The current market capitalization stands at ₹ 3,74,260 crores. The

company is listed in the Bombay Stock Exchange (BSE) with the BSE Code as 532174. The company is also listed on National Stock Exchange (NSE) with code as *ICICIBANK*.



Position	Company	Price (₹) (As on 10.01.21)	Market Cap
1	HDFC Bank	1431.65	788,613.86
2	Kotak Mahindra	1970.70	389,787.92
3	ICICI Bank	542.05	374,253.88
4	Axis Bank	672.70	205,886.61
5	IndusInd Bank	939.80	71,050.39
6	Bandhan Bank	419.40	67,499.07
7	Yes Bank	18.05	45,224.11

The HDFC Bank Ltd stands first with market capitalization of ₹ 7,88,613.86 crores. The second position is bagged by Kotak Mahindra Bank Ltd with market cap of ₹ 3,89,787.92 crores. The third position is occupied by *ICICI Bank Ltd* with ₹ 3,74,253.88

crores market cap. Both Kotak Mahindra Bank and ICICI Bank switch positions between 2 and 3. Since the present stock price of Kotak is high, it is placed above ICICI Bank. The other competitors are mentioned above in the table.

A. Key Developments

Period	Development(s)
A Month Ago	ICICI Bank Ltd says sold about 2.21% stake in ICICI Securities. ICICI Bank says after sale, stake in ICICI Securities is 75%.
3 Months Ago	ICICI Bank Ltd Sept-quarter net profit 42.61 billion rupees versus profit 6.55 billion rupees year ago.
4 Months Ago	ICICI Bank Ltd says government exempts company from some provisions about stake of above 30% in ICICI Lombard general insurance & ICICI prudential life insurance.
5 Months Ago	ICICI Bank Ltd says approved sale of up to 6.4 million equity shares of ICICI securities limited through open market sale.
5 Months Ago	ICICI Bank Ltd to acquire equity shares of India International Exchange Ltd. to acquire 44.6 million shares of inx at 1 rupee/share.
6 Months Ago	Havells India Ltd to issue commercial paper worth 3 billion rupees to ICICI Bank
6 Months Ago	ICICI Bank Ltd says June quarter net profit 25.99 billion rupees versus profit of 19.08 billion rupees year ago.

B. Ratio Analysis

Ratio	March 2020	March 2019	March 2018	March 2017
Basic EPS	12.28	5.23	10.56	15.31
Return on Capital Employed	2.67	2.52	2.91	3.59
Dividend / Share	0.00	1.00	1.50	2.50

C. Interpretation:

(1) The Basic EPS gives us a real-time picture. Basic EPS is the Earnings per number of common stock outstanding. Highest trend was observed in 2017 with drastic fall in 2019. It has increased to a certain to a substantial level in 2020.

(2) The ROCE indicates how well the capital component is managed. It is the ratio of operating

profit by capital employed. The ROCE was observed the highest in 2017 and over the years, it has shown deterioration.

(3) This is the amount of dividend paid per ordinary shares outstanding. Dividend is paid on the book value of the share. The performance of the company in this case is very poor and it has paid no dividend in 2020.

III. FINANCIAL PERFORMANCE

Fig 1 – Profit and Loss

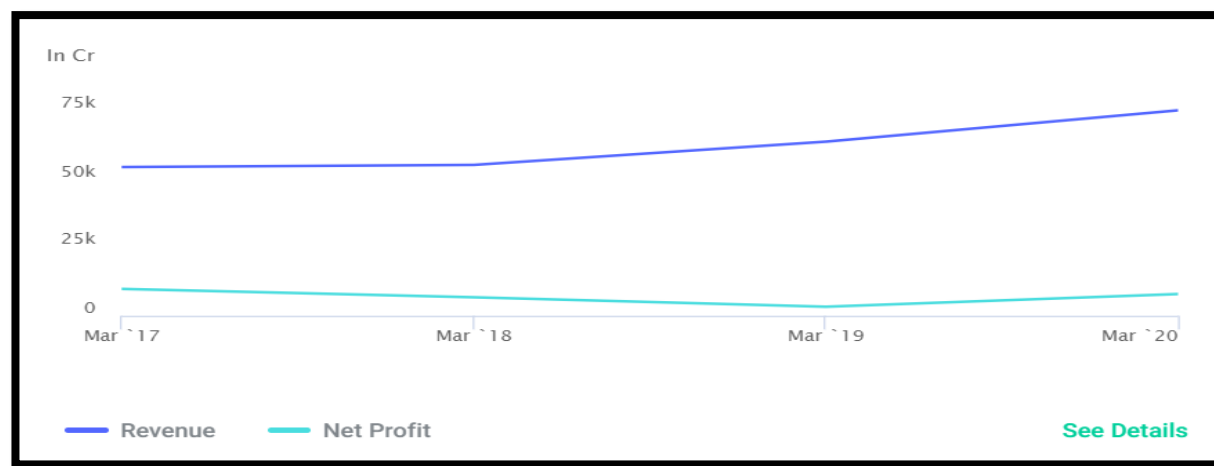


Fig 2 – Balance Sheet

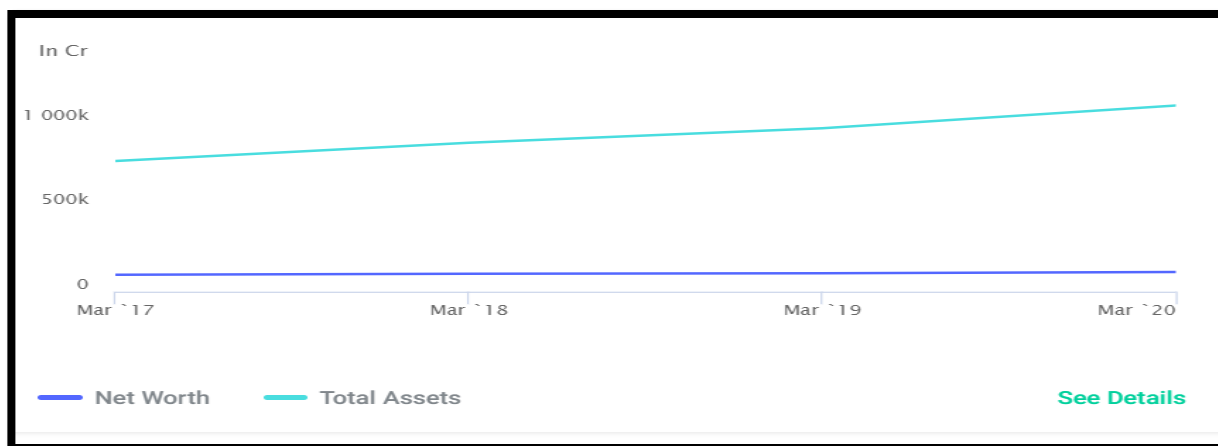
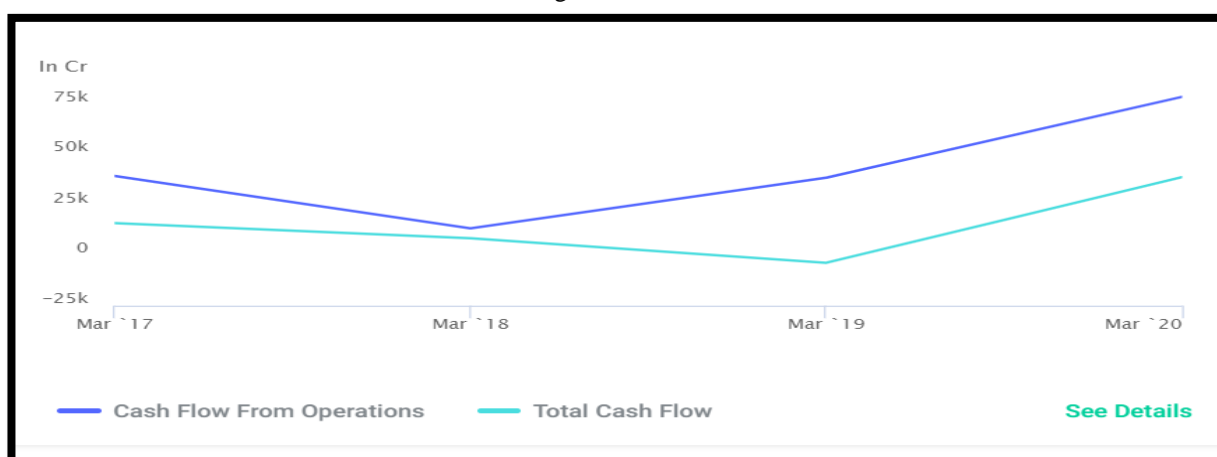


Fig 3 – Cash Flow



IV. STOCK ANALYSIS AND INTERPRETATION

Table 1.1 – ICICI Bank Ltd.

Average Return	0.114%
Variance	0.000731561
S.D	0.027047386
G.M	0.685%

The Average Return for ICICI Bank Ltd. during the period 1st January, 2019 to 31st December, 2020 was 0.114%. This is calculated based on the holding period return. For volatile numbers, the geometric average provides a far more accurate measurement of the true return by taking into account year-over-year compounding that smooths the average. Hence, for stock returns, Geometric Mean was calculated to be 0.685% based on daily returns.

The standard deviation is a useful tool in measuring the risk in terms of stock performance. In the case of ICICI Bank Ltd., the standard deviation is very low

and hence it suggests that it is less volatile. In other words, it is suggestive of the minor change in actual prices between the given period. The variances are also negligible from which we can conclude that returns do not significantly differ.

Table 1.2 – Nifty 50

Average Return	0.064%
Variance	0.00023656
S.D	0.015380503
G.M	0.282%

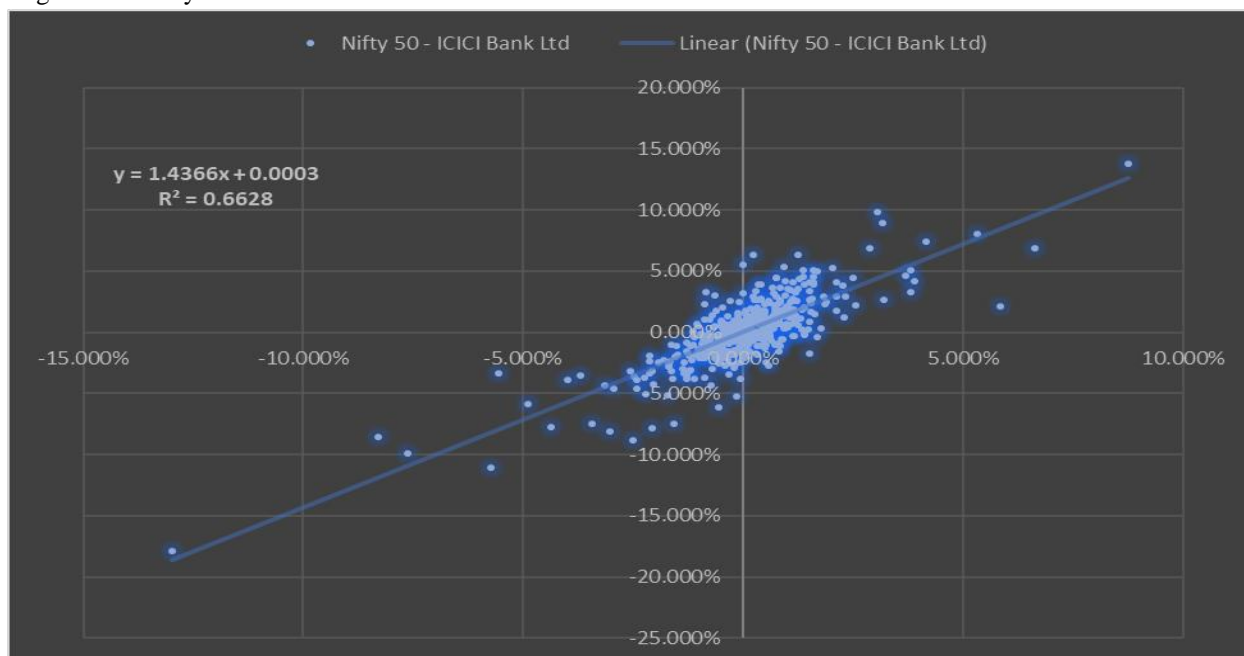
The Average Return for Nifty 50 during the period 1st January, 2019 to 31st December, 2020 was 0.064%. This is calculated based on the holding period return. For volatile numbers, the geometric average provides a far more accurate measurement. Hence, Geometric Mean was calculated to be 0.282% based on daily returns.

In the case of Nifty 50, the standard deviation is very low and hence it suggests that it is less volatile. In

other words, it is suggestive of the minor change in actual prices between the given period. The variances

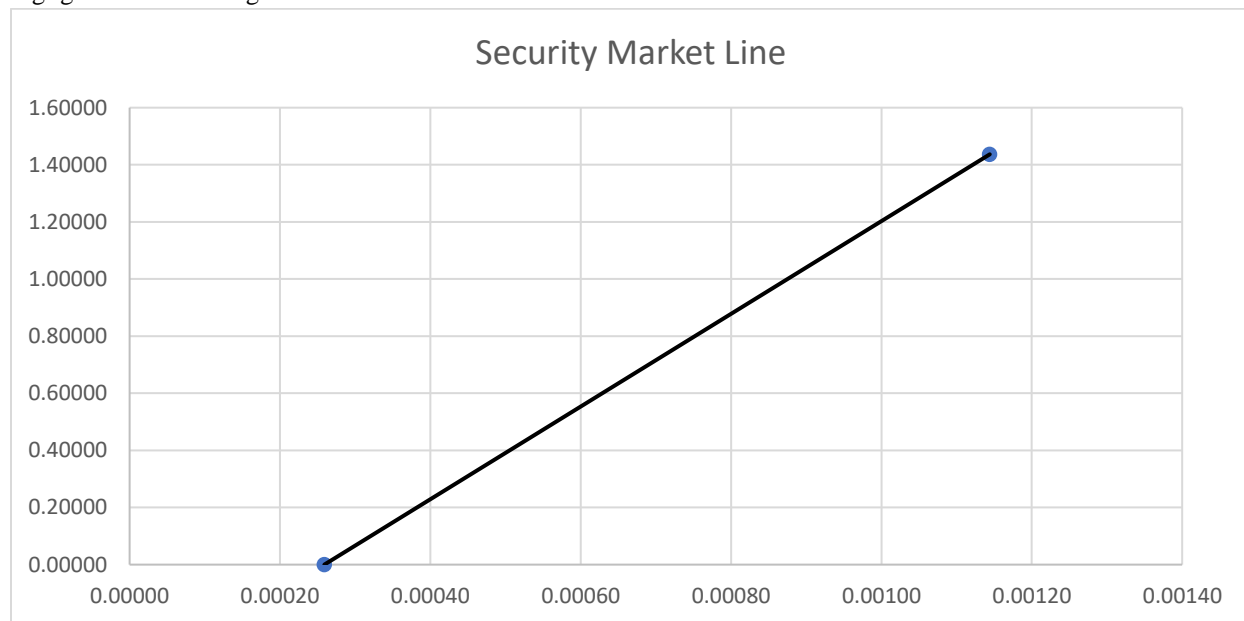
are also negligible from which we can conclude that returns do not significantly differ.

Regression Analysis



In finance, regression analysis is used to calculate the Beta (volatility of returns relative to the overall market) for a stock. Using the regression analysis, the variations in an individual stock with respect to market returns can be identified. In this case, the regression line is upward sloping which signifies that as Nifty 50 returns increase along the y-axis, ICICI Bank's returns negligible effect on negative side.

also tends to increase along the y-axis. There are some cases when ICICI Bank's returns varies due to some other reason and not due to change in Nifty 50 returns. For every 1% change in Nifty 50 returns, the IBM tend to increase by 1.4366%. If the Nifty returns are zero, then ICICI returns would show



V. MAJOR FINDINGS AND OBSERVATION

1. In ratio analysis, though the Basic EPS and ROCE have shown positive signs, but the dividend per share shows adverse signals.
2. The revenue, net profit and the value of total assets has increased over the period of time but there is no change in net worth.
3. Operating cash flows have steadily increased to the highest level comparatively and total cash flows have substantially increased in comparison to the previous year.
4. Average returns are higher when compared to the risk component, i.e. standard deviation in both ICICI Bank Ltd and Nifty 50.
5. Since Geometric Mean is a better indicator of returns, the returns for ICICI Bank and Nifty 50 are quite good as against average returns
6. Expected Return is taken as average return
7. The regression analysis shows the strong positive relationship between Nifty 50 and ICICI Bank Ltd. In majority of the cases, the ICICI stock reacts as per the Nifty movement with rare exceptions

VI. CONCLUSION

The overall analysis shows that ICICI is performing good. Since, it has a positive relationship with Nifty 50 returns, it is evident that it would increase proportionately. With the present trend of Nifty going up due to various reasons like government's vaccine program, etc, the ICICI stock would fetch good returns

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