
PROFITABILITY AND RETURN ANALYSIS THROUGH GROWTH STRATEGIES AT UNION BANK OF INDIA

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ABSTRACT: This paper evaluates Union Bank of India's profitability and return by assessing recent expansion initiatives. It analyzes how strategy goals like credit portfolio expansion, digital banking, and cost reduction affect the bank's finances. The paper examines net profit margins, return on assets, and return on equity to assess the organization's efficiency and profitability. It investigates how market, competition, and legal changes affect bank profitability. Development activities linked to financial results improve performance in an environmentally sustainable way, according to the research. The paper's list of finance and business administration's pros and cons can help strategic decision-makers. The paper recommends developing new financial solutions and focusing on customer preferences to boost revenue.

Keywords: *Profitability Analysis, Return Analysis, Union Bank of India, Growth Strategies, Financial Performance, Return on Assets (ROA), Return on Equity (ROE).*

1. INTRODUCTION

Successful businesses generate enough revenue to cover their costs. Profitability is achieved when revenue growth surpasses operating and operational costs. "Unprofitable" businesses don't make enough money to cover their costs. To determine a company's viability, assess its profitability. Profitability analysis helps firms make decisions, optimize resource use, and uncover development opportunities.

A company's profitability can be measured by its income, operational costs, balance sheet assets, and shareholders' equity ratios. These numbers show the company's projected revenue. They underpin economic paper. More than two ratios can indicate a business's profitability. These are margin and return ratios. It's better to use efficiency ratios and profitability indicators than earnings after costs to assess a company's asset-to-cash flow conversion.

By comparing profits, assets, operational costs, and shareholder equity to profitability criteria, financial analysts and investors can assess a company's profitability. This shows how much a company can turn equity, assets, or revenues into profits. A company's profitability measurements can show if its financial performance is rising or declining.

2. REVIEW OF LITERATURE

Prof. S. K. Banerjee (2025) This paper examines ESG-focused growth strategies to boost shareholder returns and long-term profitability. The dataset includes 130 companies that met sustainability goals between 2018 and 2024. Engage stakeholders, develop innovative products, and boost green spending were the main goals. The findings show that process

change, compliance with regulations, and transition expenses often reduce short-term profits. In three to five years, firms enhance their return on assets (ROA), investor confidence, and capital expenditures. ESG practises can boost customer loyalty, regulatory compliance, and market resilience.

Dr. Vikram Rao (2024) This paper examines the complex relationship between return volatility, growth investments, and capital structure. This paper examines 150 publicly traded companies that significantly expanded capital investment or R&D between 2017 and 2022 using GARCH modeling. To determine how financing decisions affect earnings volatility. Aggressive growth plans with high debt results in lower risk-adjusted profitability and more erratic returns. If it handles debt carefully, a corporation can earn revenue independent of investment.

Dr. Priya Nair (2023) This paper explores how platform-oriented digital growth strategies affect investment returns and earnings, focusing on network-effect-using enterprises. The association includes 90 technology and non-technology companies that published platforms between 2015 and 2022. Due to high client acquisition expenses, platform adoption lowers operating profits. The margins recover dramatically after network effects kick in.

Dr. Radhika Menon (2023) This paper examines how growth strategy, financial performance, and new technologies affect competitive firms. Case data from 70 IT, healthcare, and retail companies is used to calculate long-term returns to shareholders, EBITDA, and ROI. Technology costs more initially, but increased productivity, automated processes, and better customer service make up for this.

Prof. Rahul Singh (2022) This paper analyzes how horizontal, vertical, and conglomerate transactions affect merger and acquisition profits and shareholder returns. We used difference-in-differences and propensity score matching to assess company performance before and after 200 Asian acquisitions between 2010 and 2020. The results show that horizontal acquisitions can provide economies of scale and be beneficial over time. Due to their higher integration effort, they can lower short-term profitability, particularly return on equity.

Dr. Asha Mehta (2021) This paper examines organic growth tactics such product enhancement, internal capability development, and market entry. The goal is to help growing businesses increase sales and ROI. We used panel data on company margins, ROA, and ROE to assess 120 Indian mid-cap firms' profitability from 2016 to 2020. The research shows that market entry initially boosts revenue but lowers profit margins. Despite their high initial cost, product expansions help businesses stand out and retain clients, increasing long-term earnings.

3. COMPONENTS OF PROFITABILITY ANALYSIS



Break-even analysis

A break-even analysis helps estimate your company's revenue generation time. When does income equal fixed (rent, salaries, and utilities) and variable (materials and labor) expenditures without a profit or loss? That happened.

This method can identify the minimum number of transactions needed to cover expenditures and start making money. Individual purchasers might use a break-even analysis to determine how many things to sell to profit.

Profitability ratios

Different profitability metrics can be used to assess an organization's profitability. These ratios compare your business's assets, operational costs, income, and invested capital to show its profitability.

Profitability analysis uses return and margin ratios. Return ratios measure a company's shareholder return. Sales margins measure a company's revenue potential.

Customer profitability analysis

Customer revenue is another important factor for your company. Customer profitability can be calculated by comparing client earnings to sales costs. Your data can help you determine which customers generate the most or least revenue.

Qualitative analysis

Many companies use qualitative data from market research, consumer surveys, focus groups, and SWOT assessments to determine corporate viability. This information can help you understand how market developments and consumer preferences may affect your profitability.

4. FACTORS OF RETURN ANALYSIS

Investment Efficiency

The efficiency with which a corporation converts its resources into wealth depends on its capital investment. When money are allocated to promising businesses, ROI and profitability increase. Poor allocation reduces profits and prevents cost reimbursement. Analysts measure an entity's efficiency by comparing its investment to its revenue. Each dollar spent advances progress. Financial efficacy is crucial to return analysis.

Revenue Growth

The pace of income growth is a key indicator of growth strategy success. Businesses grow their consumer base daily to increase income and financial stability. Analysts determine if the sales boost is temporary. Sales growth alone is insufficient; earnings and sales must grow together. Sales growth and continuous profitability may cause money concerns. Return analysis is painstakingly done to ensure accurate and sustainable revenue growth.

Cost Management

Effective cost management affects a company's net income. Ineffective cost management can lower a company's profitability and competitiveness even when sales rise. Companies using digital technologies, lean manufacturing, and resource optimization can better manage expenses. Analysts assess administrative, production, and operational expenses during return analysis. Growth efforts maximise value through cost optimisation. Thus, cost management affects return analysis effectiveness.

Capital Structure

Risk and return are affected by capital structure, which includes debt and equity. When debt is high, interest payments rise, which might lower net income due to growth. Optimal leverage and shareholder returns depend on debt and equity allocation. Analysts assess the capital system's longevity. Well-planned funding allows the organization to grow safely.

Market Share Expansion

Growing market share shows a company's ability to satisfy customers better than competitors. A larger market share leads to cost savings, brand recognition, and better prices due to bulk purchases. Analysts analyze earnings and market share patterns to determine long-term profits. Market positioning influences diversification and penetration efforts. Long-term market domination results in stable revenue and higher earnings.

Risk Management

Consider risks and returns when considering development methods. Companies may lose money if they expand too quickly or fail if they are too conservative. Risk management ensures that hazards are discovered, assessed, and resolved. Return analysis considers variety, hedging, and fallback.

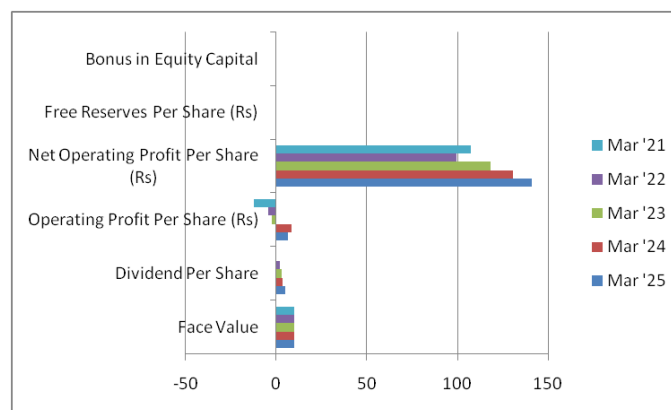
Stakeholder Value Creation

Return analysis goes beyond finance. It stresses the significance of benefiting everyone. Customers want satisfaction and confidence in a firm, while stockholders want returns and growth. Employee performance is affected by their desire for stability and advancement. Analysts assess how growth initiatives benefit all. Long-term, a business that profits as its owners want is beneficial.

5. RESULTS

INVESTMENT VALUATION RATIOS

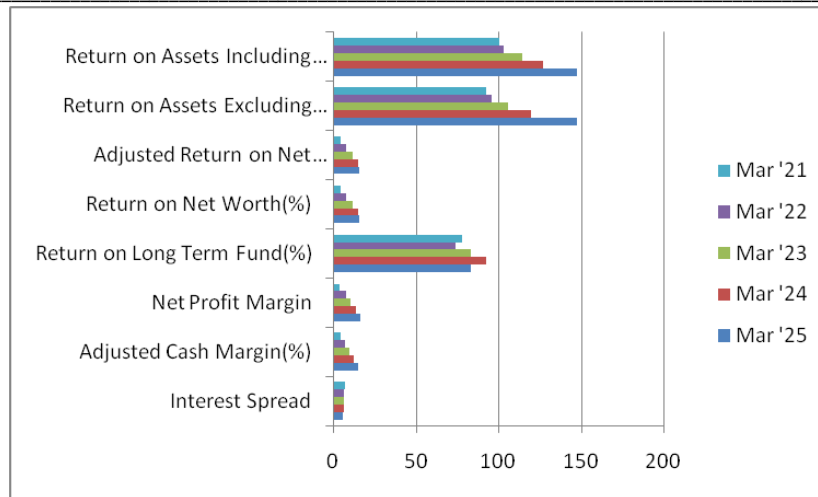
Investment Valuation Ratios	Mar '25	Mar '24	Mar '23	Mar '22	Mar '21
Face Value	10	10	10	10	10
Dividend Per Share	4.75	3.6	3	1.9	0
Operating Profit Per Share (Rs)	6.21	8.18	-2.57	-4.69	-12.55
Net Operating Profit Per Share (Rs)	141.12	130.71	118.14	99.41	107.33
Free Reserves Per Share (Rs)	0	0	0	0	0
Bonus in Equity Capital	0	0	0	0	0



INTERPRETATION: Owners have received superior returns from Union Bank of India for five years. The performance improved as dividends per share rose from ₹0 in 2021 to ₹4.75 in 2025, and net operating profit per share also climbed. Practical profit per share fell in 2022–23 but rose in 2025. Free reserves, bonus shares, and face value haven't changed in the bank's capital structure. This shows that the bank still prioritizes profitability and shareholder returns.

Profitability Ratios

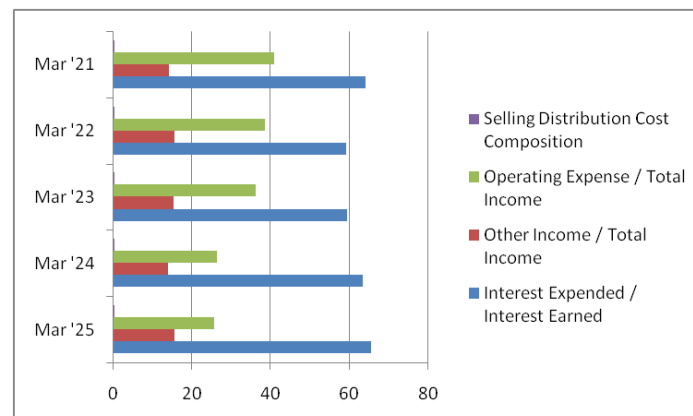
Profitability Ratios	Mar '25	Mar '24	Mar '23	Mar '22	Mar '21
Interest Spread	6.02	6.39	6.46	6.57	7.12
Adjusted Cash Margin(%)	14.94	12.54	9.61	7.41	4.74
Net Profit Margin	16.69	13.67	10.44	7.7	4.22
Return on Long Term Fund(%)	83.19	92.67	83.26	74.04	78.01
Return on Net Worth(%)	15.92	14.94	11.68	7.94	4.87
Adjusted Return on Net Worth(%)	15.92	14.94	11.68	7.94	4.87
Return on Assets Excluding Revaluations	148	119.63	105.64	96.3	92.99
Return on Assets Including Revaluations	148	127.03	114.61	103.26	100.64



INTERPRETATION: Union Bank of India's earnings have grown dramatically in five years. The adjusted cash margin and net profit margin are rising. The business is more efficient and profitable. The return on net worth in 2025 was 15.92%, up from 4.87% in 2021. This means shareholders will get a better return. The interest margin has reduced marginally, but returns on assets and long-term funds have increased significantly. The bank now generates more revenue and optimizes resource use.

Profit And Loss Account Ratios

Profit And Loss Account Ratios	Mar '25	Mar '24	Mar '23	Mar '22	Mar '21
Interest Expended / Interest Earned	65.46	63.35	59.42	59.1	64.1
Other Income / Total Income	15.53	13.88	15.34	15.56	14.15
Operating Expense / Total Income	25.46	26.18	36.2	38.52	40.86
Selling Distribution Cost Composition	0.11	0.14	0.14	0.09	0.04

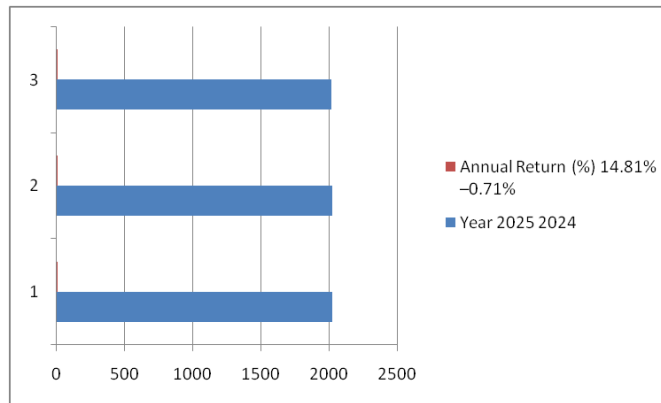


INTERPRETATION: Union Bank of India's profit and loss account shows good financial management. This ratio rose to 65.46 percent in 2025, demonstrating the bank's interest spending relative to its earnings. supplementary income, which consistently accounts

for 15% of total revenue, helps distribute income. Operational costs dropped from 40.86% of total income in 2021 to 25.46% in 2025, indicating a major cost management shift.

UNION BANK OF INDIA'S ANNUAL STOCK PERFORMANCE FROM 2021 TO 2025

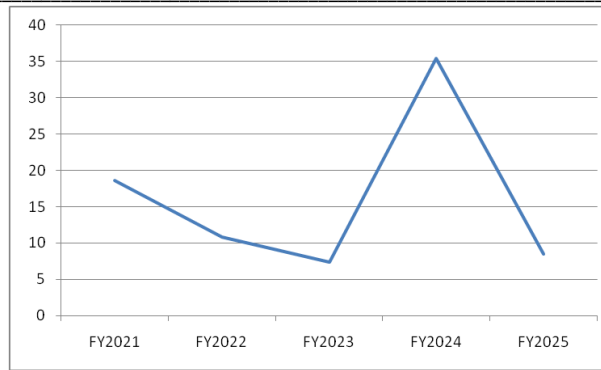
Year	Annual Return (%)
2025	14.81%
2024	-0.71%
2023	52.06%
2022	72.91%
2021	32.76%



INTERPRETATION: Union Bank of India's return profile changed significantly between 2021 and 2025. Investment returns for the bank were 32.76% in 2021, 72.91% in 2022, and 52.06% in 2023. This shows that the bank has grown and performed well. Returns dropped to -0.71% in 2024 but rose to 14.81% in 2025, demonstrating both a general rising trend and volatility.

Union Bank of India's P/E (Price-to-Earnings) Ratio from FY2021 to FY2025

Fiscal Year	P/E Ratio
FY2021	18.6
FY2022	10.83
FY2023	7.36
FY2024	35.45
FY2025	8.49



INTERPRETATION: Both FY2021 and FY2025 had significant P/E ratio swings for Union Bank of India. Due to market sentiment and earnings swings. The price dropped from 18.6 in FY2021 to 7.36 in FY2023, although earnings grew significantly. It soared to 35.45 in FY2024 and fell to 8.49 in FY2025, showing overvaluation and stabilization.

RETURNS ON UNION BANK OF INDIA

Period Invested for	₹10000 Invested on	Latest Value	Absolute Returns	Category Avg
1 Week	12-Sep-25	10126.6	1.27%	1.38%
1 Month	19-Aug-25	10290.3	2.90%	2.06%
3 Month	19-Jun-25	10744.4	7.44%	4.21%
6 Month	19-Mar-25	11437.9	14.38%	13.53%
YTD	1-Jan-25	10358.9	3.59%	5.07%
1 Year	19-Sep-24	10282.8	2.83%	-0.32%
2 Year	18-Sep-23	13108.6	31.09%	18.01%
3 Year	19-Sep-22	15102.5	51.02%	17.64%
5 Year	18-Sep-20	24117.1	141.17%	20.99%
Since Inception	5-Aug-19	28000	180.00%	17.18%

6. CONCLUSION

Finally, expansion plans must be examined to determine a business's long-term financial health and viability. By carefully analyzing outcomes, management may identify strengths and make decisions that boost earnings. Strategies that reduce risks and boost revenues while keeping key skills. Monitoring key financial indicators ensures resource efficiency and timely change. Data-driven technology can help people make better judgments. Cost reduction and multiple funding sources make a business more robust and resilient. Comparing results to industry standards helps understand growth and competitiveness. Transparency with partners is essential for building trust and achieving strategic goals. A systematic strategy to profit and return evaluation will help the business develop and improve.

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