



“A Comparative Financial Statement Analysis Of HDFC Bank And ICICI Bank Within National Capital Region, India”

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ABSTRACT

The concept of this project is to compare the financial status (from 2018-2023) of HDFC Bank and ICICI Bank to check which one is performing well than other. The performance can be evaluated by doing Financial Analysis of Financial Statements of both HDFC and ICICI Bank.

To do analysis of both Banks the tool Ratio Analysis is being used. My project includes objective of study, Research Methodology, Analysis, and Interpretations, Finding, limitation of my study, conclusion, and many other related topics of the project.

The information provided in the financial statement is of immense use in making decisions through analysis and interpretation of financial statements. The financial analysis is the process of identifying the financial strength and weakness of the firm by properly establishing relationship between the items of the balance sheet and P&L A/C.

There are various methods or techniques used in analysing financial statement and I have chosen Ratio Analysis technique for my study. Ratio Analysis is the technique of financial analysis where ratios are used as a yardstick for evaluating the financial conditions and performance of a firm. It helps the management in its planning and forecasting activities, evaluating operational efficiency, liquidity, and solvency of firms and to help the management in having effective control over the activities of different departments.

Key point- Financial Statement, Financial Analysis, Ratio Analysis.

INTRODUCTION

Financial Statement Analysis

In this chapter, we will study about Financial Statement Analysis and types of Financial Statement. Let's explore these terms step by step to see what they can teach us. Financial statement analysis involves scrutinizing a company's financial statements to facilitate decision-making. External stakeholders utilize this process to gauge the general well-being of an organization, assess financial performance, and determine business value. Internally, it serves as a monitoring tool for managing finances. The mandatory financial accounting requirements necessitate companies to produce a balance sheet, income statement, and cash flow statement, forming the foundation for financial statement analysis. Analysts employ three main techniques—horizontal, vertical, and ratio analysis—to assess business performance and value when scrutinizing financial statements, a practice embraced by both internal and external stakeholders.

Financial statements, which document crucial financial information about a company, offer insights into its past, present, and anticipated performance. These statements adhere to generally accepted accounting principles (GAAP) in the United States, mandating the creation and maintenance of three key financial statements: the balance sheet, the income statement, and the cash flow statement. For public companies, stringent standards under GAAP, emphasizing accrual accounting, must be followed in financial statement reporting.

In contrast, private companies enjoy more flexibility in preparing their financial statements and can choose between accrual and cash accounting methods.

Financial statement analysis employs several techniques, with three primary ones being horizontal analysis, vertical analysis, and ratio analysis. Horizontal analysis involves scrutinizing values of line items over multiple years to identify trends. Vertical analysis examines how specific line items influence other parts of the business and its proportions. Ratio analysis utilizes key ratio metrics to calculate statistical relationships, providing a comprehensive understanding of a company's financial health.

Types Of Financial Statements

Businesses utilize the balance sheet, income statement, and cash flow statement not only to oversee their operations but also to offer transparency to stakeholders. These three statements are interlinked, collectively presenting diverse perspectives on a company's activities and performance.

1. BALANCE SHEET

The balance sheet presents a snapshot of a company's financial value in terms of book value, categorizing it into three main sections: assets, liabilities, and shareholder equity. Short-term assets like cash and accounts receivable reveal insights into operational efficiency, while liabilities encompass expense commitments and debt repayment. Shareholder equity provides information on capital investments and retained earnings from periodic net income. Maintaining a balance between assets and liabilities ensures equality with shareholder equity, representing the company's book value. This figure serves as a crucial performance metric, fluctuating based on the company's financial activities.

2. INCOME STATEMENT

The income statement dissects a company's revenue and the corresponding expenses to yield a bottom line, representing the net profit or loss. This statement is divided into three segments, providing insights into business efficiency at various stages. It initiates with revenue and direct costs, revealing the gross profit. Subsequently, operating profit is derived by subtracting indirect expenses like marketing, general costs, and depreciation. Finally, after accounting for interest and taxes, the net income is determined.

Fundamental analysis of the income statement commonly involves computing gross profit margin, operating profit margin, and net profit margin. These metrics, each obtained by dividing profit by revenue, offer a perspective on cost efficiency at different operational stages, highlighting areas where company costs are either low or high.

3. CASH FLOW STATEMENT

The cash flow statement gives a summary of a company's cash movements related to operating activities, investing activities, and financing activities. The net income transitions to the cash flow statement, appearing as the first item under operating activities. Investing activities involve cash flows associated with company-wide investments. The financing activities section encompasses cash flows from both debt and equity financing. The final figure at the bottom reveals the total available cash for the company.

Types Of Ratio Analysis

- 1. LIQUIDITY RATIOS:** Liquidity ratios assess a company's capability to settle its short-term debts as they come due, utilizing current or quick assets. The current ratio, quick ratio, and working capital ratio are examples of liquidity ratios.
- 2. SOLVENCY RATIOS:** Solvency ratios, also known as financial leverage ratios, gauge a company's debt levels in relation to its assets, equity, and earnings. They assess the company's ability to endure over the long term by repaying both its long-term debt and the interest on that debt. Examples of solvency ratios encompass debt-equity ratios, debt-assets ratios, and interest coverage ratios.
- 3. PROFITABILITY RATIOS:** These ratios indicate a company's proficiency in generating profits from its operations. Examples of profitability ratios include profit margin, return on assets, return on equity, return on capital employed, and gross margin ratios.
- 4. EFFICIENCY RATIOS:** Efficiency ratios, also known as activity ratios, assess how effectively a company utilizes its assets and liabilities to generate sales and optimize profits. Key efficiency ratios encompass turnover ratio, inventory turnover, and days' sales in inventory.
- 5. COVERAGE RATIOS:** Coverage ratios evaluate a company's capacity to fulfil interest payments and other obligations linked to its debts. Examples of coverage ratios comprise the times interest earned ratio and the debt-service coverage ratio.
- 6. MARKET PROSPEC RATIO:** The fundamental analysis commonly relies on key ratios, such as dividend yield, P/E ratio, earnings per share (EPS), and dividend payout ratio. Investors employ these metrics to forecast earnings and anticipate future performance.

HDFC Bank

HDFC Bank, established in January 1995 as a Scheduled Commercial Bank, originated from the merger of HDFC Ltd, a pioneering Housing Finance Company, and HDFC Bank, the largest private sector bank in India, announced on April 4, 2022. With a legacy of 45 years, HDFC Ltd has built a reputation for offering top-tier housing finance products, while HDFC Bank extends a wide array of financial services, including seamless home loan delivery across urban, semi-urban, and rural India. As of February 29, 2024, HDFC Bank boasts an extensive distribution network comprising 8,192 branches and 20,760 ATMs/Cash Recycler Machines across 3,836 cities/towns, including HDFC Ltd.'s 737 outlets and 214 offices amalgamated into the bank's network. Additionally, HDFC Bank has established international branches and representative offices in four countries, catering to Non-Resident Indians and Persons of Indian Origin with home loan products.

HDFC Bank Limited, commonly known as HDFC, stands as a prominent Indian banking and financial services institution, boasting the distinction of being India's largest private sector bank by assets. As of January 2024, it ranks as the world's sixth-largest bank by market capitalization, a testament to its robust presence and stature in the global financial landscape. Following its acquisition of its parent company HDFC, HDFC Bank has solidified its position as a powerhouse in the banking sector.

Designated by the Reserve Bank of India (RBI) as one of the Domestic Systemically Important Banks (D-SIBs), alongside entities like State Bank of India and ICICI Bank, HDFC Bank carries the weight of being considered "too big to fail." This recognition underscores its systemic importance and the critical role it plays within India's financial infrastructure.

Established in August 1994, HDFC Bank commenced operations in January 1995 after receiving approval from the RBI to operate as a private sector bank, coinciding with the liberalization of India's banking industry. Since then, it has grown exponentially, garnering a market capitalization of \$145 billion as of April 2024. This places HDFC Bank as the thirdlargest company on Indian stock exchanges, reflecting its immense market presence and investor confidence.

Beyond financial metrics, HDFC Bank is also a significant employer in India, boasting nearly 1.73 lakh employees and ranking as the sixteenth largest employer in the country. This extensive workforce underscores the bank's significant contribution to job creation and economic development.

HDFC Bank offers a diverse range of products and services covering wholesale banking, retail banking, treasury operations, and an array of loan options including auto loans, two-wheeler loans, personal loans, loans against property, and consumer durable loans. Additionally, the bank provides lifestyle loans and credit cards. Complementing these offerings are digital products such as Payzapp and SmartBUY.

Subsidiaries of HDFC Bank

- HDFC Life,
- HDFC ERGO,
- HDFC Securities,
- HDFC Asset Management Company,
- HDFC Mutual Fund, □ HDB Financial Services, and
- HDFC Credila Financial Services.

On April 4, 2022, HDFC Bank announced its merger with the Housing Development Finance Corporation. Following the merger's completion, HDFC emerged as the fourth-largest bank globally by market capitalization. The merger was slated to be effective from July 1, 2023. As part of the merger, HDFC, primarily a housing financing corporation, would transfer its home loan portfolio to HDFC Bank. Furthermore, depositors of the housing financing company were given the option to either withdraw their funds or renew their deposits with the private sector bank at the prevailing interest rate.

ICICI Bank

ICICI Bank, founded in 1955 through collaborative efforts of the World Bank, the Government of India, and Indian industry representatives, initially focused on project finance to support industrial projects. With the liberalization of India's financial sector in the 1990s, ICICI transitioned into a diversified financial services provider, expanding its offerings to include a broad spectrum of products and services. In 1994, ICICI Bank was incorporated, marking a pivotal moment in the institution's evolution.

Subsequently, in 2001, ICICI and its wholly-owned retail finance subsidiaries merged with ICICI Bank, paving the way for a comprehensive suite of financial solutions. Notably, ICICI Bank made history in 1999 as the first Indian company and non-Japan Asia bank to list on the New York Stock Exchange, signifying its global recognition and stature in the financial world.

This development finance institution boasts a vast network comprising 6,000 branches and 17,000 ATMs spread across India, with a presence in 17 countries. It operates subsidiaries in the United Kingdom and

Canada, alongside branches in the United States, Singapore, Bahrain, Hong Kong, Qatar, Oman, Dubai International Finance Centre, China, and South

Africa. Additionally, representative offices are established in the United Arab Emirates, Bangladesh, Malaysia, and Indonesia. Notably, the company's UK subsidiary has expanded with branches in Belgium and Germany. Recognizing their systemic importance, the Reserve Bank of India (RBI) has designated the State Bank of India, HDFC Bank, and ICICI Bank as Domestic Systemically Important Banks (D-SIBs), often referred to as banks considered "too big to fail."

ICICI Bank provides a wide array of products and services catering to various financial needs. These include savings and current accounts, trade and forex services, fixed and recurring deposits, business loans, home loans, personal loans, auto loans, gold loans, NRI banking services, remittances, card services, lockers, and agri and rural services. Their digital platforms offer seamless banking experiences, with offerings such as iMobile Pay, InstaBiz, Digital Rupee App, Retail Internet Banking, Corporate Internet Banking, Money2India, Money2World, and the digital wallet Pockets by ICICI Bank.

In March 2020, ICICI Bank introduced 'ICICI STACK,' a comprehensive digital banking suite tailored for individuals, merchants, and corporates, providing a range of online services including payments, digital accounts, instant loans, insurance, and investments.

Moreover, in December 2020, the bank launched 'iMobile Pay', an interoperable app facilitating payment and banking services for customers across multiple banking institutions. Originally launched as iMobile in 2008, iMobile Pay offers over 350 services and garnered over 10 million sign-ups from non-ICICI Bank account holders by September 2023.

Additionally, in July 2019, ICICI Bank rolled out the InstaBIZ app aimed at offering enhanced banking and value-added services to micro, small, and medium (MSME) customers, as well as customers of any bank. InstaBIZ enables merchants to instantly collect payments using UPI IDs and QR codes. The app has approximately 1.5 million active users with significant year-on-year throughput growth. As of September 2022, it had garnered around 195,000 registrations from non-ICICI Bank account holders.

Subsidiaries of ICICI Bank include:

- ICICI Prudential Life Insurance
- ICICI Lombard
- ICICI Prudential Mutual Fund
- ICICI Securities
- ICICI Bank Canada
- ICICI Bank UK PLC
- ICICI Bank US
- ICICI Bank Regional Subsidiaries

LITERATURE REVIEW

Mr. P. Kanagaraj Ms. R. Khushi

A study on Financial Analysis of Bank of Baroda Ltd, 2023

The study is aimed to analyse the overall financial performance of Bank of Baroda for the period of five years i.e., from Financial Year 2017 – 18 to Financial Year 2021 – 22. This study used various ratios to analyse the overall financial performance of the bank.

Mahesh Kumar. M, Ajay. N

A Study on Financial Performance on Canara Bank, 2023

The present study was conducted with main objective of analysing the financial performance of Canara bank and for this present study has taken five years financial statements. The study reveals that the liquidity position and solvency position is not that much satisfactory. The study also indicates that they have incurred low profitability in the last five years. The working capital management of the company is in a good position. But still the bank runs in a good manner and the overall performance of the company is satisfactory.

Tamilarasu S, Srinivasan K.

A study on Financial Performance Analysis of selected public and private sector banks, 2022 The study attempts to derive a comparison between the financial performance of the public and private sectors concerning internal and external factors that influence the overall performance of the banking industry.

Dr. R. Mayilsamy, D. Priya Dharshiny

A study on Financial Performance of ICICI Bank, 2021

Financial performance is a subjective measure of how well a firm can use assets from its primary mode of business and general revenue.

Ayush Shukla

A Comparative Analysis of Financial Performance of ICICI & Axis Bank, 2021 The aim was to analyse and compare the financial performance of AXIS BANK and ICICI BANK (By using Credit/ Deposit Ratio, Interest Coverage Ratio, Interest Income to Total Income, Other Income to Total Income, Net Profit Margin, Percentage change in Gross Profit Margin, Percentage change in Debt Equity Ratio, Percentage change in Total Expense Ratio)

Faizan Ahmed Bhat

Analysing the performance of State Bank of India, 2020

The objective of this study is to know financial strengths through CAMEL Ratios which is significant in knowing the financial position of the bank as compared previous year. CAMEL refers to Capital Adequacy, Asset Quality, Management Efficiency, Earning Quality, Liquidity.

OBJECTIVES OF RESEARCH

- To research on the HDFC Bank and ICICI Banks' financial standings.
- To compare overall performance of HDFC Bank and ICICI Bank with the help of Ratio Analysis.
- To know the financial performance of the both banks.

RESEARCH METHODOLOGY

Research Design

The research adopts an exploratory research design. Exploratory research primarily involves interpreting existing information and places particular emphasis on analysing and interpreting available data. It aims to analyse and compare Financial Statements of HDFC and ICICI Bank by examining various financial characteristics expressed through accounting ratios and providing recommendation based on research findings.

Data Collection

The evaluation of profitability and financial performance covers a six-year period from 2018 to 2023. Essential secondary data was sourced from audited annual reports, specifically financial statements and other company records provided for the purpose of periodic analysis.

Methods of Analysis and Interpretation

Ratio Analysis

Method of Ratio Analysis

1. **Liquidity Ratio:** 'Liquidity of the business' refers to the firm's ability to meet its current obligations, i.e., short-term financial liabilities.

i) **Current Ratio:** It establishes the relationship between current assets and current liabilities.

Current Ratio = Current Assets / Current Liabilities

ii) **Quick Ratio:** It measures the ability of the enterprise to meet its short-term financial obligations, i.e., Current Liabilities.

Quick Ratio = Liquid Assets or Quick Assets / Current Liabilities

2. **Solvency Ratio:** Solvency of a business means that the business can meet its long-term financial obligations as and when they become due.

i) **Debt to Equity Ratio:** It shows relationship between long term debts and equity of the enterprise. It is computed to assess long term financial soundness of the enterprise.

Debt to Equity Ratio = Debt / Equity

ii) **Total Assets to Debt Ratio:** It shows the relationship between total assets and longterm debt of the enterprise. It measures the safety margin available to the lenders of the long-term debts.

Total Assets to Debt Ratio = Total Assets / Debt

iii) **Proprietary Ratio:** It establishes the relationship between proprietors' funds and the total assets.

Proprietary Ratio = Shareholders' fund / Total Assets iv) **Interest Coverage Ratio:** It establishes the relationship between Net Profit before Interest and Tax and Interest on long term debts.

Interest Coverage Ratio = Net Profit Before Interest and Tax / Interest on Long term Debt

3. **Profitability Ratios:** Efficiency in business is measured by profitability. 'Profitability' refers to financial performance of the business.

i) **Operating Profit Ratio:** It establishes the relationship between Operating Profit and Revenue from Operations, i.e., Net Sales.

Operating Profit Ratio = Operating Profit / Revenue from Operation

ii) Net Profit Ratio: It establishes the relationship between Net Profit and Revenue from Operation, i.e., Net Sales and Other Income.

Net Profit Ratio = Net Profit After Tax/ Revenue from Operation

iii) Return on Asset: ROA refers to a financial ratio that indicates how profitable a company is in relation to its total assets.

ROA = Net Income/ Total Asset

iv) Return on Equity: Return on equity (ROE) is the measure of a company's net income divided by its shareholders' equity. The higher the ROE, the better a company is at converting its equity financing into profits.

ROE = Net Income/ Average Shareholder's Equity

v) Return on Capital Employed: Return on capital employed is a financial ratio that measures a company's profitability in terms of all of its capital. Higher ratios tend to indicate that companies are profitable.

ROCE = EBIT/ Capital Employed

4. Valuation Ratio: Valuation ratios are financial metrics used by investors and analysts to assess the attractiveness of a company's stock or to evaluate its market value relative to its financial performance. These ratios help in determining whether a stock is overvalued, undervalued, or fairly valued in the market.

Valuation Ratio can be divided into 3 parts

i) Price-Earnings (P/E) Ratio: This ratio compares the company's stock price to its earnings per share (EPS). A high P/E ratio may suggest investors expect higher future earnings, while a lower P/E ratio might indicate undervaluation or lower growth expectations.

ii) Price-to-Book (P/B) Ratio: It compares the company's stock price to its book value per share, reflecting the relationship between the market's valuation and the company's tangible assets. A ratio below 1 can indicate that the stock may be undervalued.

iii) Price-to-Sales (P/S) Ratio: This ratio compares the company's stock price to its revenue per share. A lower P/S ratio might indicate that the company is undervalued compared to its sales, whereas a higher ratio may suggest overvaluation

DATA ANALYSIS AND INTEPRETATION

HDFC BANK

INCOME STATEMENT

	Mar-23	Mar-22	Mar-21	Mar-20	Mar-19
Total Revenue	204666.1	167695.4	155885.3	147068.3	124107.8
Operating Revenue	170754.1	135936.4	128552.4	122189.3	105160.7
Other Income	33912.1	31759	27332.9	24879	18947.1
Operating Expenses	51533.7	40312.4	35001.3	33036.1	27694.8
Operating Profit	75352.5	68798.6	61636.4	51894.8	42700.3
Operating Profit Margin %	36.82%	41.03%	39.54%	35.29%	34.41%
Total Expenses	158517.4	129544.5	124028.5	119772	101662.2
Other Expenses	0	0	0	0	0
Employee Expenses	20016.9	15897	13676.7	12920.1	10451.1
Cost Of Power Purchased	0	0	0	0	0
Cost Of Fuel	0	0	0	0	0
EBIDT	77697.9	70479.4	63021.4	53171.6	43921
EBIDT margin %	37.96%	42.03%	40.43%	36.15%	35.39%
Interest	77779.9	58584.3	59247.6	62137.4	53712.7
Depreciation	2345.5	1680.7	1385	1276.8	1220.7
Profit Before Tax	61498.4	50873.4	42796.1	38194.9	34318.2
Tax	15349.7	12722.5	10939.4	10898.6	11872.6
PAT Before Extraordinary					
Items	46148.7	38150.9	31856.8	27296.3	22445.6
Minority Interest Income	-151.6	-98.2	-23.6	-42.3	-113.2
Net Profit	45997.1	38052.8	31833.2	27254	22332.4
Net Profit Margin %	27.02%	28.06%	24.78%	22.33%	21.34%
EPS	82.6	68.8	57.9	49.8	83.3

Mar-23 Mar-22 Mar-21 Mar-20 Mar-19

Total Shareholders' Funds	289437.5	247326.2	209810.2	176358.7	153672.7
Equity Share Capital	558	554.6	551.3	548.3	544.7
Total Share Capital	558	554.6	551.3	548.3	544.7
Reserves Plus Surplus	288879.5	246771.6	209258.9	175810.4	153128
Total Reserves Plus Surplus	288879.5	246771.6	209258.9	175810.4	153128
Minority Interest Liability	860.3	720.4	632.8	576.6	501.8
Total Non-Current Liabilities	0	0	0	0	0
Deferred Tax Liabilities	0	0	0	0	0
Other Long Term Liabilities	0	0	0	0	0
Total Current Liabilities	100922.8	89918.2	77646.1	70853.6	58395.8
Trade Payables	0	0	0	0	0
Other Current Liabilities	0	0	0	0	0
Short Term Provisions	0	0	0	0	0
Total Capital Plus Liabilities	2530432	2122934	1799507	1580830	1292806
Fixed Assets	8431.4	6432.1	5099.6	4626.9	4219.8
Tangible Assets	0	0	0	0	0
Intangible Assets	0	0	0	0	0
Capital Work in Progress	0	0	0	0	0
Total Non-Current Assets	0	0	0	0	0
Non-Current Investments	0	0	0	0	0
Deferred Tax Assets	0	0	0	0	0
Long Term Loans Plus Advances	0	0	0	0	0
Other Non-Current Assets	0	0	0	0	0
Total Current Assets	2010419	1667238	1355584	1186899	1001668
Current Investments		0	0	0	0
Trade Receivables		0	0	0	0
Cash Plus Cash Equivalents	117189.3	130030.7	97370.4	72211	46804.6
Short Term Loans Plus Advances		0	0	0	0
Other Current Assets		0	0	0	0
Total Assets	2530432	2122934	1799507	1580830	1292806
Contingent Liabilities plus Commitments	1750954	1400198	975280.7	1130474	1025125

BALANCE SHEET ICICI BANK INCOME STATEMENT

	Mar-23	Mar-22	Mar-21	Mar-20	Mar-19
Total Revenue	186178.8	157536.3	161192.2	149786.1	131306.5
Operating Revenue	121066.8	95406.9	89162.7	84835.8	71981.7
Other Income	65112	62129.5	72029.5	64950.3	59324.8
Operating Expenses	82439	73151.7	76271.7	71517.9	64258.9
Operating Profit	53196.4	43217.9	42261.4	33602.7	27870.1
Operating Profit Margin %	28.57%	27.43%	26.22%	22.43%	21.23%
Total Expenses	151715.8	131752.5	140972.5	138560.6	125617.3
Other Expenses	0	0	0	0	0
Employee Expenses	15234.2	12341.6	11050.9	11156.7	9425.3
Cost Of Power Purchased	0	0	0	0	0
Cost Of Fuel	0	0	0	0	0
EBIDT	54710.9	44547.9	43601.5	34773.9	28815.9
EBIDT margin %	29.39%	28.28%	27.05%	23.22%	21.95%
Interest	50543.4	41166.7	42659.1	44665.5	39177.5
Depreciation	1494.6	1311.2	1326.7	1169.8	945.8
Profit Before Tax	46256.5	34241.3	25884	18588.6	7408.3
Tax	11793.4	8457.4	5664.4	7363.1	1719.1
 PAT Before Extraordinary Items	 34463	 25783.8	 20219.7	 11225.5	 5689.2
Minority Interest Income	-1424.7	-1428.2	-1979.6	-1659.2	-1434.9
Net Profit	34036.6	25110.1	18384.3	9566.3	4254.2
Net Profit Margin %	28.46%	27.02%	22.67%	13.23%	7.90%
EPS	48.9	36.2	27.3	14.8	6.6

BALANCE SHEET

	Mar-23	Mar-22	Mar-21	Mar-20	Mar-19
Total Shareholders Funds	214497.8	182052.5	157587.5	122960.1	114253.4
Equity Share Capital	1396.8	1390	1383.4	1294.8	1289.5
Total Share Capital	1396.8	1390	1383.4	1294.8	1289.5
Reserves Plus Surplus	209248.3	177167.6	153075.7	118518.4	109889.3
Total Reserves Plus Surplus	212340.1	180396.1	156201	121661.8	112959.3
Minority Interest Liability	6686.8	5980.9	9588.3	6794.8	6580.5
Total Non Current Liabilities	0	0	0	0	0
Deferred Tax Liabilities	0	0	0	0	0
Other LongTerm Liabilities	0	0	0	0	0
Total Current Liabilities	98544.6	82808.3	99616.4	87414.9	73940.1
Trade Payables	0	0	0	0	0
Other Current Liabilities	0	0	0	0	0
Short Term Provisions	0	0	0	0	0
Total Capital Plus Liabilities	1958491	1752637	1573812	1377292	1238794
Fixed Assets	11070.3	10706.7	10916.9	10408.7	9660.4
Tangible Assets	0	0	0	0	0
Intangible Assets	0	0	0	0	0
Capital Work In Progress	0	0	0	0	0
Total Non Current Assets	0	0	0	0	0
Non Current Investments	0	0	0	0	0
Deferred Tax Assets	0	0	0	0	0
Long Term Loans Plus Advances	0	0	0	0	0
Other Non Current Assets	0	0	0	0	0
Total Current Assets	1307868	1174833	1026317	923410.9	830932.7
Current Investments	0	0	0	0	0
Trade Receivables	0	0	0	0	0

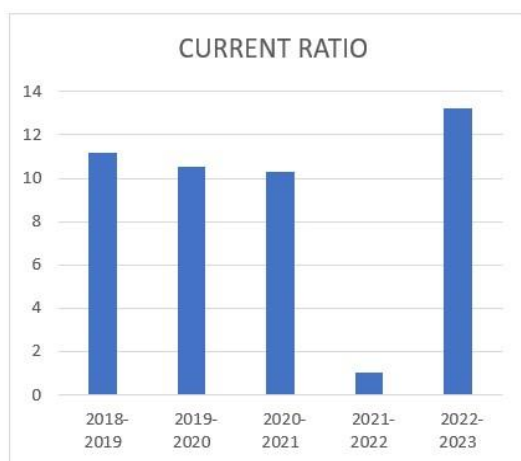
Cash Plus Cash Equivalents	68648.9	60228.7	46302.2	35311.9	38066.3
Short Term Loans Plus Advances	0	0	0	0	0
Other Current Assets	0	0	0	0	0
Total Assets	1958491	1752637	1573812	1377292	1238794
Contingent Liabilities plus Commitments	5035951	4552341	3021344	3003054	2612072
Bonus Equity Share Capital	116.6	116.6	116.6	116.6	116.6

1) Liquidity Ratio:

i) Current Ratio:

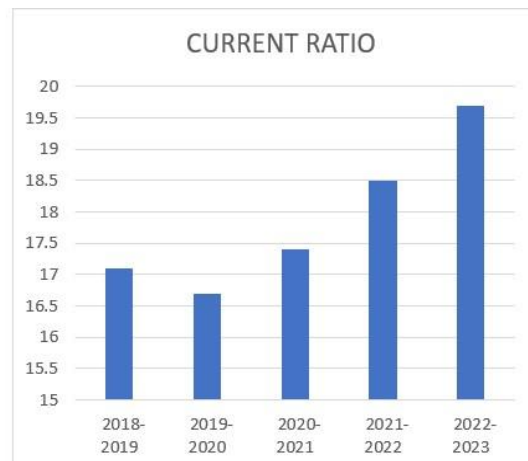
ICICI BANK

YEAR	CURRENT RATIO
2018-2019	11.2
2019-2020	10.5
2020-2021	10.3
2021-2022	1
2022-2023	13.2



HDFC BANK

YEAR	CURRENT RATIO
2018-2019	17.1
2019-2020	16.7
2020-2021	17.4
2021-2022	18.5
2022-2023	19.7



Interpretation:

ICICI Bank's current ratios fluctuate between 1 and 13.2, exhibiting substantial variability and a notable decrease in 2021-2022 followed by a significant increase in 2022-2023. This indicates fluctuating short-term liquidity levels, with a potential liquidity crisis in 2021-2022, followed by a significant improvement in 2022-2023.

In contrast, HDFC Bank's current ratios range from 16.7 to 19.7, showing a consistently higher level of liquidity throughout the period.

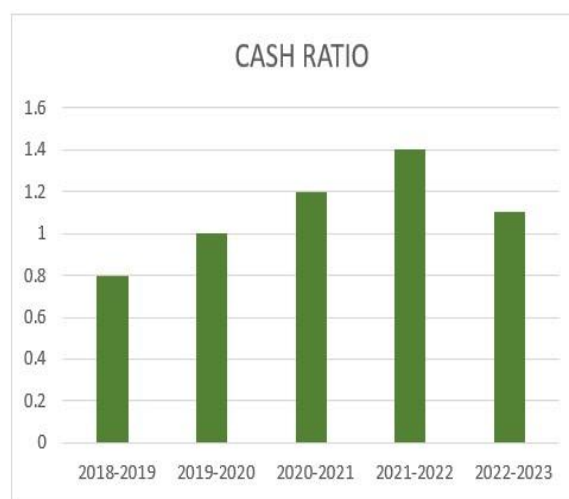
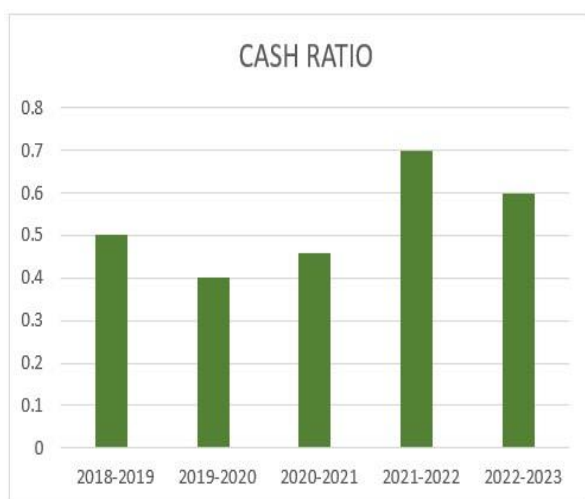
ii) Cash Ratio:

HDFC BANK

YEAR	CASH RATIO
2018-2019	0.5
2019-2020	0.4
2020-2021	0.46
2021-2022	0.7
2022-2023	0.6

ICICI BANK

YEAR	CASH RATIO
2018-2019	0.8
2019-2020	1
2020-2021	1.2
2021-2022	1.4
2022-2023	1.1



Interpretation:

HDFC Bank's cash ratios range from 0.4 to 0.7, showing fluctuations but with a generally increasing trend. This indicates that HDFC Bank has been gradually strengthening its liquidity position over the years, with a notable improvement observed in 2021-2022.

On the other hand, ICICI Bank's cash ratios range from 0.8 to 1.4, demonstrating higher levels of liquidity compared to HDFC Bank throughout the period. ICICI Bank's ratios show a consistent upward trend, reflecting a proactive approach to bolstering its cash reserves.

2) Solvency Ratio:

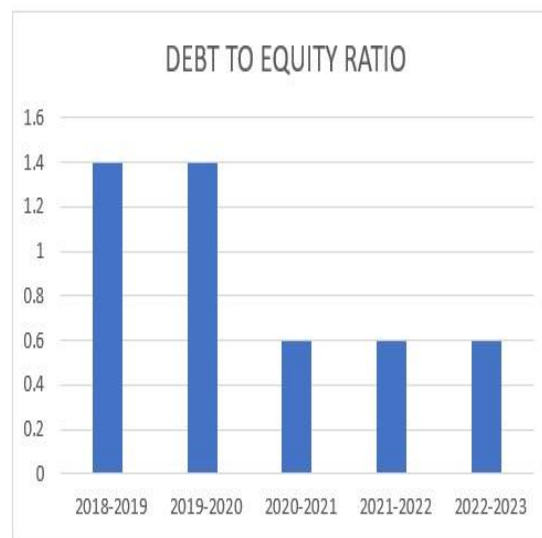
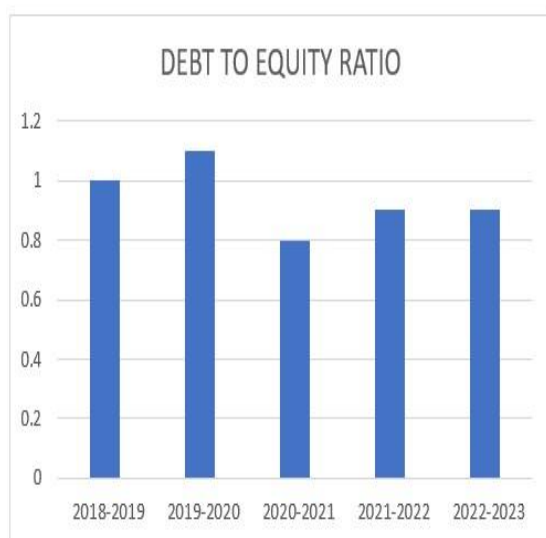
i) Debt to Equity Ratio

HDFC BANK

YEAR	DEBT TO EQUITY RATIO
2018-2019	1
2019-2020	1.1
2020-2021	0.8
2021-2022	0.9
2022-2023	0.9

ICICI BANK

YEAR	DEBT TO EQUITY RATIO
2018-2019	1.4
2019-2020	1.4
2020-2021	0.6
2021-2022	0.6
2022-2023	0.6

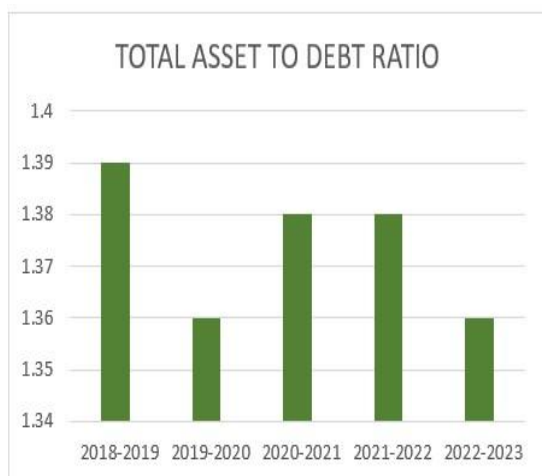


Interpretation:

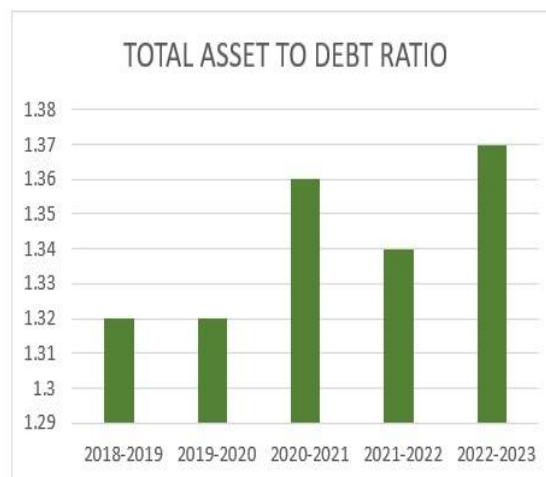
ICICI Bank's ratios fluctuate between 0.6 and 1.4, with a notable decrease from 2018-2019 to 2020-2021 followed by stability in subsequent years. In contrast, HDFC Bank's ratios range from 0.8 to 1.1, showing a relatively narrower range compared to ICICI Bank. HDFC Bank's ratios demonstrate a moderate and stable level of debt relative to equity over the period, suggesting a consistent approach to capital structure management.

ii) Total Asset to Debt Ratio:**HDFC BANK**

YEAR	TOTAL ASSET TO DEBT RATIO
2018-2019	1.39
2019-2020	1.36
2020-2021	1.38
2021-2022	1.38
2022-2023	1.36

**ICICI BANK**

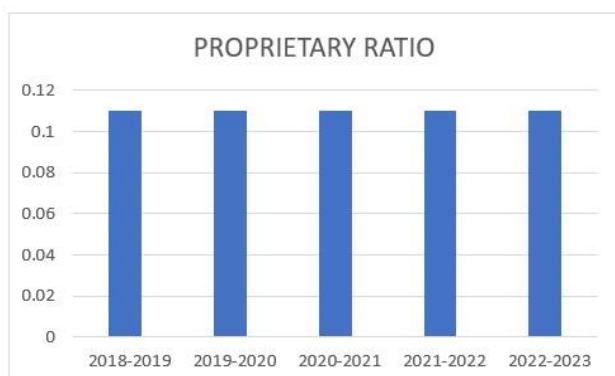
YEAR	TOTAL ASSET TO DEBT RATIO
2018-2019	1.32
2019-2020	1.32
2020-2021	1.36
2021-2022	1.34
2022-2023	1.37

**Interpretation:**

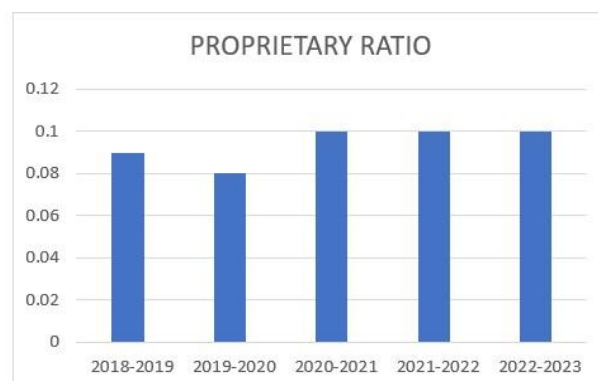
Both banks exhibit reasonable asset coverage for debt obligations, with HDFC Bank maintaining slightly higher ratios compared to ICICI Bank, suggesting a potentially stronger financial position in terms of debt coverage with total assets.

iii) Proprietary Ratio:**HDFC BANK**

YEAR	PROPRIETARY RATIO
2018-2019	0.11
2019-2020	0.11
2020-2021	0.11
2021-2022	0.11
2022-2023	0.11

**ICICI BANK**

YEAR	PROPRIETARY RATIO
2018-2019	0.09
2019-2020	0.08
2020-2021	0.10
2021-2022	0.10
2022-2023	0.10

**Interpretation:**

Both banks maintain consistent proprietary ratios, with HDFC Bank's ratios remaining at 0.11 throughout the period, while ICICI Bank's ratios range from 0.08 to 0.10. Both HDFC Bank and ICICI Bank demonstrate a

stable reliance on owner's equity to finance their assets, with HDFC Bank maintaining a slightly higher proprietary ratio compared to ICICI Bank.

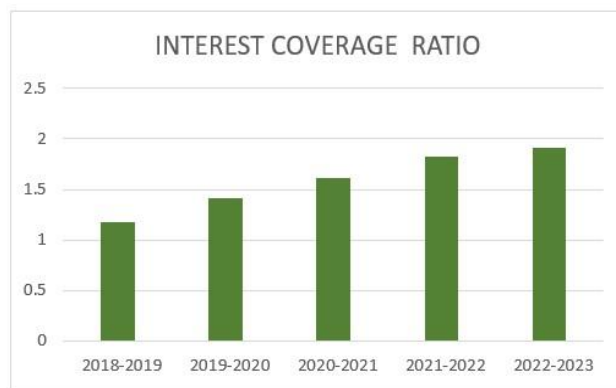
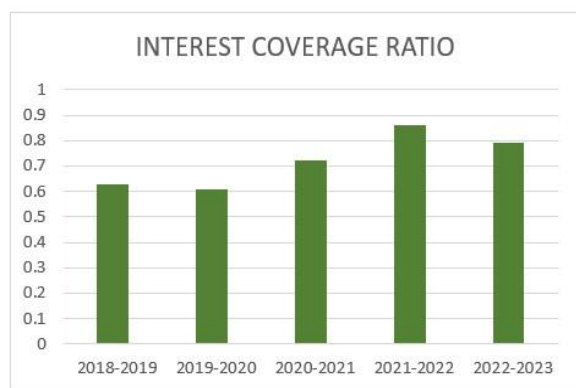
iv) Interest Coverage Ratio:

HDFC BANK

YEAR	INTEREST COVERAGE RATIO
2018-2019	0.63
2019-2020	0.61
2020-2021	0.72
2021-2022	0.86
2022-2023	0.79

ICICI BANK

YEAR	INTEREST COVERAGE RATIO
2018-2019	1.18
2019-2020	1.41
2020-2021	1.61
2021-2022	1.83
2022-2023	1.91



Interpretation:

. HDFC Bank's ratios range from 0.61 to 0.86, showing fluctuations but with a general increasing trend over the years. This indicates that HDFC Bank's operating income has been gradually improving relative to its interest expenses, suggesting a strengthening ability to cover interest payments. Conversely, ICICI Bank's ratios range from 1.18 to 1.91, demonstrating consistently higher levels of interest coverage compared to HDFC Bank.

3) Profitability Ratio:

i) Operating Profit Ratio:

HDFC BANK

YEAR	OPERATING PROFIT RATIO
2018-2019	0.40
2019-2020	0.42
2020-2021	0.47
2021-2022	0.50
2022-2023	0.44

ICICI BANK

YEAR	OPERATING PROFIT RATIO
2018-2019	0.38
2019-2020	0.39
2020-2021	0.47
2021-2022	0.45
2022-2023	0.43



Interpretation:

HDFC Bank's ratios range from 0.40 to 0.50, demonstrating a relatively stable performance with minor fluctuations. This indicates that HDFC Bank has maintained consistent profitability relative to its operating income over the years, with a notable increase observed in 2021-2022.

Similarly, ICICI Bank's ratios range from 0.38 to 0.47, showing a comparable level of stability in operational profitability. Despite minor fluctuations, the ratios consistently fall within a relatively narrow range, highlighting the bank's ability to maintain profitability in its core operations.

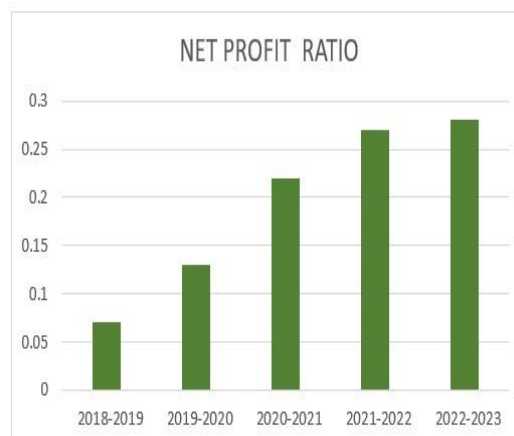
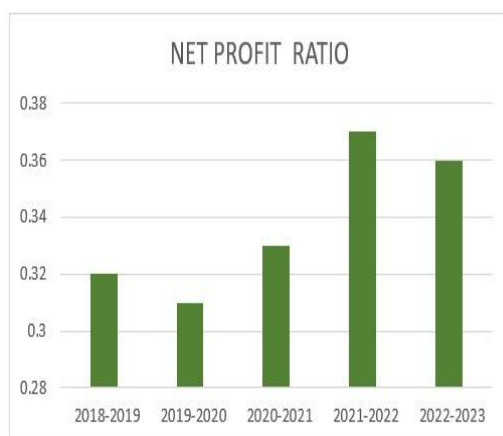
ii) Net Profit Ratio:

HDFC BANK

YEAR	NET PROFIT RATIO
2018-2019	0.32
2019-2020	0.31
2020-2021	0.33
2021-2022	0.37
2022-2023	0.36

ICICI BANK

YEAR	NET PROFIT RATIO
2018-2019	0.07
2019-2020	0.13
2020-2021	0.22
2021-2022	0.27
2022-2023	0.28



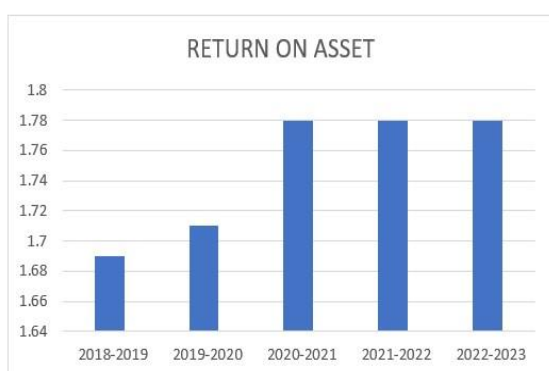
Interpretation:

HDFC Bank's ratios range from 0.31 to 0.37, indicating a consistently high level of profitability relative to its revenue over the years. Despite minor fluctuations, HDFC Bank maintains a strong and stable net profit ratio, suggesting effective cost management and revenue generation strategies.

Conversely, ICICI Bank's ratios range from 0.07 to 0.28, showing more significant variability and a notable increase in profitability from 2018-2019 to 2022-2023.

iii) Return on Asset:**HDFC BANK**

YEAR	RETURN ON ASSET
2018-2019	1.69
2019-2020	1.71
2020-2021	1.78
2021-2022	1.78
2022-2023	1.78

**ICICI BANK**

YEAR	RETURN ON ASSET
2018-2019	0.34
2019-2020	0.72
2020-2021	1.31
2021-2022	1.65
2022-2023	2.01

**Interpretation:**

HDFC Bank consistently maintains higher ROA ratios ranging from 1.69 to 1.78, indicating a strong ability to generate profits relative to its assets. This suggests effective asset management and operational efficiency, enabling HDFC Bank to maximize returns on its investments.

In contrast, ICICI Bank's ROA ratios show a noticeable increase from 0.34 to 2.01 over the period, indicating a significant improvement in profitability efficiency and asset utilization. Despite starting with lower ratios, ICICI Bank's aggressive growth strategies and operational enhancements have led to a remarkable surge in profitability, surpassing HDFC Bank's ROA ratios in later years.

iv) Return on Equity**HDFC BANK**

YEAR	RETURN ON EQUITY
2018-2019	14.12
2019-2020	15.35
2020-2021	15.27
2021-2022	15.39
2022-2023	15.74

ICICI BANK

YEAR	RETURN ON EQUITY
2018-2019	3.19
2019-2020	6.99
2020-2021	11.21
2021-2022	13.94
2022-2023	16.13



Interpretation:

HDFC Bank consistently maintains higher ROE ratios ranging from 14.12% to 15.74%, indicating a strong ability to generate returns for shareholders relative to their equity investments. This steady and impressive performance reflects HDFC Bank's efficient capital utilization and sustained profitability, contributing to enhanced shareholder wealth over time.

In contrast, ICICI Bank's ROE ratios show a notable increase from 3.19% to 16.13% over the period, indicating a remarkable improvement in profitability and shareholder value creation.

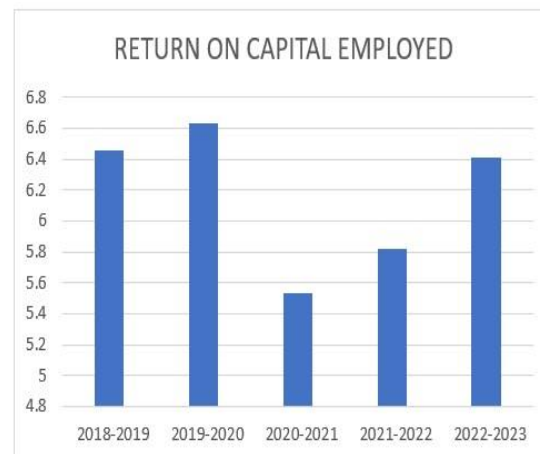
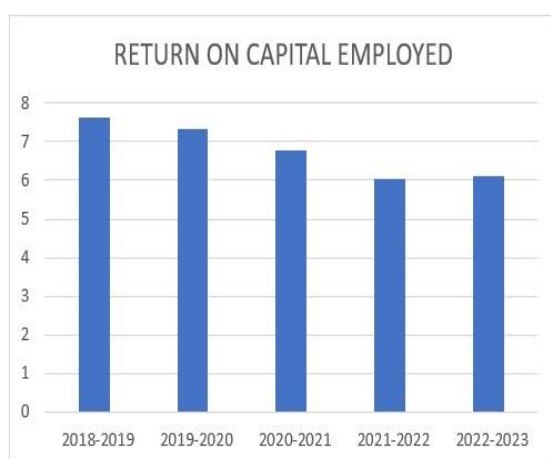
v) Return on Capital Employed

HDFC BANK

YEAR	RETURN ON CAPITAL EMPLOYED
2018-2019	7.61
2019-2020	7.34
2020-2021	6.77
2021-2022	6.04
2022-2023	6.12

ICICI BANK

YEAR	RETURN ON CAPITAL EMPLOYED
2018-2019	6.46
2019-2020	6.63
2020-2021	5.53
2021-2022	5.82
2022-2023	6.41



Interpretation:

HDFC Bank's ROCE ratios range from 6.04% to 7.61%, indicating a relatively consistent performance but with a slight declining trend over the years. Despite this decrease, HDFC Bank maintains a robust ability to generate returns on the capital invested in its operations. ICICI Bank's ROCE ratios range from 5.53% to 6.63%, showing similar fluctuations with a modest increase towards the end of the period.

4) Valuation Ratio

i) Price Earnings Ratio:

HDFC BANK

17.9

Industry PE: 12.6

ICICI BANK

17.6

Interpretation:

The higher P/E ratios of HDFC Bank (17.9) and ICICI Bank (17.6) compared to the industry average (12.6) suggest that investors have relatively higher expectations for future earnings growth from these banks compared to the industry as a whole.

This could imply that investors perceive HDFC Bank and ICICI Bank as potentially offering better growth prospects or demonstrating stronger financial performance compared to their industry peers. ii) Price to Book Ratio:

HDFC BANK

2.91

ICICI BANK

3.61

Interpretation:

Market value of HDFC Bank's stock is approximately 2.91 times its book value per share. A P/B ratio below 1 could indicate that the stock is undervalued relative to its book value, while a ratio above 1 suggests that the stock is trading at a premium to its book value. In this case, a P/B ratio of 2.91 indicates that investors are willing to pay almost three times the book value per share for HDFC Bank's stock. Similarly, ICICI Bank's P/B ratio of 3.61 suggests that investors are willing to pay approximately 3.61 times the book value per share for ICICI Bank's stock.

iii) Price to Sales Ratio:

HDFC BANK

4.04

ICICI BANK

4.88

Interpretation:

HDFC Bank P/S ratio of 4.04 means that investors are willing to pay Rs. 4.04 for every rupee of HDFC Bank's sales revenue. A higher P/S ratio suggests that investors are paying more for each unit of sales generated by the company. Similarly, investors are paying Rs.

4.88 for every rupee of ICICI Bank's sales revenue.

Compared to HDFC Bank, ICICI Bank's P/S ratio indicates that investors are paying slightly more for its sales revenue.

CONCLUSION

1. HDFC Bank consistently maintains higher liquidity levels compared to ICICI Bank, indicating better short-term financial health for HDFC Bank. ICICI Bank's liquidity shows substantial variability, with potential liquidity issues observed in 2021-2022 followed by improvement in 2022-2023.
2. HDFC Bank has been gradually strengthening its cash reserves over the years, whereas ICICI Bank demonstrates higher and increasing levels of liquidity throughout the period, reflecting a proactive approach to bolstering its cash reserves.
3. Both banks manage their debt levels reasonably well, with HDFC Bank maintaining slightly lower and more stable debt to equity ratios compared to ICICI Bank. This suggests HDFC Bank's consistent approach to capital structure management.
4. HDFC Bank maintains slightly higher asset coverage for debt obligations compared to ICICI Bank, indicating a potentially stronger financial position in terms of debt coverage with total assets.
5. Both banks exhibit a stable reliance on owner's equity to finance their assets, with HDFC Bank maintaining a slightly higher proprietary ratio compared to ICICI Bank.
6. HDFC Bank's ability to cover interest expenses with operating income shows a gradually improving trend, while ICICI Bank consistently maintains higher levels of interest coverage throughout the period.
7. Both HDFC Bank and ICICI Bank demonstrate stable operational profitability over the years, with HDFC Bank maintaining a slightly higher level of stability in its operating profit ratios.
8. HDFC Bank consistently maintains a higher net profit ratio compared to ICICI Bank, indicating stronger profitability relative to revenue. However, ICICI Bank shows a notable increase in profitability over the years.
9. HDFC Bank consistently maintains higher ROA ratios, indicating a strong ability to generate profits relative to its assets. In contrast, ICICI Bank's aggressive growth strategies lead to a remarkable surge in profitability over time.
10. HDFC Bank maintains higher ROE and ROCE ratios, indicating stronger returns for shareholders and capital efficiency compared to ICICI Bank.

Overall, HDFC Bank demonstrates consistent and stable financial performance across various metrics, while ICICI Bank shows improvements over time but with higher variability in its financial performance.

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