



## Comparative Analysis between Housing Development Finance Corporation (HDFC) And Indian Overseas Bank (IOB)

*Dr. K. R. Kavitha<sup>1</sup>, Abinaya. M<sup>2</sup>*

Associate Professor And Head, Department Of Commerce With Professional Accounting, **Sri Krishna Adithya College Of Arts And Science, Kovaipudur, Coimbatore.**

<sup>2</sup>Student Of Iii B.Com PA, Department Of Commerce With Professional Accounting. **Sri Krishna Adithya College Of Arts And Science, Kovaipudur, Coimbatore.**

### ABSTRACT

The project is focusing on two prominent banks in India: HDFC Bank and Indian Overseas Bank (IOB). Our objective is to analyze and compare their profitability performance. To achieve this, we employ computational and mathematical tools, including ratios, patterns, and various relationships. The study also presents data analysis through diagrams and charts. HDFC Bank is the Largest bank in India by assets, it has Market capitalization of \$8 trillion and also Ranked third on the National Stock Exchange (NSE). Indian Overseas Bank (IOB) is One of India's leading public sector banks and Established in 1937. Both HDFC and IOB are among the top 10 banks in the nation. The research investigates the financial outcomes of these two banks, examining how they have employed efficient banking techniques to maintain substantial profits.

### INTRODUCTION

**Comparative analysis** is the process of comparing items to one another and **distinguishing their similarities and differences**. Comparative statement analysis is also known as financial statement analysis. Comparative analysis is a technique used to evaluate a company's financial performance over time. It involves comparing financial documents such as balance sheets from different periods, to identify trends, patterns and changes. In this study there is a comparative analysis made between **Indian overseas bank** and **Housing Development Finance corporation** with the help of ratio analysis. **Ratio analysis** is a quantitative method of gaining insight into a **company's liquidity, operational efficiency, and profitability** by studying its **financial statements** such as the **balance sheet** and **income statement**. Ratio analysis is a cornerstone of fundamental equity analysis. These banks have been chosen because **HDFC is the top second ranking bank** in the **private sector** due to its tremendous financial performance whereas IOB is one of the **best performing banks** in the **public sector** due to its financial service.

### OBJECTIVES OF THE STUDY

- To compare and analyze the performance of Housing development finance corporation (HDFC) and Indian Overseas Bank (IOB).
- To identify the best performing bank among these two and compare them based on their financial performance.

### STATEMENT OF PROBLEM

The banking industry in India is significantly competitive and both HDFC and IOB faces challenges such as economic stability and regulatory pressure therefore, there is a necessity to make a study on:

- HDFC and IOB's financial statements of the past five years(2018-2019 to 2022-2023) to know get a clear picture of their financial performance.
- Analysis of HDFC and IOB's key financial ratios including liquidity ratio, profitability ratio, return over ratio with help pf their financial statements.

### CASH FLOW STATEMENT

- A cash flow statement summarizes the amount of cash and cash equivalents entering and leaving a company.
- The CFS highlights a company's cash management, including how well it generates cash.

- This financial statement complements the balance sheet and the statement.

### CASH FLOW STATEMENT OF HDFC BANK FOR THE YEAR 2019 – 2023

CASH FLOW OF HDFC BANK	2023	2022	2021	2020	2019
<b>Net profit/loss before extraordinary items and tax</b>	<b>58,485.30</b>	<b>49015.48</b>	<b>41,658.98</b>	<b>36,607.15</b>	<b>32,199.66</b>
Net cash flow from operating activities	27,313.41	-14,208.72	41,494.79	-16,689.78	-56,054.6
Net cash used in investing activities	-2,428.88	-1,291.60	-1,120.17	-1,104.92	-1,326.12
Net cash used from financing activities	16,121.92	48,191.75	-7381.11	22,851.79	15,718.00
Foreign exchange gains/losses	431.71	165.10	-141.83	213.99	95.35
<b>Net Inc/Dec in cash and cash equivalent</b>	<b>41,438.16</b>	<b>32,856.53</b>	<b>32,851.68</b>	<b>5,271.08</b>	<b>-41,567.44</b>
Cash and cash equivalents begin of years	152,326.9	119,470.4	86,618.72	81,347.64	122,915.08
Cash and cash equivalents end of year	193,765.0	152,326.9	119,470.4	86,618.72	81,347.64

### CASH FLOW STATEMENT OF IOB FOR THE YEAR 2019 – 2023

CASH FLOW OF IOB BANK	2023	2022	2021	2020	2019
<b>Net profit/loss before extraordinary items and tax</b>	<b>2098.79</b>	<b>1,779.06</b>	<b>-3723.74</b>	<b>-8527.40</b>	<b>-3737.88</b>
Net cash flow from operating activities	-15,619.37	5,565.87	4,948.86	-14,022.51	-785.86
Net cash used in investing activities	-559.48	-47.97	-46.02	-85.41	-647.14
Net cash used from financing activities	12.75	478.96	1,812.84	7,277.08	5,779.50
Foreign exchange gains/losses	0.00	0.00	0.00	00	00
<b>Net Inc/Dec in cash and cash equivalent</b>	<b>-16,166.11</b>	<b>5996.86</b>	<b>6,715.68</b>	<b>-6830.84</b>	<b>4346.51</b>
Cash and cash equivalents begin of years	36,773.19	30,776.34	24,060.66	30,891.50	26,544.99
Cash and cash equivalents end of year	20,607.08	36,773.19	30,776.34	24,060.66	30,891.50

### INTERPRETATION (IN COMPARISON OF HDFC BANK AND IOB)

- As per the analysis, in the case of investing activities both the banks have negative figures
- But still the performance of Indian Overseas Bank is better, when comparative to Housing Development Finance Corporation bank, as Indian Overseas Bank has less amounts of negative values than Housing Development Finance Corporation bank.

### FINDINGS

- The **net profit** of Housing Development Finance Corporation bank was **32,199.66** in 2019, it **increased** to **36,607.15** in 2020 followed by an **increased** to **41,658.98** in 2021 and again **increased** to **49,015.48** in 2022 and **raised up** to **58485.30** in 2023.
- The **cash and cash equivalent** of Housing Development Finance Corporation bank was **81,347.64** in 2019, it **increased** to **86,618.72** in 2020, followed by an **increase** to **119,470.40** in 2021, again **increased** to **152,326.90** in 2022 and **raised up** to **193,765.00** in 2023.
- The **net profit** of Indian Overseas Bank was **-3737.88** in 2019, it **decreased** to **-8527.40** in 2020, followed by an **increased** to **-3723.74** in 2021 and again **increased** to **1779.06** in 2022 and **raised up** to **2098.79** in 2023.
- The **cash and cash equivalent** of Indian Overseas Bank was **30,891.50** in 2019, it **decreased** to **24,060.66** in 2020, followed by an **increase** to **119,470.40** in 2021 and again **increased** to **152,326.90** in 2022 and **raised up** to **193,765.00** in 2023.
- Overall, Indian Overseas Bank has made a poor performance when compared to Housing Development Finance Corporation.

### SUGGESTION

- Increase current assets to reduce the risk of not possessing enough cash to satisfy short – term debts by turning the current and quick ratios.
- The bank has to increase their liquidity position as per their ideal ratios.
- If the bank keeps a track at their short – term profits, their profitability ratios may raise in near future.
- Persuade to increase fixed assets management to have a raising trend fixed assets turnover ratio.
- To have a positive impact on short – term financial position they need to decrease the debt of the company.

- The operating profit ratio may increase further in near future of the company tries to look after their short – term profit.

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## CONCLUSION

This study was conducted to compare the financial performances of housing development finance corporation (HDFC) and Indian overseas bank(IOB). The financial position of the bank was analyzed and interpreted. The analyses and interpretation of data relating to financial performance have concluded that HDFC has made the overall best performance when compared to IOB in terms of key financial factors. Therefore IOB has to take remedial measures to improve their financial performance as per the above mentioned suggestions. Hence Indian Overseas Bank would have to concentrate more on reducing their debts obligations and try to improve their financing activities in order to attain better return. This way Indian Overseas Bank would be able to overcome their shortcomings and attain a much better financial position in the banking sector.

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## REFERENCE

### 1. JOURNALS

- **Ch. Balaji, Dr. G. Praveen kumar(2016)**: The study analyses the financial performance of selected public and private sector banks in India. The study covers a period of five years (2011-2012 to 2015-2016). The study concludes that the public sector banks must redefine their strategies by considering their strength and weakness.
- **Dr B Sudha, P Ranjendran(2019)** : Analyzed the financial performance of HDFC Bank with the period of 2015 to 2019. The data was analyzed by using ratio analysis. The study implies that the performance of bank satisfactory.
- **Dr. Subathra (2019)** “a study on financial performance of IOB with reference to ratio analysis” volume XII issue XII had evaluated the financial analysis of SBI with special reference to Indian banking industry. It founded that the bank had better capital adequacy ratio so it had strong financial health. Liquidity ratio is not satisfactory so it should be maintain the working capital in proper way in the future.

### 2. WEBSITES

- [www.hdfc.com](http://www.hdfc.com)
- [www.iob.com](http://www.iob.com)
- [www.moneycontrol.com](http://www.moneycontrol.com)