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“A COMPARATIVE STUDY OF FINANCIAL REPORT OF HDFC BANK AND ICICI BANK”

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ABSTRACT :

This studies paper titled “A Comparative Study of Financial Report of HDFC Bank and ICICI Bank” objectives to research and evaluate the economic overall performance of two leading personal region banks in India: HDFC Bank and ICICI Bank. The examine focuses on comparing various economic parameters such as profitability, liquidity, valuation ratios, coins flow, asset pleasant, and marketplace performance based on their modern annual reviews and market data. The comparative analysis well-knownshows that each banks showcase sturdy financial health however vary in unique regions. HDFC Bank demonstrates better internet profit, income in step with share, dividend payout, and a stronger capital adequacy ratio, reflecting its stability and lengthy-term financial strength. On the alternative hand, ICICI Bank suggests higher performance ratios including Return on Assets (ROA), Return on Equity (ROE), and Net Interest Margin (NIM), indicating powerful resource usage and stronger growth momentum.

The findings of the observe offer valuable insights for investors, stakeholders, policymakers, and academicians interested in knowledge the monetary strengths and strategic positioning of these major banks. The have a look at concludes that even as HDFC Bank is extra conservative and strong, ICICI Bank is more aggressive and growth-orientated in its financial techniques. Keywords: HDFC Bank, ICICI Bank, Financial Performance, Comparative Analysis, Profitability Ratios, Net Profit, Return on Equity, Net Interest Margin, Capital Adequacy, Indian Banking Sector, Financial Statement Analysis.

Introduction

The banking zone plays a vital position within the monetary development of any usa with the aid of mobilizing financial savings and channeling them into productive investments. In India, private quarter banks have emerged as sizeable members to financial inclusion, innovation, and financial increase. Among them, HDFC Bank and ICICI Bank are main names that have continuously proven great overall performance in terms of profitability, consumer base, technological advancement, and marketplace capitalization. Both banks offer a huge variety of banking and financial offerings, catering to retail, company, and institutional clients. However, they vary in their techniques, chance management practices, capital systems, and financial effects. As opposition inside the banking area intensifies, it will become critical to apprehend how these institutions perform relative to each other primarily based on key financial parameters.

This observe attempts to conduct a comparative evaluation of the economic reports of HDFC Bank and ICICI Bank, focusing on metrics which include profitability ratios, go back ratios, valuation signs, cash flows, credit-deposit ratios, and market performance. Through this evaluation, the studies goals to pick out the economic strengths and weaknesses of each bank and offer insights into their overall performance over the years. The significance of this take a look at lies in its ability to offer a clean and concise picture of the monetary health of each banks, which could assist buyers, shareholders, financial analysts, students, and policymakers in decision-making and similarly research.

Objective of Study:

- To compare the profitability performance of HDFC Bank and ICICI Bank using key financial indicators such as Net Profit, Net Interest Margin, and Return on Assets.
- To analyze and compare the valuation ratios of both banks including P/E ratio, P/BV ratio, and Dividend Yield.
- To evaluate the liquidity and creditworthiness through indicators such as Credit-Deposit Ratio, Capital Adequacy Ratio, and Net NPA%.
- To assess the growth in earnings and shareholder value by analyzing Book Value, Earnings Per Share (EPS), and Dividend payout.

Literature Review

The Annual Reports of HDFC Bank and ICICI Bank (2023–24) serve as the number one resources of records. These reviews consist of comprehensive records on monetary statements, control dialogue and evaluation, hazard factors, and overall performance highlights. They shape the premise of ratio evaluation, fashion take a look at, and profitability evaluation on this studies. Equitymaster affords an in depth aspect-with the aid of-aspect evaluation

of the financials of both banks. It gives key metrics together with P/E ratio, dividend yield, market capitalization, and shareholding styles. This platform helped in information how traders examine each bank based on valuation parameters and marketplace overall performance.

This portal provided updated financial summaries, stock performance data, and price movements of HDFC and ICICI Bank over different periods (1-month, 1-year, 5-year CAGR, etc.). The historical trends offered insights into stockholder confidence and market behavior over time.

These official platforms gave access to verified financial filings, shareholding disclosures, and quarterly updates. The consistent format and credibility of these filings helped in cross-verifying data collected from other sources.

Investopedia was referred to for understanding various *financial ratios and performance indicators* like Return on Assets (ROA), Return on Equity (ROE), Net Interest Margin (NIM), and Debt-to-Equity ratio. These definitions and formulae helped in interpreting the data accurately.

- *Financial Management* by M.Y. Khan & P.K. Jain discusses financial statement analysis and key performance ratios, which helped shape the analytical framework of this study.
- *Financial Management* by I.M. Pandey elaborates on financial decision-making, liquidity analysis, and profitability assessment, relevant to comparing banking institutions.

News sources like *The Economic Times*, *Business Standard*, and *LiveMint* offered up-to-date information on banking sector trends, regulatory changes, and strategic moves made by HDFC and ICICI Bank. These helped in understanding the broader financial environment in which these banks operate.

Research Methodology

Type of Research:

Descriptive and Analytical Research: This study is descriptive as it outlines and explains the financial data, and analytical as it interprets and compares the performance of the two banks based on the financial figures.

Data Collection Method:

This study is based on *secondary data*, which has been collected from:

- Annual reports of HDFC Bank and ICICI Bank (FY 2023–24)
- Company websites and investor presentations
- Stock market databases and financial websites like Equitymaster
- Regulatory filings and financial statements published online

Period of Study:

The financial data used in this research covers the *financial year ending March 2024*.

Tools of Analysis:

The following financial tools and ratios were used to analyze and compare performance:

- Profitability Ratios (Net Profit Margin, Return on Assets, Return on Equity)
- Valuation Ratios (P/E, P/BV)
- Market Performance (Share Price Movement, CAGR)
- Income & Expense Analysis
- Balance Sheet Indicators (Net Worth, Capital Adequacy, Advances, Deposits)
- Cash Flow Analysis
- Shareholding Pattern

Percentage and ratio analysis were applied to interpret the data meaningfully.

Scope of the Study:

This study is limited to the comparative financial performance of *HDFC Bank and ICICI Bank* for the financial year 2023–24. The results and interpretation are based solely on the available financial data and do not cover qualitative factors like customer satisfaction or management efficiency.

DATA INTERPRETATION (All Figures in ₹ Crores)

1. Profitability Analysis

Particular	HDFC Bank	ICICI Bank	HDFC/ICICI (%)
Net Profit (PAT)	₹ 64,062	₹ 44,256	144.8%
Net Profit Margin (%)	22.6	27.7	81.4%
Return on Assets (%)	1.6	1.9	84.9%
Return on Equity (%)	14.1	17.4	81.3%
Net Interest Margin (%)	3.6	4.1	88.6%

Interpretation:

ICICI Bank is more efficient in converting revenue to profit (NPM), and it has better asset and equity returns. However, HDFC Bank leads in total profit volume.

2. Valuation Ratios

Particular	HDFC Bank	ICICI Bank	HDFC/ICICI (%)
P/E Ratio (TTM)	20.0	18.9	105.9%
P/BV Ratio	3.2	4.0	80.2%
Dividend Yield (%)	1.0	0.7	146.4%

Interpretation:

HDFC Bank is slightly more expensive based on earnings (P/E), while ICICI Bank commands a premium over book value. HDFC provides better dividend returns.

3. Liquidity & Creditworthiness

Particular	HDFC Bank	ICICI Bank	HDFC/ICICI (%)
Credit/Deposit Ratio	108.0	87.3	123.6%
Capital Adequacy Ratio (%)	18.8	16.3	115.1%
Net NPA (%)	0.3	0.5	73.3%

Interpretation:

HDFC Bank shows a more aggressive lending approach (higher CD ratio) with better capital buffers and lower bad loans—reflecting stronger risk control.

4. Shareholder Value & Earnings Growth

Particular	HDFC Bank	ICICI Bank	HDFC/ICICI (%)
EPS (Rs)	₹ 84.3	₹ 63.0	133.8%
Book Value per Share (Rs)	₹ 597.3	₹ 362.8	164.6%
Dividend per Share (Rs)	₹ 19.50	₹ 10.00	195.0%
Dividend Payout Ratio (%)	23.1	15.9	145.7%

Interpretation:

HDFC Bank demonstrates stronger shareholder value through higher EPS, book value, and generous dividends, contributing more to long-term investor wealth.

5. Cash Flow Analysis

Particular	HDFC Bank	ICICI Bank	HDFC/ICICI (%)
From Operations	₹ 19,069	₹ 157,284	12.1%
From Investing	₹ 5,314	₹ -145,931	-3.6%
From Financing	₹ -3,983	₹ 13,764	-28.9%
Net Cash Flow	₹ 31,686	₹ 26,312	120.4%

Interpretation:

ICICI Bank has higher operating inflows, but HDFC Bank maintains stronger net cash flow, showing better overall liquidity and fund deployment efficiency.

6. Stock Market Performance

Period	HDFC Bank (%)	ICICI Bank (%)
1-Year Return	31.55	29.60
3-Year CAGR	13.80	26.58
5-Year CAGR	18.01	37.71

Interpretation:

Both banks offer strong returns, but ICICI Bank clearly outperforms HDFC Bank in 3- and 5-year periods, indicating superior long-term market performance.

Findings

1. Net Profit Comparison: HDFC Bank recorded a higher net profit (₹64,062 crores) than ICICI Bank (₹44,256 crores), indicating stronger absolute profitability.
2. Profitability Ratios: ICICI Bank outperformed HDFC Bank in phrases of Net Profit Margin, Return on Assets (ROA), and Return on Equity (ROE), suggesting it is greater green at using resources to generate earnings.
3. Net Interest Margin (NIM): ICICI Bank (four.1%) confirmed a higher NIM in comparison to HDFC Bank (3.6%), reflecting higher earnings from center lending operations.
4. Valuation Ratios: HDFC Bank had a higher Price-to-Earnings (P/E) ratio, meaning traders are willing to pay more for its profits. However, ICICI Bank had a higher Price-to-Book Value (P/BV), indicating a higher marketplace notion of asset fee.
5. Dividend Returns: HDFC Bank supplied better Dividend consistent with Share (₹19.50) and Dividend Yield (1.0%) than ICICI Bank (₹10.00 and 0.7%), suggesting a extra shareholder-friendly policy.
6. Credit-Deposit (CD) Ratio: HDFC Bank's CD ratio of 108% shows a more competitive lending method compared to ICICI's 87.3%, which could reflect both better mortgage deployment or higher threat.
7. Asset Quality (Net NPA): HDFC Bank had a lower Net NPA (0.3%) than ICICI Bank (0.5%), showcasing higher credit score threat management.
8. Capital Adequacy: HDFC Bank maintained a more potent Capital Adequacy Ratio (CAR) of 18.8%, as compared to ICICI Bank's 16.3%, signaling higher capital protection buffers.
9. Earnings in line with Share (EPS) and Book Value: HDFC Bank reported a higher EPS (84.3) and Book Value in step with Share (₹597.3) than ICICI Bank, highlighting stronger shareholder equity and incomes capacity.
10. Cash Flow Management: ICICI Bank had a whole lot higher coins from operations (₹157,284 crores), but HDFC Bank maintained a more fit net coins float (₹31,686 crores), indicating better control over total coins motion.
11. Stock Performance: ICICI Bank outperformed HDFC Bank in long-term returns, with a 5-12 months CAGR of 37.71% versus HDFC's 18.01%, indicating more potent market self belief and capital appreciation.

Conclusion

- Overall Profitability: HDFC Bank has established higher absolute profitability through more net earnings, income consistent with percentage (EPS), and dividend bills. However, ICICI Bank has proven better efficiency in generating returns relative to its belongings and equity.
- Operational Efficiency: ICICI Bank leads in vital profitability ratios along with Net Interest Margin, Return on Assets, and Return on Equity, indicating advanced utilization of sources and operational strength.
- Investor Perspective: HDFC Bank instructions a better P/E ratio, reflecting strong investor self belief in its future profits, whilst ICICI Bank's higher P/B ratio indicates higher asset valuation and anticipated increase.
- Risk and Stability: HDFC Bank keeps a higher asset best with lower Net NPA and a more potent Capital Adequacy Ratio, showing prudent chance management and higher economic stability.
- Market Performance: Over longer durations (three and 5 years), ICICI Bank has introduced more potent inventory market returns, implying growing investor trust and consistent performance.
- Cash Flow and Financial Activities: Though ICICI Bank has higher operational cash flow, HDFC Bank confirmed extra balanced and managed net cash drift, suggesting disciplined monetary practices.

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