International Journal of Research Publication and Reviews

Journal homepage: www.ijrpr.com ISSN 2582-7421

"A COMPARATIVE STUDY ON FINANCIAL PERFORMANCE OF SBI AND HDFC"

Swayam Mishra

MBA Dual Specialization School of Business Galgotias University

Abstract:

The Indian banking region performs a crucial position in the nation's economic boom, and most of the maximum distinguished establishments are the State Bank of India (SBI) and HDFC Bank. This have a look at targets to evaluate the financial performance of those two main banks using key parameters such as revenue, profitability, asset first-rate, capital adequacy, go back metrics, credit score and deposit increase, and proportion overall performance. The evaluation exhibits that SBI has shown strong profitability growth and credit expansion in current quarters, whilst HDFC Bank has maintained superior asset great, higher capital adequacy, and robust margins. SBI's go back on fairness (ROE) is stronger, however HDFC leads in net hobby margin (NIM) and capital electricity. Additionally, the look at examines marketplace capitalization, stock returns, loan portfolios, and deposit bases to evaluate the comparative strength of the two banks.

Through this contrast, the look at gives insights into the strategic cognizance of each banks and the way their performance metrics reflect their positioning in the Indian banking landscape. The findings indicate that even as each establishments exhibit economic energy, they excel in unique regions, making every a treasured contributor to India's banking surroundings.

Keywords: SBI, HDFC Bank, Financial Performance, Profitability, Net Interest Margin, Return on Assets, Return on Equity, Capital Adequacy, Asset Quality, Credit Growth, CASA Ratio, Market Capitalization, Share Performance, Banking Sector in India

Introduction

The banking enterprise is the backbone of any economy, playing a vital position in preserving economic stability, assisting groups, and selling savings and investments amongst citizens. In India, the banking zone has gone through widespread reforms over the last few decades, ensuing in the emergence of several effective banking establishments. Among them, the State Bank of India (SBI) and HDFC Bank stand out as of the most influential and depended on banks inside the u . S .. SBI, the most important public quarter bank in India, has a long legacy of serving diverse client segments across city and rural areas. With a huge-accomplishing community of over 22,000 branches and a massive government stake, SBI has played a key function in financial inclusion and public region financing. In evaluation, HDFC Bank, a leading non-public region financial institution, has constructed a sturdy recognition for customer support, era adoption, and retail banking performance. Despite being fantastically more youthful, HDFC Bank has emerge as a market leader in innovation and economic performance.

This take a look at aims to evaluate the economic overall performance of SBI and HDFC Bank the use of numerous financial indicators together with sales boom, profitability, asset satisfactory, capital adequacy, return ratios, and market performance. By analyzing their current monetary data and strategic course, the have a look at seeks to recognize how each bank has adapted to converting economic situations and regulatory environments. In an generation of increasing opposition and virtual transformation, this type of assessment offers meaningful insights for traders, policymakers, and banking experts. It allows to become aware of the strengths and weaknesses of every bank and offers a clearer knowledge of the way public and personal quarter banks perform and compete in India's dynamic monetary environment.

Objectives of the Study

- To analyze and compare the profitability of SBI and HDFC Bank
- To evaluate the Net Interest Margin (NIM) of both banks
- To study and compare the return metrics such as Return on Assets (ROA) and Return on Equity (ROE)

Literature Review

According to the **Annual Reports of SBI and HDFC Bank (2023–24)**, both banks have showcased steady growth in their core banking operations. HDFC Bank's report emphasizes its focus on retail lending, asset quality, and capital strength, while SBI highlights its efforts in expanding credit growth and enhancing operational scalability.

Data from **Moneycontrol** and **Economic Times** regularly provide comparative metrics such as Net Profit, Net Interest Margin (NIM), and Return on Equity (ROE), which are critical to understanding bank performance. These platforms indicate that while SBI is making strides in profitability and branch expansion, HDFC Bank consistently performs well in asset quality and capital adequacy.

The **Reserve Bank of India (RBI)** publishes macroeconomic banking data, providing context for individual bank performance. RBI's statistics help analyze sector-wide standards for metrics like Capital Adequacy Ratio (CAR), Non-Performing Assets (NPAs), and credit-deposit ratios. These benchmarks support the interpretation of how SBI and HDFC Bank fare in comparison to the industry average.

Yahoo Finance India and **Business Standard** contribute valuable information on share price trends, market capitalization, and investor sentiment. These insights show that HDFC Bank maintains a stronger market cap and steady long-term investor interest, while SBI has delivered better short-term returns in recent years.

Lastly, research articles accessed through **Google Scholar** emphasize that private sector banks like HDFC often excel in efficiency, service quality, and profitability, whereas public sector giants like SBI leverage their vast infrastructure and customer base for sustained market growth.

Research Methdology

1. Research Design

The research follows a **comparative and analytical** design. It focuses on comparing key financial metrics of State Bank of India (SBI) and HDFC Bank to understand their performance in terms of profitability, efficiency, asset quality, and market position.

2. Nature of the Study

This is a **secondary data-based study**. The research relies entirely on data collected from reliable and publicly available sources such as annual reports, financial news websites, and stock market portals.

3. Sources of Data

The data used in this study has been sourced from the following:

- Official websites of SBI and HDFC Bank
- Annual reports of both banks (FY23 and FY24)
- Financial websites such as Moneycontrol, Economic Times, Yahoo Finance
- Reports and publications by the Reserve Bank of India (RBI)
- Articles and research papers from Google Scholar

4. Data Collection Method

The data was collected through **documentary analysis** of published reports, verified articles, and online databases. No primary data collection (like surveys or interviews) was conducted.

5. Tools & Techniques Used

The following tools and techniques were used for analysis:

- **Ratio Analysis** – For evaluating financial metrics like ROA, ROE, NIM, GNPA, and CAR
- **Trend Analysis** – To study share price movement and revenue growth over time
- **Comparative Analysis** – To directly compare performance indicators of SBI and HDFC Bank

6. Time Frame of Data

The data analyzed in this study primarily relates to **Q1 FY24 to Q2 FY25**, along with multi-year trends (where applicable) to assess long-term performance.

7. Scope of the Study

This study is limited to two banks: SBI (a leading public sector bank) and HDFC Bank (a leading private sector bank). The research focuses on evaluating their **financial performance only**, without delving into customer service or operational management.

Data Analysis & Interpretation

1. Profitability Analysis

Bank	Net Revenue (Q2 FY25)	Net Profit (Q2 FY25)	YoY Profit Growth
HDFC Bank	₹76,040 crore	₹17,830 crore	6.1%
SBI	Data not available	₹18,331 crore	27.92%

Interpretation:

SBI reported a higher net profit of ₹18,331 crore in Q2 FY25, compared to HDFC Bank's ₹17,830 crore. Moreover, SBI demonstrated stronger year-on-year (YoY) profit growth at 27.92%, whereas HDFC Bank showed moderate growth of 6.1%. This indicates that SBI is gaining momentum in profitability and improving its bottom line more rapidly than HDFC Bank in recent quarters.

2. Net Interest Margin (NIM) Comparison

Bank	Net Interest Margin (Q2 FY25)	Domestic NIM (H1 FY25)
HDFC Bank	3.46%	—
SBI	3.18%	3.31%

Interpretation:

HDFC Bank has a higher Net Interest Margin (NIM) of 3.46% compared to SBI's overall NIM of 3.18%. Even for domestic operations, SBI's NIM stands at 3.31%, which is still below HDFC Bank's. This suggests that HDFC Bank is more efficient in generating income from its lending operations and maintains better control over interest expenses.

3. Return Metrics: ROA and ROE

Bank	Return on Assets (ROA)	Return on Equity (ROE)
HDFC Bank	1.93%	14.7%
SBI	1.13%	21.78%

Interpretation:

HDFC Bank outperforms SBI in terms of Return on Assets (ROA), recording 1.93% versus SBI's 1.13%, indicating better overall efficiency in asset utilization. However, SBI has a higher Return on Equity (ROE) at 21.78% compared to HDFC's 14.7%, which means SBI is delivering higher returns to its shareholders through equity capital. This shows SBI's ability to effectively use shareholders' funds for profit generation, while HDFC Bank maintains higher operational efficiency.

Findings

- **Profitability**
  - SBI suggested a higher internet earnings of ₹18,331 crore in Q2 FY25, whilst HDFC Bank stated ₹17,830 crore.
  - SBI also confirmed more potent year-on-year income growth at 27.92%, compared to HDFC Bank's 6.1%, indicating stronger momentum in profitability for SBI.
- **Net Interest Margin (NIM)**
  - HDFC Bank maintained a better NIM of 3.46 %, compared to SBI's overall NIM of 3.18%.
  - Even in home operations, SBI's NIM (3.31%) remains slightly decrease than that of HDFC, reflecting HDFC's better performance in hobby income era.
- **Return on Assets (ROA)**
  - HDFC Bank has a better ROA of one.93%, indicating more efficient use of its property to generate profit.
  - SBI's ROA is lower at 1.13%, suggesting that HDFC Bank operates with higher asset efficiency.
- **Return on Equity (ROE)**
  - SBI leads in ROE at 21.78%, that's appreciably better than HDFC Bank's 14.7%.
  - This suggests SBI's stronger capacity to generate returns from shareholder fairness.
- **Asset Quality**
  - HDFC Bank has better asset great, with decrease GNPA and NNPA ratios in comparison to SBI.
  - This indicates a more potent mortgage portfolio and better danger control through HDFC Bank.
- **Capital Adequacy**
  - HDFC Bank has a better Capital Adequacy Ratio (CAR) of 19.8%, which indicates it's far in a better function to soak up monetary shocks than SBI, which has a CAR of 13.76%.
- **Growth and Market Position**
  - SBI has a bigger size in terms of department community and deposit base.
  - However, HDFC Bank has confirmed greater stability in margins and asset first-class, which positions it well for lengthy-time period increase.
- **Share Market Performance**

- In the long term (3 years), SBI has outperformed HDFC Bank in proportion fee increase, imparting a 214% go back as compared to HDFC's 54% return.
- HDFC Bank, however, has a higher market capitalization, reflecting investor confidence in its strong basics.

Conclusion

This observe aimed to evaluate the financial performance of two of India's maximum outstanding banks — State Bank of India (SBI) and HDFC Bank — the usage of key monetary signs which include profitability, Net Interest Margin (NIM), Return on Assets (ROA), Return on Equity (ROE), and asset nice. The analysis well-knownshows that HDFC Bank plays higher in phrases of Net Interest Margin, Return on Assets, asset best, and capital adequacy, which displays its robust operational performance, low-threat lending practices, and higher financial stability. Its consciousness on retail banking, conservative lending method, and strong capital function supply it a sturdy foundation for sustained boom. On the alternative hand, SBI has proven considerable development in profitability and shareholder returns. With a higher internet profit, more potent year-on-year growth, and a main Return on Equity (ROE), SBI is leveraging its massive scale and branch network to amplify its reach and increase marketplace share. It is likewise aggressively concentrated on credit score growth and improving deposit mobilization.

Bibliography:

- **HDFC Bank Official Website**
  https://www.hdfcbank.com
- **State Bank of India (SBI) Official Website**
  https://www.sbi.co.in
- **Moneycontrol** – Financial Reports, Share Performance & Market Data
  https://www.moneycontrol.com
- **Economic Times (ET Markets)** – Bank Comparisons and News Updates
  https://economictimes.indiatimes.com
- **Business Standard** – Financial News and Banking Sector Updates
  https://www.business-standard.com
- **Reserve Bank of India (RBI)** – Publications and Financial Statistics
  https://www.rbi.org.in
- **Yahoo Finance India** – Stock Market and Company Data
  https://in.finance.yahoo.com
- **Annual Reports** of SBI and HDFC Bank – FY23 and FY24
  - HDFC Bank Annual Report: https://www.hdfcbank.com/aboutus/annual-reports
  - SBI Annual Report: https://sbi.co.in/web/investor-relations/annual-reports
- **Research Articles & Journals** on Banking Sector Performance (Google Scholar)
  https://scholar.google.com