**“A COMPARATIVE ANALYSIS OF FINANCIAL PERFORMANCE: HDFC BANK VS. ICICI BANK (2019-2024)”**

By

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Under the Supervision of

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**Submitted in partial fulfillment**

**For the award of the degree of**

# BACHELOR OF COMMERCE (COMPUTERS)



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Sainikpuri, Secunderabad-500094

**2024-2025**

**DECLARATION**

I hereby declare that this project entitled “A Comparative Analysis of Financial Performance: HDFC Bank Vs. ICICI Bank (2019-2024)” has been prepared by me in partial fulfillment of the requirement for the award of Degree, Bachelor of Commerce (Computers).

I also hereby declare that this project report is the result of my own effort and that it has not been submitted to any other university or institution for the award of any other degree or diploma.

Place :

Date :

**Signature of the candidate**

**CERTIFICATE**

This is to certify that the project report titled A Comparative Analysis of Financial Performance: HDFC Bank Vs. ICICI Bank (2019-2024) submitted in partial fulfilment for the award of B.Com (Computers) program of Department of Commerce, Bhavan’s Vivekananda College of Science Humanities & Commerce, Sainikpuri, Secunderabad was carried out by **Tupakula Sankeerth** under my guidance. This has not been submitted to any other university or institution for the award of any other degree, diploma or certificate.

Name of the Guide : Mrs. Vinaya Chaturvedi Signature of the guide:

Place of the Guide:

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**Name of candidate: TUPAKULA SANKEERTH**

**TABLE OF CONTENTS:**

|  |  |  |
| --- | --- | --- |
| **Sl.No.** | **TITLE** | **PAGE NO** |
|  | **INTRODUCTION** | **1-11** |
|  | **INDUSTRY PROFILE& COMPANY PROFILE** | **12-26** |
|  | **DATA ANALYSIS AND INTERPRETATION** | **27-37** |
|  | **FINDINGS, CONCLUSION&SUGGESTIONS** | **38-41** |
|  | **BIBLIOGRAPHY** | **42-43** |
|  | **ANNEXURE** | **44-63** |

**CHAPTER I**

**INTRODUCTION**

**Rationale of the study**

This study explores the profitability and financial performance of two of India’s largest banks—ICICI Bank and HDFC Bank. The goal is to analyze their financial statements and understand the key strategies they use to maintain growth and stability.

Experts and researchers agree that a bank’s financial health plays a crucial role in the economy. To evaluate performance, we use various analytical tools like ratio analysis, trend analysis, and correlation methods. With privatization, private banks have become increasingly important in shaping the country’s monetary framework.

Both ICICI and HDFC Bank follow policies related to accepting deposits and facilitating withdrawals. To ensure a thorough analysis, we apply both parametric and non-parametric tests, presenting findings through data visualization methods like bar graphs and tables.

One of the key techniques used in this study is ratio analysis, which helps us interpret financial statements by identifying relationships between different financial metrics. This provides a clearer and more meaningful understanding of how well these banks are performing.

**Objective of the Study**

* To study the financial performance of HDFC Bank and ICICI Bank.
* To analyze the financial performance of HDFC Bank and ICICI Bank from 2019-20 to 2023-24
* To compare the stability, efficiency, and growth using key financial indicators of HDFC Bank and ICICI Bank

**Scope of the Study**

This study focuses on the financial performance of HDFC Bank and ICICI Bank over the last five years (2019-20 to 2023-24). By examining key financial metrics, it paints a clear picture of their stability and profitability, offering valuable insights into their growth and resilience in a dynamic banking sector. Let me know if you'd like to add any further details or explore specific aspects of the analysis!

This study examines critical areas to evaluate the financial performance of HDFC Bank and ICICI Bank:

* **Profitability**: Assessing the banks’ ability to generate profits using metrics such as Net Profit Margin, Return on Assets (ROA), and Return on Equity (ROE).
* **Loan & Asset Quality**: Evaluating the efficiency of managing loans by analyzing indicators like Gross NPA Ratio and Net NPA to Net Advances Ratio, which reveal bad loans and financial risks.
* **Risk & Liquidity Management**: Investigating strategies to handle financial risks, maintain reserves, and ensure smooth operations.
* **Comparison Between Banks**: Determining which bank stands out in terms of stability, efficiency, and growth.

This study is useful for investors, policymakers, and banking professionals who want to understand how these banks are growing and managing risks. However, it doesn’t cover external factors like market changes, government policies, or global economic conditions that could also impact their performance.

**Data Collection**

* **Nature of Study & Data Collection:** This study is descriptive and analytical, based on secondary data collected from the annual reports of HDFC Bank and ICICI Bank.
* **Study Period:** The study covers five financial years, from 2019-20 to 2023-24.
* **Key Financial Ratios Used for Analysis:**
  + Gross NPA (Non-Performing Assets) Ratio
  + Net Profit Margin Ratio
  + Return on Assets (ROA)
  + Return on Equity (ROE)
  + Net NPA to Net Advances Ratio

**Limitations of the Study**

1. The study covers only a five-year period (2019-20 to 2023-24).
2. The analysis is based on a limited set of financial ratios.
3. Only two banks are included in the study.

**REVIEW OF LITREATURE**

1. **(Jha, 2018)** Examined the financial performance of the PNB and ICICI Bank for the period of 2011-12 to 2017- 18. The analysis was based on secondary data and data collected from the selected Banks' annual reports. The Ratio analysis, percentage, and SD were used as financial tools for the study. The study found that customers trust the public sector banks compared to the private sector banks. People preferred PNB banks for taking loans and advances, But ICICI bank has more soundness compared to the PNB bank.
2. **Goel and Chitwan Bhutani Rekhi (2013)**, efficiency and profitability of the banking sector in India is regarded of a prime importance for several reasons among which are the intense competition (p.30). Moreover, it is realized that the greater customer demands today add more pressure on the banking sector to customize its services. More recently, certain indicators are used to measure the productivity of banks and evaluate their performance. Meanwhile, it is recognized that the public sector banks cannot be compared to private banks in terms of profit. As a result, they are under less competition and, since efficiency and profitability are interrelated, it means that their performance is too cannot be compared to private banks.
3. **Ashok Kumar (2013)** in his study “Opportunities and challenges in the Indian retail banking industry” concludes that for the development of retail banking in India, a paradigm shift is required in bank financing through innovative products and mechanisms involving constant up-gradation of the banks internal systems and processes. He points out that retail banking has more scope for generating profit than any other traditional methods.
4. **Singh, B. A. and Tandon P. (2012)** Affirmed that banking Sector plays a vital role in economic development of a country. The banking industry of Bharat is featured by a large network of bank branches, serving several types of financial services of the folks. The banking company of Bharat, popularly called SBI is one amongst the leading bank of public sector in Bharat. ICICI Bank is second largest and leading bank of the personal sector in Bharat. The current study is conducted to check the money performance of SBI and ICICI Bank on the idea of ratios like credit deposit, net profit margin etc. The amount of study taken is from the year 2007-08 to 2011-12. The study found that SBI is acting well and more financially sound than ICICI Bank. However, in context of deposits and expenditure ICICI bank has higher managing efficiency than SBI.
5. **Kumbirai, M. and Webb, R. (2010)** investigates the performance of South Africa’s business banking sector for the quantity 2005- 2009. cash ratios are utilized to measure the profit, liquidity, and credit quality performance of five big South African primarily based business banks. The study found that overall bank performance increased considerably among the initial two years of the analysis. A significant modification in trend is detected at the onset of the global cash crisis in 2007, reaching its peak throughout 2008-2009. This resulted in falling profit, low liquidity and deteriorating credit quality among the South African Banking sector.
6. **K. V. N. Prasad, Dr. D. Maheshwara Reddy & Dr. A. A. Chari (2011)** decided to evaluate the performance of all public sector banks of India for study and results shown that on average Andhra Bank was at the top most position followed by Bank of Baroda and Indian Bank also it is observed that Central Bank of India was at the bottom most position followed by UCO bank, Bank of Mysore. The largest public sector bank in India availed only 20th position.
7. **Goyal and Kaur (2008)** studied the performance of a group of private banks (seven in number), examining their data from 2001 to 2007. The various statistical tools like mean, standard deviation, annual compound growth rate and one-way ANOVA have been applied. The researchers calculated various ratios relating to capital adequacy, asset quality, employee productivity earning quality and liquidity of banks. The study concluded that the capital adequacy ratio of all the banks of the study is calculated above 9 per cent. Moreover, the study reveals that the average debt/equity ratio is registered higher in Axis Bank. On the other hand, Kotak Mahindra Bank received maximum percentage increase with regard to NPAs. The study witnessed significant differences among the mean ratios of all parameters except for liquid assets to total assets, liquid assets to total deposits, net profit to average assets and percentage change in NPAs.
8. **Grana, Mona. (2020).** Nationalized (government-owned) banks, commercial banks, and specialized banking institutions make up Indian banking. Non-performing assets is a challenge that all banks are confronting today, whether they are public or private sector banks. Non-performing assets have been the single biggest source of annoyance for India’s banking sector. The lender will lose money if the borrowers stop paying interest or principal on the loan. Non-performing assets are wreaking havoc on the Indian banking industry. This study looks at data from public and private sector banks during the last five years. On the basis of secondary data, the research article aims to analyses various non-performing asset ratios. This research study provides a conceptual understanding of nonperforming assets, as well as several nonperforming asset ratios and a comparison of nonperforming assets in public and private sector banks.
9. **Bansal (2010)** studied the impact of liberalization on productivity and profitability of public sector banks in India. The study has been conducted on the basis of primary as well as secondary data for the period 1996-07. The study concluded that the ability of banks to face competition was dependent on their determined efforts at technological upgradation and improvement in operational and managerial efficiency, improvement in customer service, internal control and augmenting productivity and profitability. The study found that public sector banks have to pay great attention to strategic management, strategic planning and to greater specialization in the technical aspect of lending and credit evaluation. It was recommended that public sector banks should strengthen their project appraisal capabilities. In order to raise their productivity and profitability, public sector banks should spell turnover strategies, income-oriented and cost oriented strategies from time to time.
10. **Singh, A. K. (2015).** The author has conducted study in analysis of profitability position of private bank in India like AXIS, ICICI, Karur Vyas bank (KVB), Embankment highlight the overall profitability of bank (i.e.) Interest spread, Net profit margin, return on long term fund, return on net worth & Return on assets, Adjusted cash margin.
11. **Singh, A., & Tandon, P. (2012**). The authors conducted a study in financial performance: a comparative analysis of SBI and ICICI bank. The study found that the mean of Credit Philo’s Multi –Disciplinary Journal ISSN 2456-9828 e- Journal April 2018 Page 4 Deposit Ratio and interest expenses in ICICI was higher than in SBI. The interest income in SBI was higher as compared to ICICI. This clearly indicated that people prefer ICICI to invest their savings and SBI to take loans & advances
12. **Milind Sathye (2003)** measured the productive efficiency of banks in a developing country, that is, India. The measurement of efficiency was done using data envelopment analysis. Two models have been constructed to s how efficiency scores vary with change in inputs and outputs. The efficiency scores, for three groups of banks, that is, publicly owned, privately owned and foreign owned, are measured. It shown that the mean efficiency score of Indian banks compares well with the world mean efficiency score and the efficiency of private sector commercial banks as a group is, paradoxically lower than that of public sector banks and foreign banks in India. The existing policy of reducing non- performing assets and rationalization of staff and branches may be continued to obtain efficiency gains and make the Indian banks internationally competitive which is a declared objective of the Government of India
13. Bhayani (2006) analyzed the performance of new private sector banks through the help of the CAMEL model. Four leading private sector banks – Industrial Credit & Investment Corporat
14. Prasuna (2003) analyzed the performance of Indian banks by adopting the CAMEL Model. The
15. Gupta and Kaur (2008) conducted the study with the main objective to assess the performance of
16. Gupta and Kaur (2008) conducted the study with the main objective to assess the performance of

**CHAPTER II**

**INDUSTRY PROFILE**

**&**

**COMPANY PROFILE**

**OBJECTIVE 1:To study their financial performance and profitability of HDFC Bank and ICICI Bank.**

**Introduction to the Industry**

Banking in India has come a long way, evolving alongside the country’s economic and social changes. The idea of banking—accepting deposits and lending money—has existed for centuries, but modern banking took shape with the Bank of Hindustan in 1770, the first recorded bank in India. During British rule, the Presidency Banks of Bengal, Bombay, and Madras played a key role in financial services. However, banking remained unregulated, and the need for proper oversight became clear as financial institutions grew.

To bring structure to the sector, the Banking Regulation Act was introduced on March 16, 1949. This gave the Reserve Bank of India (RBI) the authority to regulate banks, ensuring stability and security in the financial system. As India developed, the government took steps to make banking accessible to more people. In 1969, 14 major banks were nationalized, followed by six more in 1980, shifting the focus from profit-making to serving the public.

The big turning point came in 1991, when economic reforms opened the doors for private banks like HDFC, ICICI, and Axis Bank to enter the market. Since then, banking in India has transformed significantly. Today, with digital banking, UPI payments, and fintech innovations, banking is no longer just about visiting a branch at our fingertips, making financial services more convenient and inclusive than ever before.

**Types of Banks in India**

The banking system in India is diverse and caters to different financial needs. Banks in India are classified based on their ownership, operational scope, and regulatory structure. Below is a detailed overview of the distinct types of banks:

**1. Commercial Banks**

Commercial banks are profit-oriented financial institutions that provide services like accepting deposits, granting loans, and facilitating financial transactions. They operate under the Banking Regulation Act, 1949 and can be both government and privately owned. Examples include State Bank of India (SBI), HDFC Bank, and ICICI Bank.

**2. Reserve Bank of India (RBI)**

The Reserve Bank of India (RBI) is the central bank of the country, responsible for regulating the banking system. Established in 1935, it controls monetary policy, foreign exchange reserves, inflation management, and financial stability. RBI issues currency, manages interest rates, and acts as the lender of last resort for banks.

**3. Private Banks**

Private sector banks are owned and operated by private individuals or corporations but are regulated by the RBI. These banks are known for their customer service, digital banking, and innovation. Examples include HDFC Bank, ICICI Bank, Axis Bank, and Kotak Mahindra Bank.

**4. Public Sector Banks (PSBs)**

Public sector banks are majority-owned by the government, ensuring financial stability and inclusion. These banks account for more than 60% of banking assets in India. Examples include State Bank of India (SBI), Punjab National Bank (PNB), and Bank of Baroda (BoB). PSBs played a crucial role in India's economic development, especially after the nationalization of banks in 1969 and 1980.

**5. Regional Rural Banks (RRBs)**

RRBs are government-backed banks designed to serve rural areas, primarily focusing on agriculture, small businesses, and weaker sections. These banks are jointly owned by the Central Government (50%), State Government (15%), and Sponsor Bank (35%). Examples include Andhra Pragathi Grameena Bank and Prathama UP Gramin Bank.

**6. Foreign Banks**

Foreign banks are international banks that operate in India through branches, catering primarily to corporate clients, trade finance, and high-net-worth individuals. These banks bring global expertise and advanced technology but have limited reach compared to domestic banks. Examples include Citibank, HSBC, Standard Chartered, and Deutsche Bank.

**7. Cooperative Banks**

Cooperative banks operate on a community-based, cooperative model, primarily serving small businesses, farmers, and rural populations. These banks are regulated by both the RBI and State Governments.

They are classified as:

* **Urban Cooperative Banks (UCBs):** Operate in cities, providing loans to businesses and individuals.
* **Rural Cooperative Banks:** Function at state and district levels, offering financial aid to farmers and small enterprises.

**8. Non-Scheduled Banks**

Non-scheduled banks are those not listed under the Second Schedule of the RBI Act, 1934. They are smaller financial institutions that do not meet RBI’s capital and reserve requirements but still provide banking services. These banks have limited operational scope and do not have access to RBI’s financial assistance.

**INTRODUCTION TO THE COMPANY**

For conducting the research, researcher had selected the two banks.

1.HDFC Bank

2.ICICI Bank

**HDFC Bank Company Profile**

**ABOUT THE COMPANY**

* **Founded**: August 1994
* **Headquarters**: Mumbai, Maharashtra, India
* **Industry**: Banking and Financial Services
* **Key People**:
  + **Sashidhar Jagdishan**: Managing Director & CEO (since October 2020)
  + **Atanu Chakraborty**: Chairman of the Board
* **Parent Organization**: HDFC Ltd (merged with HDFC Bank in 2023)
* **Tagline**: "We Understand Your World"

**The Housing Development Finance Corporation Limited** or HDFC Ltd was among the first financial institutions in India to receive an “in principle” approval from the Reserve Bank of India (RBI) to set up a bank in the private sector. This was done as part of RBI’s policy for liberalization of the Indian banking industry in 1994.  
  
HDFC Bank was incorporated in August 1994 in the name of HDFC Bank Limited, with its registered office in Mumbai, India. The bank commenced operations as a Scheduled Commercial Bank in January 1995.

On April 4, 2022, the merger of India’s largest Housing Finance Company, HDFC Limited and the largest private sector bank in India, HDFC Bank was announced. HDFC Ltd, over the last 45 years has developed one of the best product offerings, making it a leader in the housing finance business. HDFC Bank enables seamless delivery of home loans as a part of its wide product suite catering to urban, semi urban and rural India.

**HDFC BANK RECEIVES BANKING LICENSE**

In 1994, the Housing Development Finance Corporation (HDFC) received an ‘in principle’s approval from the RBI to set up a private sector bank. Incorporated in August 1994 as ‘HDFC Bank Limited’, we received our banking license in January 1995.

**FIRST CORPORATE OFFICE AND BRANCH OPENED**

Our first office was opened at Ramon House, Church gate in Mumbai. In February 1995, HDFC Bank opened its first Corporate Office and a full-service branch at Sandoz House, Worli, in midtown Mumbai. This office was inaugurated by the then Union Finance Minister Dr Manmohan Singh and had only bare minimum infrastructure. Apart from the Corporate Office, it housed the locker section, the banking hall, dealing room and Information Technology Hall.

**LISTED ON BSE, NSE**

After a long and arduous listing process, HDFC Bank was listed on the Bombay Stock Exchange on May 1 995 at `39.95. We were listed on the National Stock Exchange in November.

**BECOMES FIRST PRIVATE BANK TO BE AUTHORISED TO COLLECT INCOME TAX**

HDFC Bank became the first private sector bank to be authorized to collect Income Tax for Central Government. It is today the second largest collector of Income Tax in India

**FIRST OVERSEAS BRANCH LAUNCHED**

Our first full-fledged overseas commercial branch was opened at a new financial district in Bahrain. The branch has 25-member staff

**The bank offers a wide range of financial products and services, including:**

* **Retail Banking**: Savings and current accounts fixed and recurring deposits, personal loans, auto loans, and credit cards.
* **Wholesale Banking**: Services tailored for corporate clients, such as working capital finance, trade services, and cash management.
* **Treasury Operations**: Management of liquidity, investments, and interest rate risk.

**HDFC Bank has several subsidiaries and associates, including:**

* **HDFC Life**: Life insurance services.
* **HDFC ERGO**: General insurance offerings.
* **HDFC Asset Management Company**: Mutual fund and asset management services.
* **HDFC Securities**: Stockbroking and investment services.
* **HDB Financial Services**: Non-banking financial company providing various loan products.

**Mission and Vision**

* **Mission**: To be a world-class Indian bank by providing innovative financial solutions and exceptional customer service.
* **Vision**: To become the preferred banking partner for customers, employees, and stakeholders by leveraging technology, innovation, and ethical practices.
* HDFC Bank’s mission is to be a world class Indian bank. We have a two-fold objective: first, to be the preferred provider of banking services for target retail and wholesale customer segments. The second objective is to achieve healthy growth in profitability, consistent with the bank’s risk appetite.
* The bank is committed to maintaining the highest level of ethical standards, professional integrity, corporate governance and regulatory compliance. HDFC Bank’s business philosophy is based on five core values: Operational Excellence, Customer Focus, Product Leadership, People and Sustainability

**Key Business Segments**

1. **Retail Banking**:
   * Savings and current accounts
   * Loans (personal, home, auto, education)
   * Credit and debit cards
   * Wealth management and insurance
2. **Wholesale Banking**:
   * Corporate banking
   * Trade services
   * Treasury and forex services
   * Working capital and term loans
3. **Treasury**:
   * Foreign exchange
   * Money market operations
   * Investments in government securities
4. **Digital Banking**:
   * NetBanking
   * Mobile Banking (HDFC Bank Mobile App)
   * UPI, QR codes, and digital wallets (PayZapp)
5. **Rural Banking**:
   * Microfinance and agricultural loans
   * Financial inclusion initiatives (e.g., Sustainable Livelihood Initiative)

**Financial Performance (as of FY 2023)**

* **Total Assets**: Over ₹22 lakh crore (post-merger with HDFC Ltd)
* **Net Profit**: ₹49,000+ crore (FY 2023)
* **Market Capitalization**: One of the largest among Indian private banks
* **Return on Assets (ROA)**: ~1.9%
* **Return on Equity (ROE)**: ~16%

**Key Milestones**

* **1995**: Received banking license and launched IPO.
* **1999**: Merged with Times Bank, launched India’s first international debit card.
* **2001**: Listed on the NYSE.
* **2008**: Merged with Centurion Bank of Punjab.
* **2014**: Became the largest issuer of credit cards in India.
* **2020**: Launched **Millennia Cards** for millennials and introduced **Video KYC**.
* **2023**: Merged with HDFC Ltd, creating one of the largest financial institutions in India.

**Innovations and Digital Transformation**

* **Pioneering Digital Banking**:
  + First to launch Net Banking (1999) and mobile banking (2000).
  + Introduced **EVA**, India’s first AI-based chatbot (2017).
  + Launched **IRA**, an interactive humanoid for customer assistance.
* **Digital Payments**:
  + Pay Zapp, Chillr, and UPI-based solutions.
  + **Offline Pay** pilot for offline digital transactions (2023).
* **Loans at ATMs**: Introduced Loan Dispensing Machines (LDMs) for instant loans.

**Social Responsibility (CSR)**

* **Parivartan Initiative**:
  + Focuses on education, skill development, livelihood enhancement, and rural development.
  + Planted over 25 lakh trees and digitized 2,500 classrooms.
* **Sustainable Livelihood Initiative (SLI)**:
  + Empowered over 2 million households through microfinance and financial literacy.
* **Blood Donation Drives**:
  + Set a Guinness World Record for the largest blood donation drive (2014).

**Awards and Recognition**

* **Best Bank in India**: Multiple awards from Forbes, Euromoney, and Asiamoney.
* **Most Valuable Brand**: Ranked #1 in India by BrandZ for 7 consecutive years.
* **Digital Banking Leader**: Recognized for innovations like EVA, PayZapp, and Video KYC.
* **CSR Awards**: Honored for contributions to rural development and education.

**Competitive Advantages**

1. **Strong Brand Reputation**: Trusted by millions of customers for its reliability and innovation.
2. **Wide Distribution Network**: Over 7,800 branches and 20,000+ ATMs across India.
3. **Technological Edge**: Leader in digital banking and AI-driven services.
4. **Diverse Product Portfolio**: Caters to retail, corporate, and rural customers.
5. **Strong Financials**: Consistent profitability and robust asset quality.

**Challenges**

1. **Regulatory Compliance**: Adherence to RBI norms, especially post-merger with HDFC Ltd.
2. **Competition**: Intense competition from other private banks (e.g., ICICI, Axis) and fintech companies.
3. **Cybersecurity Risks**: Protecting customer data in an increasingly digital environment.
4. **Economic Volatility**: Managing risks from inflation, interest rate fluctuations, and global economic uncertainties.

**Future Outlook**

* **Post-Merger Growth**: Leveraging the merger with HDFC Ltd to expand housing finance and cross-selling opportunities.
* **Digital Expansion**: Investing in AI, blockchain, and cloud-based solutions to enhance customer experience.
* **Sustainability**: Strengthening ESG (Environmental, Social, and Governance) initiatives.
* **Global Presence**: Exploring opportunities for international expansion.

**Conclusion**

HDFC Bank is a pioneer in Indian banking, known for its customer-centric approach, technological innovation, and strong financial performance. With its merger with HDFC Ltd, the bank is poised to become a global financial powerhouse, driving growth and innovation in the banking sector. Its focus on digital transformation, sustainability, and social responsibility makes it a leader in the industry and a key player in India’s economic growth.

**ICICI BANK**

**Overview**

* **Founded**: 1994 (as a wholly owned subsidiary of ICICI Limited)
* **Headquarters**: Mumbai, Maharashtra, India
* **Industry**: Banking and Financial Services
* **Key People**:
  + **Sandeep Bakhshi**: Managing Director & CEO (since October 2018)
  + **Girish Chandra Chaturvedi**: Chairman of the Board
* **Tagline**: "Hum Hai Na, Khayal Apka" (We are there, for your care)

**Introduction**

ICICI Bank Limited, often simply called ICICI, is one of India’s most prominent private sector banks and a key player in the global financial services industry. Founded in 1994, ICICI Bank has grown into a versatile financial institution, offering a wide range of banking products and services to both individual and corporate customers. Based in Mumbai, Maharashtra, the bank operates through an extensive network of branches and ATMs across India and has a notable presence in international markets. This profile delves into ICICI Bank’s history, business operations, financial performance, corporate governance, and future outlook, providing a well-rounded perspective for research purposes.

**Mission and Vision**

* **Mission**: To be the **preferred financial partner** for customers by offering innovative and comprehensive banking solutions.
* **Vision**: To build a **customer-centric**, digitally advanced, and socially responsible bank that delivers sustainable growth.

History and Evolution

ICICI Bank’s roots trace back to the Industrial Credit and Investment Corporation of India (ICICI Limited), a development financial institution established in 1955 to support India’s industrial growth. In 1994, ICICI Bank was founded as a subsidiary of ICICI Limited. A significant turning point came in 2002 when ICICI Limited merged with ICICI Bank, creating India’s first universal bank. This merger combined the strengths of a development financial institution with the efficiency of a commercial bank, setting the stage for ICICI Bank’s rapid growth and innovation.

Over the years, ICICI Bank has expanded its reach through organic growth and strategic acquisitions. It has diversified its offerings, embraced technology, and established itself as a leader in retail, corporate, and international banking. Today, ICICI Bank is not only a household name in India but also a pioneer in digital banking and financial inclusion.

**Business Operations**

ICICI Bank operates across multiple segments, catering to the diverse needs of its customers. Its key business areas include:

1. Retail Banking: ICICI Bank offers a wide array of retail banking products, such as savings and current accounts, fixed deposits, loans (home, personal, auto, and education), credit cards, and wealth management services. The bank has been a trailblazer in digital banking, with platforms like iMobile Pay and Internet Banking making it easy for customers to manage their finances.
2. Corporate Banking: The bank provides customized financial solutions to large corporations, small and medium enterprises (SMEs), and government entities. Services include working capital finance, trade finance, treasury and foreign exchange services, cash management, and structured finance.
3. Treasury and International Banking: ICICI Bank’s treasury operations focus on managing liquidity, investments, and market risks. Its international banking services cater to cross-border trade finance, foreign currency loans, and remittance services, supported by a global network.
4. Rural and Agricultural Banking: Committed to financial inclusion, ICICI Bank offers specialized products for farmers, self-help groups, and rural entrepreneurs. These include crop loans, microfinance, and insurance solutions aimed at uplifting rural communities.
5. Digital Banking and Innovation: ICICI Bank has been a frontrunner in adopting digital technologies. Its innovative platforms, such as ICICI Stack, integrate banking services with third-party applications, while emerging technologies like artificial intelligence (AI), machine learning (ML), and blockchain enhance customer experience and operational efficiency.

**Financial Performance**

ICICI Bank has consistently delivered strong financial results, reflecting its robust business model and effective risk management. As of March 2023, the bank reported the following key metrics:

* Total Assets: ICICI Bank’s total assets stood at approximately ₹15 trillion (USD 180 billion), making it one of India’s largest banks by asset size.
* Net Profit: The bank reported a net profit of ₹31,896 crore (USD 3.8 billion), marking a 25% year-on-year growth.
* Net Interest Income (NII): NII, a key measure of core profitability, grew by 20% to ₹58,090 crore (USD 7 billion).
* Loan Portfolio: The bank’s total advances crossed ₹9 trillion (USD 108 billion), with retail loans forming a significant portion.
* Asset Quality: ICICI Bank’s asset quality improved significantly, with the gross non-performing assets (GNPA) ratio declining to 2.81% and the net NPA ratio at 0.55%.

These figures highlight ICICI Bank’s ability to maintain sustainable growth while managing risks effectively.

**Key Milestones**

* **1994**: Established as a subsidiary of ICICI Limited.
* **2002**: Merged with ICICI Limited to become India’s first universal bank.
* **2005**: Listed on the NYSE.
* **2008**: Expanded internationally with branches in the UK, Canada, and Singapore.
* **2016**: Launched **Pockets**, a digital wallet, and **iMobile**, a mobile banking app.
* **2020**: Introduced **InstaBIZ**, a digital platform for MSMEs.

**2023**: Focused on digital transformation and sustainability initiatives.

**Corporate Governance and Leadership**

ICICI Bank places a strong emphasis on corporate governance and ethical practices. Its board of directors comprises experienced professionals with expertise in banking, finance, and governance. The board oversees the bank’s strategic direction, risk management, and regulatory compliance.

The bank’s leadership is steered by Managing Director and CEO Sandeep Bakhshi, who has been pivotal in driving ICICI Bank’s growth and transformation. Under his leadership, the bank has focused on strengthening its core businesses, enhancing digital capabilities, and improving asset quality.

ICICI Bank is committed to transparency, accountability, and stakeholder engagement. It regularly publishes financial results, CSR initiatives, and sustainability reports to keep stakeholders informed.

**Corporate Social Responsibility (CSR) and Sustainability**

ICICI Bank is deeply committed to making a positive impact on society and the environment. Its CSR initiatives focus on education, healthcare, skill development, and environmental conservation. Some notable efforts include:

1. ICICI Foundation: The bank’s CSR arm, ICICI Foundation, runs programs in primary healthcare, vocational training, and rural development, impacting millions of lives across India.
2. Digital Literacy: ICICI Bank has launched initiatives to promote digital literacy and financial inclusion, particularly in rural areas. Its "Digital Villages" program aims to transform villages into digitally empowered communities.
3. Environmental Sustainability: The bank is committed to reducing its carbon footprint by adopting green building standards, implementing energy-efficient technologies, and financing renewable energy projects.
4. COVID-19 Relief: During the pandemic, ICICI Bank played a proactive role in supporting communities and healthcare systems. It provided financial assistance, medical equipment, and vaccination support to combat the crisis.

**Global Presence**

ICICI Bank has a significant international presence, with operations in 17 countries, including the United States, United Kingdom, Canada, Singapore, and the United Arab Emirates. Its global operations focus on serving non-resident Indians (NRIs) and facilitating cross-border trade and investment. This international footprint enables ICICI Bank to cater to a diverse customer base and contribute to India’s economic growth.

**Challenges and Future Outlook**

Despite its strong position, ICICI Bank faces challenges such as intense competition, regulatory changes, and economic uncertainties. To stay ahead, the bank must continue to innovate and adapt to evolving customer preferences and technological advancements.

Looking ahead, ICICI Bank is well-positioned to leverage India’s growing economy and the rising adoption of digital banking. Its strategic priorities include:

1. Digital Transformation: The bank will continue investing in digital technologies to enhance customer experience and streamline operations.
2. Sustainable Growth: ICICI Bank aims to achieve sustainable growth by focusing on asset quality, risk management, and customer-centric strategies.
3. Financial Inclusion: The bank plans to expand its efforts to promote financial inclusion and support underserved communities.
4. Global Expansion: ICICI Bank will strengthen its international presence and explore new growth opportunities in key markets.

Conclusion

ICICI Bank stands as a testament to innovation, resilience, and growth in India’s banking sector. From its humble beginnings as a development financial institution to becoming a global banking powerhouse, ICICI Bank has consistently evolved to meet the needs of its customers and stakeholders. Its focus on digital transformation, financial inclusion, and sustainability positions it as a leader in the industry.

For researchers, ICICI Bank’s journey offers valuable insights into the transformation of the banking sector, the challenges of operating in a dynamic environment, and the opportunities presented by technological advancements. As the bank continues to grow and adapt, it remains a compelling case study for understanding the future of banking in India and beyond.

Justification of the topic

The banking sector plays a vital role in driving economic growth by facilitating capital formation, credit expansion, and financial stability. Among India's leading private sector banks, HDFC Bank and ICICI Bank stand out for their strong market presence, technological advancements, and financial performance. Given their influence on the economy, it is essential to analyze and compare their financial health, profitability, and growth trends over the period 2019-2024.

This study is particularly important because it provides insights into how these two banks have navigated economic shifts, regulatory changes, and technological advancements. The chosen time frame includes key events such as the COVID-19 pandemic, RBI policy changes, inflationary pressures, and digital banking transformation, all of which have significantly impacted the banking industry. By examining financial indicators like profitability, return on assets (ROA), return on equity (ROE), asset quality, and capital adequacy, this study aims to highlight differences in their financial strategies and resilience.

Beyond financial analysis, this research is valuable to multiple stakeholders. Investors can use the findings to make informed decisions based on the risk-return profiles of these banks. Policymakers can assess the role of private banks in India's economic development and financial inclusion. Academicians and researchers can benefit from this study as a foundation for understanding evolving banking trends, digital banking innovations, and strategic management in the sector.

Moreover, as banking increasingly shifts towards digital platforms, AI-driven banking, and FinTech innovations, it is crucial to examine how HDFC and ICICI have adapted to these changes. Both banks have invested heavily in digital transformation, enhancing customer experience and operational efficiency. Comparing their technological advancements, market strategies, and customer engagement models will provide a clearer picture of how private sector banks are shaping India's financial future.

In essence, this study is not just about numbers—it’s about understanding how two of India’s largest private banks compete, innovate, and sustain growth in a dynamic financial landscape. By conducting this comparative analysis, we aim to offer meaningful insights into their financial stability, profitability, and long-term prospects in the evolving banking ecosystem.

# CHAPTER-III

# DATA ANALYSIS

&

# INTERPRETATION

**OBJECTIVE 2 To analyze the financial position of HDFC Bank and ICICI Bank from 2019-20 to 2023-24**

Data representation and Interpretation

**NET PROFIT MARGIN**

A profitability ratio that shows net income as a percentage of revenue and enables you to compare the figure with other companies within the same industry. It shows the effectiveness of a company to convert its top-line revenue into real net income.

IT IS CALCULATED AS:

NET PROFIT MARGIN = (NET PROFIT/ TOTAL REVENUE) \*100

Table 1: Net Profit Margin Ratios during 2019-20 to 2023-24

|  |  |  |
| --- | --- | --- |
| Years | HDFC | ICICI |
| 2019-2020 | 22.33 | 13.23 |
| 2020-2021 | 24.78 | 22.67 |
| 2021-2022 | 28.06 | 27.02 |
| 2022-2023 | 27.02 | 28.46 |
| 2023-2024 | 23.0 | 28.21 |

(Sources: Compute from Annual report of HDFC Bank and ICICI Bank)

Chart 1: Net Profit Margin Ratios during 2019-20 to 2023-24

INTERPRETATION

According to Table 1.1 Net Profit Margin data, during the first four years, **HDFC** maintained a relatively stable margin, starting at **22.33%** in 2019–2020 and peaking at **28.06%** in 2021–2022. This indicates that HDFC was effective in managing its costs and maintaining profitability during this period. However, in 2022–2023, the margin declined slightly to **27.02%**, and in 2023–2024, it further dropped to **23.0%**. This decline could be attributed to factors such as higher operating costs, slower revenue growth, or challenges in maintaining pricing power.

On the other hand, **ICICI** demonstrated a consistent and impressive improvement in its Net Profit Margin over the five-year period. Starting at **13.23%** in 2019–2020, ICICI's margin rose steadily, reaching **28.46%** in 2022–2023. This upward trend reflects ICICI's success in enhancing cost efficiency and driving revenue growth. Although there was a slight decline to **28.21%** in 2023–2024, ICICI's margin remained significantly higher than HDFC's, indicating sustained profitability and operational effectiveness.

On the other hand, **ICICI** demonstrated a consistent and impressive improvement in its Net Profit Margin over the five-year period. Starting at **13.23%** in 2019–2020, ICICI's margin rose steadily, reaching **28.46%** in 2022–2023. This upward trend reflects ICICI's success in enhancing cost efficiency and driving revenue growth. Although there was a slight decline to **28.21%** in 2023–2024, ICICI's margin remained significantly higher than HDFC's, indicating sustained profitability and operational effectiveness.

The decline in HDFC's Net Profit Margin in 2023–2024 (**23.0%**) could also be influenced by external factors such as increased competition, regulatory changes, or economic challenges. ICICI's consistent improvement, on the other hand, may have been supported by favorable market conditions, strategic investments, or better operational management.

HDFC's historically stable margins likely reinforced shareholder confidence in its ability to generate consistent profits. However, the recent decline may raise concerns about its ability to maintain profitability in a competitive environment. ICICI's rising margins, especially surpassing HDFC's, signal growing investor trust in its ability to deliver stronger financial performance.

HDFC may need to revisit its strategies to address the recent decline in profitability, such as improving cost efficiency, exploring new revenue streams, or optimizing its pricing model. ICICI's strong performance positions it as a leader in profitability, and its strategies could serve as a benchmark for other firms in the sector.

**RETURN ON ASSETS**

A ratio that measures a company's ability to generate profit from its assets It is given as a percentage and shows how effectively a firm is using its assets in order to generate earnings. A higher ROA indicates better performance; the company is earning more profit per asset unit.

IT IS CALCULATED AS:

ROA=(NET INCOME/AVERAGE TOTAL ASSETS)\*100

TABLE 2: Return on Assets Ratios during 2019-20 to 2023-24

|  |  |  |
| --- | --- | --- |
| Years | HDFC | ICICI |
| 2019-2020 | 1.72 | 0.69 |
| 2020-2021 | 1.76 | 1.16 |
| 2021-2022 | 1.79 | 1.43 |
| 2022-2023 | 1.81 | 1.73 |
| 2023-2024 | 1.58 | 1.87 |

(Sources: Compute from Annual report of HDFC Bank and ICICI Bank)

Chart 2: Return on Assets Ratios during 2019-20 to 2023-24

INTERPRETATION

According to Table 1.2, the ROA data, during the first four years, **HDFC** consistently outperformed **ICICI**, starting at **1.72%** in 2019–2020 and gradually increasing to **1.81%** in 2022–2023. This indicates that HDFC was more efficient in utilizing its assets to generate profits during this period. However, in 2023–2024, HDFC's ROA declined to **1.58%**, which may suggest a drop in profitability or less effective asset management in that year. This decline could be attributed to factors such as higher operating expenses, reduced net income, or changes in the composition of its assets.

On the other hand, **ICICI** demonstrated a steady and significant improvement in its ROA over the five-year period. Starting at **0.69%** in 2019–2020, ICICI's ROA increased consistently, reaching **1.87%** in 2023–2024. This upward trend reflects ICICI's success in enhancing its profitability and efficiency in asset utilization over time.

It is noteworthy that ICICI's ROA surpassed HDFC's in 2023–2024 (**1.87% vs. 1.58%**). This indicates that ICICI has implemented effective strategies to improve its profitability and asset management efficiency, making it a stronger performer in recent years.

The decline in HDFC's ROA in 2023–2024 (**1.58%**) could also be influenced by external factors such as economic slowdowns, regulatory changes, or increased competition. ICICI's consistent improvement, on the other hand, may have been supported by favorable market conditions, strategic investments, or better operational management.

HDFC's historically higher ROA likely reinforced shareholder confidence in its ability to generate consistent returns from its assets. However, the recent decline may raise concerns about its ability to maintain profitability and asset efficiency. ICICI's rising ROA, especially surpassing HDFC's, signals growing investor trust in its ability to deliver stronger financial performance.

HDFC may need to revisit its strategies to address the recent decline in ROA, such as improving operational efficiency, optimizing asset utilization, or exploring new revenue streams. ICICI's strong performance positions it as a leader in profitability, and its strategies could serve as a benchmark for other firms in the sector.

**RETURN ON EQUITY**

One important financial measurement that assesses a company's profitability in relation to the equity held by its shareholders is return on equity, or ROE. It shows how well a business uses its equity basis to turn a profit. A greater ROE indicates that a business is making good use of its equity to generate value for investors.  
IT IS CALCULATED AS:  
ROE=(NET INCOME/SHAREHOLDER’S EQUITY) \* 100

Table 3: Return on Equity Ratios during 2019-20 to 2023-24

|  |  |  |
| --- | --- | --- |
| Years | HDFC | ICICI |
| 2019-2020 | 15.45 | 7.89 |
| 2020-2021 | 15.17 | 11.90 |
| 2021-2022 | 15.38 | 14.04 |
| 2022-2023 | 15.89 | 16.10 |
| 2023-2024 | 14.03 | 17.49 |

(Sources: Compute from Annual report of HDFC Bank and ICICI Bank)

Chart 3: Return on Equity Ratios during 2019-20 to 2023-24

INTERPRETATION

According to Table 1.3, during the first four years, **HDFC** consistently outperformed **ICICI** in terms of ROE, starting at **15.45%** in 2019–2020 and remaining stable around **15%** until 2022–2023. This indicates that HDFC was more efficient in utilizing its shareholder equity to generate profits during this period.

However, HDFC's ROE declined to **14.03%** in 2023–2024, which may suggest a drop in profitability or less effective use of equity in that year. This decline could be attributed to factors such as increased competition, higher costs, or a slower growth in net income relative to equity.

On the other hand, **ICICI** demonstrated a steady and significant improvement in ROE over the five-year period. ICICI's ROE increased annually, starting from **7.89%** in 2019–2020 and rising to **17.49%** in 2023–2024. This upward trend reflects ICICI's successful efforts to enhance its profitability and efficiency in using shareholder equity.

It is noteworthy that ICICI's ROE surpassed HDFC's in 2023–2024 (**17.49% vs. 14.03%**). This indicates that ICICI has implemented effective strategies to improve its profitability and equity utilization, making it a stronger performer in recent years

The decline in HDFC's ROE in 2023–2024 (**14.03%**) could also be influenced by external factors such as economic slowdowns, regulatory changes, or increased market competition. ICICI's consistent improvement in ROE may have been supported by favorable market conditions, strategic investments, or cost optimization initiatives.

HDFC's historically stable ROE (around **15%**) likely bolstered shareholder confidence in its ability to generate consistent returns. ICICI's rising ROE, especially surpassing HDFC in 2023–2024, signals growing investor trust in its ability to deliver higher returns in the future.

HDFC may need to revisit its strategies to address the recent decline in ROE, such as improving operational efficiency or exploring new revenue streams. ICICI's strong performance positions it as a leader in profitability, and its strategies could serve as a benchmark for other firms in the sector.

HDFC's stable ROE in the initial years could be partly due to its effective use of financial leverage, amplifying returns on equity. However, the decline in 2023–2024 might indicate challenges in maintaining optimal leverage levels. ICICI's improving ROE suggests it has managed its debt-equity mix more effectively over time, contributing to higher profitability without excessive risk.

HDFC's stable ROE in the earlier years might have been supported by a consistent dividend policy, rewarding shareholders while maintaining profitability. However, the recent decline could indicate pressure on retained earnings or a shift in capital allocation. ICICI's rising ROE suggests it effectively reinvested retained earnings into high-return projects, driving long-term growth and shareholder value.

(This is taken from Standalone Balance sheet)

**GROSS NPA RATIO**

Gross NPA Ratio is a key financial metric used to measure the overall quality of a bank’s loan portfolio. It indicates the proportion of a bank’s total loans that are classified as Non-Performing Assets (NPAs)—loans where the borrower has defaulted on payments for a specified period (typically 90 days in India). A higher ratio suggests a larger portion of bad loans, indicating financial instability.

IT IS CALCULATED AS:

GROSS NPA RATIO= ( GROSS NON-PERFORMING ASSETS / GROSS ADVANCES ​)×100

Table 4: Gross NPA Ratios during 2019-20 to 2023-24

|  |  |  |
| --- | --- | --- |
| Years | HDFC | ICICI |
| 2019-20 | 1 | 6 |
| 2020-21 | 1 | 8 |
| 2021-22 | 1 | 4 |
| 2022-23 | 1.12 | 2.87 |
| 2023-24 | 1.24 | 2.26 |

(Sources: Compute from Annual report of HDFC Bank and ICICI Bank)

Chart 4: Gross NPA Ratios during 2019-20 to 2023-24

INTERPRETATION

According to Table 1.4, HDFC held an extremely steady and low Gross NPA Ratio of 1% in 2019–2020, and it consistently stood at 1% in the subsequent three years. During 2022–2023, it moderately grew to 1.12%, and further grew to 1.24% in 2023–2024. Even with this steady rise, HDFC's Gross NPA Ratio was drastically low, signifying its impeccable asset quality as well as optimal risk management controls. The minuscule escalation in the later years may have been due to external factors such as economic pressure, regulatory initiatives, or additional stress in select loan portfolios. Nevertheless, the fact that HDFC has achieved a low overall NPA ratio signifies excellent credit risk management along with emphasis on high-quality lending.

Conversely, ICICI showed a significant improvement in its Gross NPA Ratio during the same period, though it began at a significantly higher level. ICICI's Gross NPA Ratio was 6% in 2019–2020, which rose to 8% in 2020–2021, possibly because of economic disruption or stress in its loan book. But from 2021–2022 onwards, ICICI's Gross NPA Ratio decreased steadily, reaching 4% in 2021–2022, 2.87% in 2022–2023, and further declining to 2.26% in 2023–2024. This decline indicates ICICI's achievement in resolving bad loans, streamlining recovery processes, and strengthening its credit risk management system. The sharp fall in ICICI's Gross NPA Ratio indicates its attempts to improve asset quality and regain investor confidence.

The resilience of HDFC's Gross NPA Ratio, though having witnessed a marginal hike in recent years, reflects its conservative lending and risk management approach. Nevertheless, the steady escalation in the ratio may call for vigilance to see that asset quality is healthy even in the event of anticipated economic or sectoral stress. ICICI's continuous improvement, in contrast, reflects its capacity to deal with the asset quality challenges in an effective manner and as a more formidable player in controlling credit risk.

Overall, although HDFC had a low and constant Gross NPA Ratio, ICICI's impressive progress over the years reflects its determination to overcome asset quality issues and improve its financial standing. HDFC's mild rise in the ratio may necessitate active steps in order to preserve its healthy asset quality, while ICICI's downward trend is a robust and recovering performer in handling non-performing assets.

**NET NPA TO NET ADVANCE RATIO**

The Net NPA to Net Advances Ratio measures the proportion of a bank’s net non-performing assets (NPAs) relative to its net advances (loans given out after provisions for bad debts). This ratio indicates the percentage of a bank’s total loans that are at risk of default after considering provisions already made. A lower ratio means better asset quality, implying that the bank has a low proportion of risky loans.

IT IS CALCULATED AS

NET NPA TO NET ADVANCES RATIO = (NET NON-PERFORMING ASSETS / NET ADVANCES) ×100

Table 5: Net NPA to Net Advances Ratio during 2019-20 to 2023-24

|  |  |  |
| --- | --- | --- |
| Years | HDFC | ICICI |
| 2019-20 | 0.36 | 1.54 |
| 2020-21 | 0.4 | 2.1 |
| 2021-22 | 0.32 | 0.81 |
| 2022-23 | 0.27 | 0.51 |
| 2023-24 | 0.33 | 0.45 |

(Sources: Compute from Annual report of HDFC Bank and ICICI Bank)

Chart 5: Net NPA to Net Advances Ratio during 2019-20 to 2023-24

INTERPRETATION

According to Table 1.5, HDFC held a relatively low Net NPA to Net Advances Ratio across the period, which began at 0.36% in 2019–2020. It had minor variations, hitting a high of 0.4% during 2020–2021 and going as low as 0.27% during 2022–2023, before it inched higher again to 0.33% during 2023–2024. Even with these oscillations, HDFC's ratio continued to be way below 1%, demonstrating its high asset quality, efficient risk management procedures, and cautious lending attitude. The mild upswing in 2023–2024 might be explained by outside sources like economic hardships or distress in particular segments of loans. Still, HDFC's capability to retain such a low ratio points towards its sturdy credit risk infrastructure and emphasis on quality advances.

Conversely, ICICI showed a considerable improvement in its Net NPA to Net Advances Ratio during the same period, though it began at a much higher level. ICICI's ratio was 1.54% in 2019–2020, which rose to 2.1% in 2020–2021, probably because of economic disruptions or stress in its loan book. However, from 2021–2022 onwards, ICICI's ratio showed a consistent decline, dropping to 0.81% in 2021–2022, 0.51% in 2022–2023, and further improving to 0.45% in 2023–2024. This downward trend reflects ICICI's success in resolving non-performing assets, enhancing recovery mechanisms, and strengthening its credit risk management practices. The significant reduction in ICICI's ratio highlights its efforts to improve asset quality and restore confidence in its financial health.

The consistency of HDFC's Net NPA to Net Advances Ratio, though with minor variations, reflects its prudent lending and risk management practices. Nevertheless, the modest rise in 2023–2024 may need to be monitored to make sure that asset quality is not compromised in the event of emerging economic or sectoral difficulties. ICICI's steady improvement, by contrast, indicates its capability to manage asset quality concerns effectively and emerge as a more robust player in managing credit risk.In short, though HDFC had a stable and low Net NPA to Net Advances Ratio, ICICI's impressive progress over the years indicates its ability to overcome asset quality issues and improve its health. HDFC's minor ratio increase might call for proactive action to continue its strong asset quality, while ICICI's downward trend marks it as a strong and improving performer in the management of non-performing assets.

**CHAPTER IV**

**FINDINGS, CONCLUSION**

**& SUGGESTIONS**

Objective 3: To compare their stability, efficiency, and growth using key financial indicators.

Major Findings

* HDFC Bank had a higher net profit margin at first (22.33% in 2019-20) but then dropped to 23.0% in 2023-24, while ICICI Bank registered consistent growth, reaching 28.21% in 2023-24, surpassing HDFC Bank.
* HDFC Bank's Return on Assets (ROA) was steady but dropped to 1.58% in 2023-24, while ICICI Bank recorded steady growth, reaching 1.87% in 2023-24, showing better asset usage and profitability.
* HDFC Bank's ROE was progressively higher at first but declined to 14.03% for 2023-24, whereas that of ICICI Bank was notably stronger at 17.49% in 2023-24, evidencing more effective usage of equity as well as returns.
* HDFC Bank had a low Gross NPA ratio of 1% in 2019-20, which marginally rose to 1.24% in 2023-24, whereas ICICI Bank lowered its Gross NPA ratio from 6% in 2019-20 to 2.26% in 2023-24, reflecting substantial improvement in asset quality.
* HDFC Bank's Net NPA to Net Advances proportion was always at a low point, with nominal variations, while ICICI Bank decreased steadily from 1.54% for 2019-20 to 0.45% in 2023-24, reflecting improved risk management and collection processes.

**Suggestions**

* HDFC Bank's fall in profitability ratios (Net Profit Margin, ROA, and ROE) indicates problems in managing costs and revenues. The bank needs to be proactive in becoming more cost-efficient and developing new sources of income to reassert its competitive advantage.
* ICICI Bank's steady rise in profitability ratios indicates its operational effectiveness and strategic investment. Other banks in the industry can take a cue from the practices of ICICI to enhance their financial performance.
* HDFC Bank's low Gross NPA ratio is indicative of good credit risk management, but the rise in 2023-24 needs to be watched out for. ICICI Bank's noteworthy reduction in its Gross NPA ratio is indicative of good recovery mechanisms and risk management, and it can act as a template for other banks.
* The banking industry is extremely competitive, and both banks must constantly evolve in response to changing market dynamics. HDFC Bank must think of re-strategizing its pricing and operational strategies to offset increasing competition.
* External pressures like economic slowdowns, regulatory reforms, and market competition have affected both banks. HDFC Bank, in specific, must respond to these external pressures to ensure its profitability.
* ICICI Bank's steady financial ratio improvement must have increased investor confidence. HDFC Bank, while having been stable in the past, must counter its recent decline to assure investors of its long-term profitability.
* HDFC Bank's strategic suggestions are to target cost optimization, identify new sources of revenue, and improve risk management to sustain asset quality. ICICI Bank must maintain operational efficiency and asset quality management along with searching for avenues for higher growth.

**Conclusion**

The comparison between HDFC Bank and ICICI Bank between the years 2019-20 and 2023-24 presents stark realities about their financial performance and operational efficiency. HDFC Bank, which had a good starting position in profitability and asset quality, struggled to sustain its performance in the subsequent years, especially in 2023-24. The fall in its net profit margin, ROA, and ROE indicates that the bank must reassess its strategies to counter increasing costs and competitive pressures.

Conversely, ICICI Bank showed spectacular improvement in all the major financial parameters, such as profitability ratios and asset quality. Its sustained growth in net profit margin, ROA, and ROE, along with a considerable decrease in Gross NPA and Net NPA ratios, reflects its operational efficiency and sound risk management practices. ICICI Bank's performance makes it a dominant market leader, and it sets a standard for other industry players. Both banks need to keep emphasizing strategic investments, cost control, and risk management to maintain their growth in a more competitive banking industry.

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**ANNEXURE**

Consolidated balance sheet of HDFC bank

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Balance Sheet of HDFC Bank (in Rs. Cr.)** | **Mar 24** | **Mar 23** | **Mar 22** | **Mar 21** | **Mar 20** |  |
|  | 12 mths | 12 mths | 12 mths | 12 mths | 12 mths |  |
| **EQUITIES AND LIABILITIES** |  |  |  |  |  |  |
| **SHAREHOLDER'S FUNDS** |  |  |  |  |  |  |
| Equity Share Capital | 759.69 | 557.97 | 554.55 | 551.28 | 548.33 |  |
| **Total Share Capital** | **759.69** | **557.97** | **554.55** | **551.28** | **548.33** |  |
| Revaluation Reserve | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |  |
| Reserves and Surplus | 759.69 | 557.97 | 554.55 | 551.28 | 548.33 |  |
| **Total Reserves and Surplus** | **452,982.84** | **288,879.55** | **246,771.62** | **209,258.91** | **175,810.38** |  |
| **Total ShareHolders Funds** | **452,982.84** | **288,879.55** | **246,771.62** | **209,258.91** | **175,810.38** |  |
| Minority Interest | 13,383.40 | 860.26 | 720.41 | 632.76 | 576.64 |  |
| Deposits | 2,376,887.28 | 1,882,663.25 | 1,558,003.03 | 1,333,720.88 | 1,146,207.13 |  |
| Borrowings | 730,615.46 | 256,548.66 | 226,966.50 | 177,696.75 | 186,834.32 |  |
| Other Liabilities and Provisions | 174,832.07 | 100,922.74 | 89,918.19 | 77,646.07 | 70,853.63 |  |
| **Total Capital and Liabilities** | **4,030,194.26** | **2,530,432.43** | **2,122,934.30** | **1,799,506.64** | **1,580,830.44** |  |
| **ASSETS** |  |  |  |  |  |  |
| Cash and Balances with Reserve Bank of India | 178,718.67 | 117,189.28 | 130,030.71 | 97,370.36 | 72,211.00 |  |
| Balances with Banks Money at Call and Short Notice | 50,115.84 | 79,958.53 | 25,355.02 | 23,902.17 | 15,729.11 |  |
| Investments | 1,005,681.63 | 511,581.71 | 449,263.86 | 438,823.11 | 389,304.95 |  |
| Advances | 2,565,891.41 | 1,661,949.29 | 1,420,942.28 | 1,185,283.52 | 1,043,670.88 |  |
| Fixed Assets | 12,603.76 | 8,431.34 | 6,432.07 | 5,099.56 | 4,626.86 |  |
| Other Assets | 217,182.95 | 151,322.28 | 90,910.36 | 49,027.92 | 55,287.64 |  |
| **Total Assets** | **4,030,194.26** | **2,530,432.43** | **2,122,934.30** | **1,799,506.64** | **1,580,830.44** |  |
| **CONTINGENT LIABILITIES, COMMITMENTS** |  |  |  |  |  |  |
| Bills for Collection | 65,332.87 | 0.00 | 56,968.05 | 44,748.14 | 51,584.90 |  |
| Contingent Liabilities | 2,344,487.73 | 0.00 | 1,400,197.64 | 975,280.66 | 1,130,474.06 |  |

Standalone balance sheet of HDFC BANK

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|  |
| **Balance Sheet of HDFC Bank (in Rs. Cr.)** | **Mar 24** | **Mar 23** | **Mar 22** | **Mar 21** | **Mar 20** |  |
|  | 12 mths | 12 mths | 12 mths | 12 mths | 12 mths |  |
| **EQUITIES AND LIABILITIES** |  |  |  |  |  |  |
| **SHAREHOLDER'S FUNDS** |  |  |  |  |  |  |
| Equity Share Capital | 759.69 | 557.97 | 554.55 | 551.28 | 548.33 |  |
| **Total Share Capital** | **759.69** | **557.97** | **554.55** | **551.28** | **548.33** |  |
| Revaluation Reserve | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |  |
| Reserves and Surplus | 436,833.40 | 279,641.03 | 239,538.38 | 203,169.55 | 170,437.70 |  |
| Total Reserves and Surplus | 436,833.40 | 279,641.03 | 239,538.38 | 203,169.55 | 170,437.70 |  |
| **Total ShareHolders Funds** | **440,245.81** | **280,199.01** | **240,092.94** | **203,720.83** | **170,986.03** |  |
| Deposits | 2,379,786.28 | 1,883,394.65 | 1,559,217.44 | 1,335,060.22 | 1,147,502.29 |  |
| Borrowings | 662,153.08 | 206,765.57 | 184,817.21 | 135,487.32 | 144,628.54 |  |
| Other Liabilities and Provisions | 135,437.93 | 95,722.25 | 84,407.46 | 72,602.15 | 67,394.40 |  |
| **Total Capital and Liabilities** | **3,617,623.09** | **2,466,081.47** | **2,068,535.05** | **1,746,870.52** | **1,530,511.26** |  |
| **ASSETS** |  |  |  |  |  |  |
| Cash and Balances with Reserve Bank of India | 178,683.22 | 117,160.77 | 129,995.64 | 97,340.74 | 72,205.12 |  |
| Balances with Banks Money at Call and Short Notice | 40,464.20 | 76,604.31 | 22,331.29 | 22,129.66 | 14,413.60 |  |
| Investments | 702,414.96 | 517,001.43 | 455,535.69 | 443,728.29 | 391,826.66 |  |
| Advances | 2,484,861.52 | 1,600,585.90 | 1,368,820.93 | 1,132,836.63 | 993,702.88 |  |
| Fixed Assets | 11,398.99 | 8,016.54 | 6,083.67 | 4,909.32 | 4,431.92 |  |
| Other Assets | 199,800.20 | 146,712.52 | 85,767.83 | 45,925.89 | 53,931.09 |  |
| **Total Assets** | **3,617,623.09** | **2,466,081.47** | **2,068,535.05** | **1,746,870.52** | **1,530,511.26** |  |
| **OTHER ADDITIONAL INFORMATION** |  |  |  |  |  |  |
| Number of Branches | 8,738.00 | 7,821.00 | 6,342.00 | 5,608.00 | 5,416.00 |  |
| Number of Employees | 213,527.00 | 173,222.00 | 141,579.00 | 120,093.00 | 116,971.00 |  |
| Capital Adequacy Ratios (%) | 18.80 | 19.26 | 18.90 | 18.79 | 18.52 |  |
| **KEY PERFORMANCE INDICATORS** |  |  |  |  |  |  |
| Tier 1 (%) | 16.79 | 17.13 | 17.87 | 17.56 | 17.23 |  |
| Tier 2 (%) | 2.01 | 2.13 | 1.03 | 1.23 | 1.29 |  |
| **ASSETS QUALITY** |  |  |  |  |  |  |
| Gross NPA | 31,173.32 | 18,019.03 | 16,140.96 | 15,086.00 | 12,649.97 |  |
| Gross NPA (%) | 1.24 | 1.12 | 1.00 | 1.00 | 1.00 |  |
| Net NPA | 8,091.74 | 4,368.43 | 4,407.68 | 4,554.82 | 3,542.36 |  |
| Net NPA (%) | 0.33 | 0.27 | 0.32 | 0.40 | 0.36 |  |
| Net NPA To Advances (%) | 0.33 | 0.27 | 0.00 | 0.00 | 0.00 |  |
| **CONTINGENT LIABILITIES, COMMITMENTS** |  |  |  |  |  |  |
| Bills for Collection | 65,332.87 | 71,439.54 | 56,968.05 | 44,748.14 | 51,584.90 |  |
| Contingent Liabilities | 2,296,758.34 | 1,748,130.32 | 1,395,442.30 | 971,097.60 | 1,128,953.40 |  |

Consolidated Balance sheet of ICICI BANK

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|  |
| **Balance Sheet of ICICI Bank (in Rs. Cr.)** | **Mar 24** | **Mar 23** | **Mar 22** | **Mar 21** | **Mar 20** |  |
|  | 12 mths | 12 mths | 12 mths | 12 mths | 12 mths |  |
| **EQUITIES AND LIABILITIES** |  |  |  |  |  |  |
| **SHAREHOLDER'S FUNDS** |  |  |  |  |  |  |
| Equity Share Capital | 1,404.68 | 1,396.78 | 1,389.97 | 1,383.41 | 1,294.76 |  |
| **Total Share Capital** | **1,404.68** | **1,396.78** | **1,389.97** | **1,383.41** | **1,294.76** |  |
| Revaluation Reserve | 3,111.27 | 3,091.84 | 3,228.50 | 3,125.28 | 3,143.36 |  |
| Reserves and Surplus | 1,404.68 | 1,396.78 | 1,389.97 | 1,383.41 | 1,294.76 |  |
| **Total Reserves and Surplus** | **253,333.84** | **212,340.13** | **180,396.11** | **156,200.99** | **121,661.81** |  |
| **Total Share Holders Funds** | **250,222.56** | **209,248.29** | **177,167.61** | **153,075.71** | **118,518.45** |  |
| Minority Interest | 13,888.42 | 6,686.75 | 5,980.89 | 9,588.34 | 6,794.77 |  |
| Deposits | 1,443,579.95 | 1,210,832.15 | 1,091,365.79 | 959,940.02 | 800,784.46 |  |
| Borrowings | 207,428.00 | 189,061.81 | 161,602.68 | 143,899.94 | 213,851.78 |  |
| Other Liabilities and Provisions | 161,704.49 | 98,544.63 | 82,808.33 | 99,616.41 | 87,414.91 |  |
| **Total Capital and Liabilities** | **2,364,063.03** | **1,958,490.50** | **1,752,637.38** | **1,573,812.24** | **1,377,292.23** |  |
| **ASSETS** |  |  |  |  |  |  |
| Cash and Balances with Reserve Bank of India | 89,943.02 | 68,648.94 | 60,228.71 | 46,302.20 | 35,311.93 |  |
| Balances with Banks Money at Call and Short Notice | 72,825.88 | 67,807.55 | 122,897.28 | 101,268.33 | 92,540.99 |  |
| Investments | 827,162.51 | 639,551.97 | 567,097.72 | 536,578.62 | 443,472.63 |  |
| Advances | 1,260,776.20 | 1,083,866.31 | 920,308.14 | 791,801.39 | 706,246.11 |  |
| Fixed Assets | 15,714.44 | 11,070.34 | 10,706.74 | 10,809.26 | 10,408.66 |  |
| Other Assets | 97,640.98 | 87,545.39 | 71,398.80 | 87,052.45 | 89,311.91 |  |
| **Total Assets** | **2,364,063.03** | **1,958,490.50** | **1,752,637.38** | **1,573,812.24** | **1,377,292.23** |  |
| **CONTINGENT LIABILITIES, COMMITMENTS** |  |  |  |  |  |  |
| Bills for Collection | 100,791.76 | 86,457.67 | 75,232.60 | 54,846.38 | 48,401.26 |  |
| Contingent Liabilities | 5,757,816.33 | 5,035,951.10 | 4,552,341.12 | 3,021,344.23 | 3,003,053.53 |  |

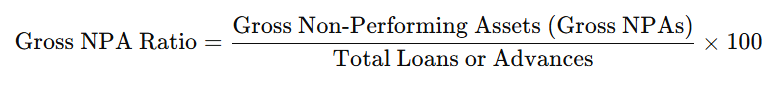
Standalone balance sheet of ICICI BANK

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| --- |
|  |
| **Balance Sheet of ICICI Bank (in Rs. Cr.)** | **Mar 24** | **Mar 23** | **Mar 22** | **Mar 21** | **Mar 20** |  |
|  | 12 mths | 12 mths | 12 mths | 12 mths | 12 mths |  |
| **EQUITIES AND LIABILITIES** |  |  |  |  |  |  |
| **SHAREHOLDER'S FUNDS** |  |  |  |  |  |  |
| Equity Share Capital | 1,404.68 | 1,396.78 | 1,389.97 | 1,383.41 | 1,294.76 |  |
| **Total Share Capital** | **1,404.68** | **1,396.78** | **1,389.97** | **1,383.41** | **1,294.76** |  |
| Revaluation Reserve | 3,083.35 | 3,062.46 | 3,195.66 | 3,093.59 | 3,114.87 |  |
| Reserves and Surplus | 232,505.97 | 195,495.25 | 165,659.93 | 143,029.08 | 112,091.29 |  |
| Total Reserves and Surplus | 235,589.32 | 198,557.72 | 168,855.59 | 146,122.67 | 115,206.16 |  |
| **Total ShareHolders Funds** | **238,399.32** | **200,715.38** | **170,511.97** | **147,509.19** | **116,504.41** |  |
| Deposits | 1,412,824.95 | 1,180,840.70 | 1,064,571.61 | 932,522.16 | 770,968.99 |  |
| Borrowings | 124,967.58 | 119,325.49 | 107,231.36 | 91,630.96 | 162,896.76 |  |
| Other Liabilities and Provisions | 95,322.73 | 83,325.08 | 68,982.79 | 58,770.37 | 47,994.99 |  |
| **Total Capital and Liabilities** | **1,871,514.58** | **1,584,206.65** | **1,411,297.74** | **1,230,432.68** | **1,098,365.15** |  |
| **ASSETS** |  |  |  |  |  |  |
| Cash and Balances with Reserve Bank of India | 89,711.70 | 68,526.17 | 60,120.82 | 46,031.19 | 35,283.96 |  |
| Balances with Banks Money at Call and Short Notice | 50,214.31 | 50,912.10 | 107,701.54 | 87,097.06 | 83,871.78 |  |
| Investments | 461,942.27 | 362,329.74 | 310,241.00 | 281,286.54 | 249,531.48 |  |
| Advances | 1,184,406.39 | 1,019,638.31 | 859,020.44 | 733,729.09 | 645,289.97 |  |
| Fixed Assets | 10,859.84 | 9,599.84 | 9,373.82 | 8,877.58 | 8,410.29 |  |
| Other Assets | 74,380.07 | 73,200.50 | 64,840.12 | 73,411.21 | 75,977.67 |  |
| **Total Assets** | **1,871,514.58** | **1,584,206.65** | **1,411,297.74** | **1,230,432.68** | **1,098,365.15** |  |
| **OTHER ADDITIONAL INFORMATION** |  |  |  |  |  |  |
| Number of Branches | 6,523.00 | 5,900.00 | 5,418.00 | 5,266.00 | 5,324.00 |  |
| Number of Employees | 141,009.00 | 126,660.00 | 105,844.00 | 98,750.00 | 99,319.00 |  |
| Capital Adequacy Ratios (%) | 16.33 | 18.34 | 19.16 | 19.12 | 16.11 |  |
| **KEY PERFORMANCE INDICATORS** |  |  |  |  |  |  |
| Tier 1 (%) | 15.60 | 17.60 | 18.35 | 18.06 | 14.72 |  |
| Tier 2 (%) | 0.73 | 0.74 | 0.81 | 1.06 | 1.39 |  |
| **ASSETS QUALITY** |  |  |  |  |  |  |
| Gross NPA | 27,313.87 | 299,860.70 | 33,294.92 | 40,841.42 | 40,829.09 |  |
| Gross NPA (%) | 2.26 | 2.87 | 4.00 | 8.00 | 6.00 |  |
| Net NPA | 5,377.79 | 51,500.70 | 6,931.04 | 9,117.66 | 9,923.24 |  |
| Net NPA (%) | 0.45 | 0.51 | 0.81 | 2.10 | 1.54 |  |
| Net NPA To Advances (%) | 0.45 | 0.51 | 1.00 | 2.00 | 2.00 |  |
| **CONTINGENT LIABILITIES, COMMITMENTS** |  |  |  |  |  |  |
| Bills for Collection | 100,791.76 | 86,454.77 | 75,150.83 | 54,643.42 | 48,216.24 |  |
| Contingent Liabilities | 4,655,761.78 | 4,283,165.45 | 3,867,675.87 | 2,648,640.67 | 2,523,825.80 |  |

**Gross NPA (Non-Performing Assets) Ratio**

The Gross NPA (Non-Performing Assets) Ratio is a key financial metric used in banking and finance to assess the quality of a bank's loan portfolio. It represents the percentage of a bank's total loans that have turned into non-performing assets (NPAs), meaning borrowers have defaulted or failed to make payments for a specified period (typically 90 days in India).

Formula for Gross NPA Ratio:



Key Components:

* Gross NPAs: The total value of loans that have defaulted.
* Total Advances: The total amount of loans given by the bank, including standard and non-performing loans.

Interpretation:

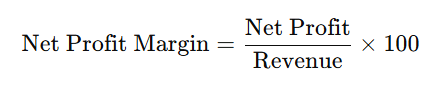
* A high Gross NPA Ratio indicates poor asset quality, meaning a higher proportion of the bank's loans are in default.
* A low Gross NPA Ratio suggests better asset quality and financial health of the bank.

Implications:

* For Banks: High NPAs reduce profitability and capital adequacy, affecting financial stability.
* For Investors: A rising NPA ratio is a red flag, indicating potential financial distress.
* For the Economy: High NPAs can slow credit growth, affecting economic expansion.

**Net Profit Margin Ratio:**

The **Net Profit Margin Ratio** is a key profitability metric that measures how much net profit a company generates as a percentage of its total revenue. It indicates the efficiency of a company in converting revenue into actual profit after covering all expenses, including operating costs, interest, taxes, and depreciation.



Key Components:

* Net Profit: The profit remaining after deducting all operating expenses, interest, taxes, and other costs from total revenue.
* Total Revenue: The total income earned by the company from sales and other sources.

Interpretation:

* A higher Net Profit Margin means the company is efficiently managing its costs and generating good profits from its revenue.
* A lower Net Profit Margin indicates high costs or lower profitability, which could be a concern for investors and stakeholders.

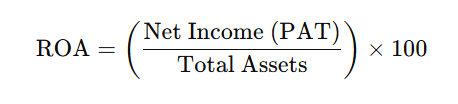
Implications:

* For Businesses: Helps in assessing overall financial health and efficiency in cost management.
* For Investors: A key indicator of profitability, making it essential for investment decisions.
* For Comparisons: Useful for comparing companies within the same industry to evaluate performance.

**Return on Assets (ROA) Ratio**

The **Return on Assets (ROA)** is a key profitability ratio that measures how efficiently a company uses its assets to generate net income. It helps investors and analysts evaluate how effectively management is utilizing assets to produce profits.

**Formula for ROA:**



**Key Components:**

* **Net Profit:** The profit remaining after deducting all expenses, taxes, and costs from total revenue.
* **Total Assets:** The sum of all assets owned by the company, including cash, receivables, inventory, property, and equipment.

**Interpretation:**

* A **higher ROA** indicates that the company is efficiently using its assets to generate profits.
* A **lower ROA** suggests inefficiencies in asset utilization, possibly due to high expenses or underutilized resources.

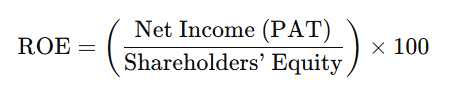
**Implications:**

* **For Businesses:** Helps assess operational efficiency and asset management.
* **For Investors:** A key indicator of profitability and financial performance.
* **For Industry Comparison:** Useful when comparing companies within the same industry, as asset intensity varies across sectors.

**Return on Equity (ROE) Ratio**

The **Return on Equity (ROE)** is a key financial metric that measures a company's ability to generate profit from its shareholders' equity. It shows how effectively a company is using investors' funds to create earnings.

**Formula for ROE:**



**Key Components:**

* **Net Profit:** The earnings after deducting all expenses, taxes, and costs from revenue.
* **Shareholders' Equity:** The total capital invested by shareholders, including retained earnings.

**Interpretation:**

* A **higher ROE** means the company is effectively generating profits from shareholders' investments.
* A **lower ROE** may indicate inefficiencies or excessive reliance on debt for growth.

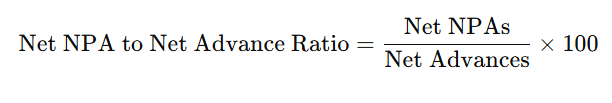
**Implications:**

* **For Businesses:** Helps evaluate profitability and financial performance.
* **For Investors:** A crucial indicator when comparing companies within the same industry.
* **For Growth Analysis:** A consistently high ROE suggests strong management and competitive advantages.

**Net NPA to Net Advances Ratio**

The **Net NPA (Non-Performing Assets) to Net Advances Ratio** is a key financial metric used in banking to assess the quality of a bank's loan portfolio after accounting for provisions made for bad loans. It indicates the actual financial burden of bad loans on a bank.

**Formula for Net NPA to Net Advances Ratio:**



**Key Components:**

* **Net NPAs:** Gross NPAs minus provisions made by the bank for loan losses.
* **Net Advances:** Total loans disbursed by the bank minus provisions for NPAs.

**Interpretation:**

* A **lower Net NPA ratio** indicates better asset quality and lower risk of loan defaults affecting profitability.
* A **higher Net NPA ratio** suggests a significant portion of loans are at risk, which could impact the bank's financial health.

**Implications:**

* **For Banks:** A critical measure of credit risk management and financial stability.
* **For Investors:** A rising Net NPA ratio can signal increased risks and declining profitability.
* **For Regulators:** Used by central banks to monitor and enforce financial discipline in the banking sector.

1. K. V. N. Prasad, Dr. D. Maheshwara Reddy & Dr. A. A. Chari (2011) decided to evaluate the