

A Comparative Study of Financial Performance of HDFC and ICICI Bank for the Period Of 2023 – 2026

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Abstract—Home is a dream of a person that shows the quantity of efforts, sacrifices luxuries and above all gathering funds little by little to afford one's dream. Home is one of the things that everyone one wants to own. Home is a shelter to person where he rests and feel comfortable. Many banks providing home loans whether commercial banks or financial institutions to the people who want to have a home.

HDFC Bank Home Loan, India have been serving the people for around three decades and providing various housing loan according to their varied needs at attractive & reasonable interest rates. Owing to their wide network of financing, HDFC Bank Ltd Housing Loans provides services at your doorstep and helps you find a home as per your requirements.

Many banks are providing home loans at cheapest rate to attract consumers towards them. The more customer friendly attitude of these banks, currently offer to consumers cheapest loan over homes. In view of acute housing shortage in the country, and keeping in mind the social – economic role of commercial banks in the present times, the RBI advised banks to encourage the flow of credit for housing finance.

The HDFC Bank was incorporated on August 1994 by the name of 'HDFC Bank Limited', with its registered office in Mumbai, India. HDFC Bank commenced operations as a Scheduled Commercial Bank in January 1995. The Housing Development Finance Corporation (HDFC) was amongst the first to receive an 'in principle' approval from the Reserve Bank of India (RBI) to set up a bank in the private sector, as part of the RBI's liberalization of the Indian Banking Industry in 1994.

Index Terms—HDFC Bank, RBI, GNPA.

I. INTRODUCTION

Meaning of Financial Statement Analysis

Financial Statement Analysis refers to the systematic evaluation of a company's financial information to

support decision-making. It involves analyzing financial statements to understand a firm's performance, financial position, and future potential. This process helps in allocating resources efficiently, whether for investment, lending, or internal business operations.

Financial analysis is useful for both external users (such as investors and creditors) and internal users (such as management). External users assess whether to invest in or lend to a business, while internal users evaluate investment opportunities, operational efficiency, and financial planning.

Objectives of Financial Statement Analysis

The key objectives of financial statement analysis include:

- **Assessment of Past Performance:**

Past financial data such as sales, profits, and cash flows help evaluate how well a company has performed and provide insights into future trends.

- **Assessment of Current Financial Position:**

It helps in understanding the present status of assets, liabilities, and overall financial health of the organization.

- **Prediction of Profitability and Growth:**

Analysis assists in forecasting future earnings and growth potential, which is crucial for investors and stakeholders.

- **Prediction of Business Risk and Failure:**

It helps in identifying the likelihood of financial distress or bankruptcy.

- **Evaluation of Operational Efficiency:**

By comparing actual performance with set standards, financial analysis helps measure management efficiency.

- ♦ **Methods / Techniques of Financial Statement Analysis**

Financial statement analysis can be conducted using various techniques:

- **Ratio Analysis:**

Examines relationships between financial variables to assess performance.

- **Cash Flow Analysis:**

Analyzes the inflow and outflow of cash to understand liquidity position.

- **Comparative Financial Statements:**

Compares financial data across different periods or between companies.

- **Trend Analysis:**

Studies financial performance over time to identify patterns and growth trends.

Importance of Financial Statement Analysis

Financial statement analysis is important for multiple stakeholders:

- **Shareholders:** Helps in deciding whether to hold or sell shares based on company performance.

- **Management:** Assists in planning, decision-making, and evaluating organizational performance.

- **Creditors:** Provides information about the company's ability to repay loans.

- **Investors:** Helps in making informed investment decisions.

- **Government:** Useful for taxation and policy-making purposes.

Limitations of Financial Statement Analysis

Despite its usefulness, financial statement analysis has certain limitations:

- **Possibility of Misleading Information:**

If financial statements are not prepared accurately, the analysis may lead to incorrect conclusions.

- **Based on Historical Data:**

Since analysis relies on past data, it may not always reflect future conditions accurately.

- **Ignores Qualitative Factors:**

It focuses mainly on numerical data and does not consider factors like management quality, employee relations, or customer satisfaction.

Users of Financial Statement Analysis

Different stakeholders use financial statement analysis for various purposes:

- **Shareholders:** To evaluate profitability and investment safety.

- **Investors and Lenders:** To assess solvency and repayment capacity.

- **Creditors:** To evaluate short-term liquidity.

- **Management:** To monitor performance and improve decision-making.

- **Government:** To determine tax policies and economic planning.

Meaning of Financial Ratios

Financial ratios are numerical relationships derived from financial statements, used to evaluate a company's performance and financial position. These ratios help stakeholders such as investors, creditors, and management understand how efficiently a business is operating and identify areas that may require improvement.

Financial ratios are widely used because they are simple to calculate and easy to interpret. They also allow comparisons between companies of different sizes and across various industries. Since ratios are based on proportions rather than absolute figures, they provide a standardized way of analyzing financial performance.

Importance of Financial Ratios

Financial ratios serve as an effective tool for analyzing and comparing the strengths and weaknesses of different businesses. They help in:

- Evaluating financial health and operational efficiency

- Comparing performance across companies and industries

- Supporting decision-making for investment and lending

- Identifying trends and areas needing improvement

Financial ratios are generally classified into key categories such as liquidity, solvency, efficiency, profitability, market performance, leverage, and coverage ratios.

Key Ratio Used in the Study

1. Current Ratio

The Current Ratio is a liquidity ratio that measures a company's ability to meet its short-term obligations using its current assets. It indicates how effectively a firm can cover its short-term liabilities that are due within one year.

A higher current ratio suggests that the company is in a strong liquidity position and is capable of paying off its short-term debts without difficulty. Current assets such as cash, cash equivalents, and marketable securities can be quickly converted into cash, making them essential for meeting immediate financial obligations.

II. REVIEW OF LITERATURE

1. K. Sathish (2025)

K. Sathish conducted a comparative study on the financial performance of HDFC Bank and ICICI Bank using ratio analysis. The study analyzed parameters such as Return on Assets (ROA), Return on Equity (ROE), Net Profit Ratio, and Capital Adequacy Ratio (CAR).

The findings revealed that HDFC Bank maintained higher profitability and better financial stability, while ICICI Bank showed improvement in recent years, especially in asset quality.

2. M. Jain (2022)

M. Jain examined the financial performance of selected Indian banks with a focus on private sector institutions. The study used trend analysis and ratio analysis to evaluate performance.

It concluded that HDFC Bank demonstrates consistent growth and operational efficiency, whereas ICICI Bank has improved its risk management and NPA levels over time.

3. A. M. Abdulkareem (2021)

A. M. Abdulkareem conducted an analytical study on profitability performance. The study highlighted that HDFC Bank outperforms ICICI Bank in terms of profitability ratios and return indicators.

The research also emphasized that ICICI Bank is catching up due to strategic reforms and better credit policies.

4. R. Gupta & S. Sharma (2023)

Gupta and Sharma applied the CAMEL Model to compare the performance of HDFC Bank and ICICI Bank.

Their findings indicated:

HDFC Bank ranked higher in Capital Adequacy and Asset Quality

ICICI Bank showed improvement in Management Efficiency and Earnings

The study concluded that both banks are financially sound, but HDFC Bank has a slight edge in overall performance.

5. P. Verma (2024)

P. Verma focused on the post-COVID financial recovery of Indian banks.

The study found that:

Both banks showed strong recovery in profitability and loan growth

ICICI Bank significantly reduced its Non-Performing Assets (NPAs)

HDFC Bank maintained stable and consistent growth

6. S. Kulkarni (2023)

Kulkarni analyzed banking performance using trend and comparative analysis.

The study concluded:

HDFC Bank leads in liquidity and operational efficiency

ICICI Bank shows strong growth potential and improved financial health

7. N. Patel (2022)

Patel examined the financial stability of private sector banks using ratio analysis and statistical tools.

The study revealed that both banks are financially strong, but HDFC Bank shows better consistency in returns, while ICICI Bank demonstrates higher growth fluctuations.

III. RESEARCH METHODOLOGY

Nature / Type of Study:

This is a descriptive and analytical study of the comparative financial performance of HDFC and ICICI Bank from 2021 to 2025, using secondary data. It is a time-series analysis that examines various financial ratios to assess the banks' performance, profitability, asset quality, and liquidity over the specified period

Universe of the Study:

The universe of the study is the annual reports of HDFC Bank and ICICI Bank for the financial years 2021 to 2025. This includes various financial metrics such as profitability ratios (ROA, ROCE, Net Profit Margin), asset quality (NPA), capital adequacy (CAR), and CASA ratios, as well as secondary data from the banks' yearly reports, which serve as the primary sources of information.

Population:

ICICI Bank generally showed stronger performance in key profitability and efficiency ratios like Net Interest Margin (NIM), Return on Assets (ROA), and Return on Equity (RoE), while HDFC Bank, despite consistent profitability, experienced a slight slowdown post-merger, though it had a higher capital adequacy ratio (CAR) and stronger capital base, particularly Tier 1 capital, compared to ICICI Bank during the study period

Sample and Sample Size:

Sample

The sample for this study is the audited financial data of HDFC Bank and ICICI Bank. The specific sources for this data are the:

- Annual Reports of HDFC Bank and ICICI Bank for the fiscal years ending March 31, 2021, 2022, 2023, 2024, and 2025.
- Relevant quarterly reports (if needed for more granular analysis or to cover the period up to late 2025, depending on when the study is conducted).
- The data collected would include variables related to:
 - Profitability ratios (e.g., Net Profit Margin, Return on Assets (ROA), Return on Capital Employed (ROCE), Earnings Per Share (EPS)).
 - Liquidity and operational efficiency ratios (e.g., Credit-Deposit ratio, CASA ratio).
 - Asset quality ratios (e.g., Gross Non-Performing Assets (GNPA), Net Non-Performing Assets (NNPA)).
 - Capital adequacy ratios (e.g., Capital Adequacy Ratio (CAR)).
 - Other relevant financial metrics such as net interest margin (NIM), total income, and net profit figures.

Method of Data Collection:

1. Primary Data:

I decided primary data collection method because our study nature does not permit to apply observational method.

In survey approach we had selected a questionnaire method for taking a customer view because it is feasible from the point of view of our subject & survey purpose. We conducted 100 sample of survey in our project to judge the satisfaction level of customers which took home loans.

2. Secondary Data:

It was collected from internal sources. The secondary data was collected on the basis of organizational file, official records, newspapers, magazines, management books, preserved information in the company's database and website of the company.

Data Analysis and Interpretation:

The collected data will be analysed using both quantitative and qualitative techniques:

- Descriptive statistics such as mean, percentage, and frequency distribution to analyse responses from financial professionals.

- Correlation and regression analysis to determine relationships between risk management practices and financial performance indicators.

- Graphical representation of data trends such as fuel cost movements, currency exchange rates, and financial ratios to interpret risk impact visually.

OBJECTIVES OF THE STUDY

- To study the financial Statement of HDFC Bank and ICICI Bank.
- To analyze overall performance of the HDFC Bank and ICICI Bank.
- To study the overall profitability trend of the HDFC Bank and ICICI Bank.
- To study debt Equity ratios of the HDFC Bank and ICICI Bank.
- To understand the shareholding pattern of the HDFC Bank and ICICI Bank.
- To study assets turnover ratio of the HDFC Bank and ICICI Bank.

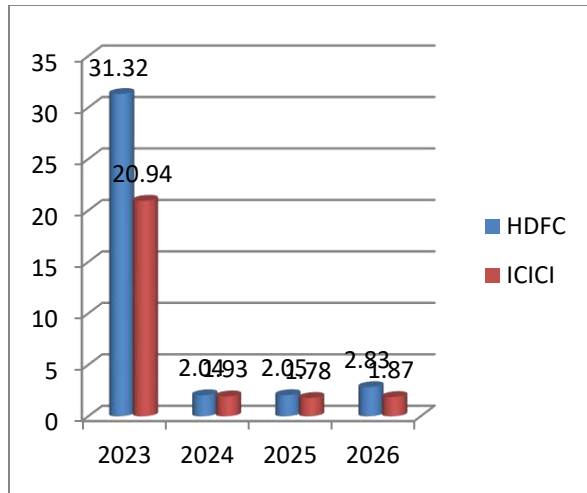
IV. DATA ANALYSIS & INTERPRETATION

LIQUIDITY RATIO

CURRENT RATIO

FORMULA: $\text{CURRENT RATIO} = \frac{\text{CURRENT ASSETS}}{\text{CURRENT LIABILITY}}$

Current Ratio						
HDFC Bank				ICICI Bank		
Year	Current Assets	Current Liability	Ratio	Current Assets	Current Liability	Ratio
2023	14095.79	449.96	31.32	30529.31	1457.78	20.94
2024	17033.92	8324.78	2.04	37774.96	19557.26	1.93
2025	22841.23	11099.01	2.05	50138.36	28150.80	1.78
2026	24621.21	8696.40	2.83	63072.24	33686.33	1.87



INTERPRETATION: -

♦ Analysis of Current Ratio

The current ratio of ICICI Bank over the study period is recorded as 20.94, 1.93, 1.78, and 1.87, whereas HDFC Bank shows ratios of 31.32 in 2023, 2.04 in 2024, 2.05 in 2025, and 2.83 in 2026.

On comparison, both banks maintain current ratios above the ideal benchmark level, indicating a satisfactory liquidity position. However, HDFC Bank demonstrates relatively more stable and consistent ratios over the years, while ICICI Bank shows fluctuations.

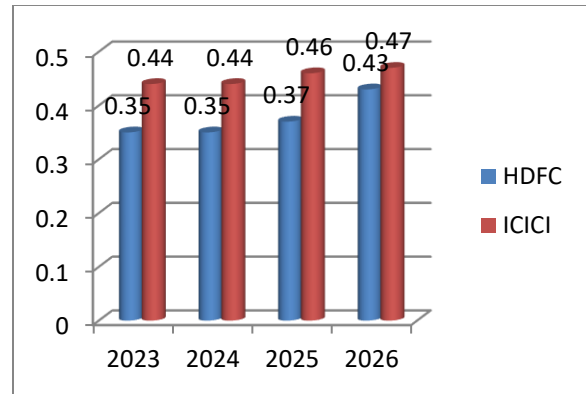
Therefore, it can be inferred that HDFC Bank has a comparatively stronger and more stable liquidity position, whereas ICICI Bank, despite having adequate liquidity, shows less consistency in managing its short-term obligations.

PROFITABILITY RATIO

GROSS PROFIT RATIO

FORMULA: -
$$\frac{\text{Revenue} - \text{COGS}}{\text{Revenue}}$$

Gross Profit Ratio						
HDFC Bank				ICICI Bank		
Year	Revenue	Revenue	Ratio	Revenue	Revenue	Ratio
	ue-COGS	nue		ue-COGS	nue	
2023	2926.26	1897.93	0.35	6266.52	3488.47	0.44
2024	3416.14	2209.44	0.35	6878.21	3803.81	0.44
2025	4300.87	2672.18	0.37	8714.64	4665.38	0.46
2026	5147.13	2923.96	0.43	10557.21	5567.85	0.47



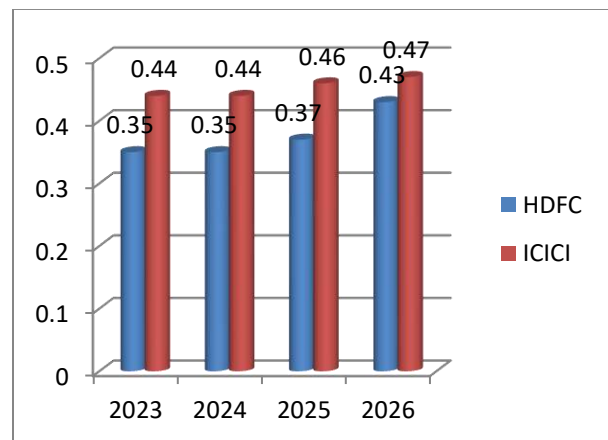
INTERPRETATION: -

Here in ICICI Bank the ratio is 0.44 in 2023, 0.44 in 2024, 0.46 in 2025 & 0.47 in 2026 beside HDFC Bank has the ratio of Gross profit 0.35 in 2023, 0.35 in 2024, 0.37 in 2025 & 0.43 in 2026. So, if we compare with these two companies then we can say that, ICICI Bank is generating good profit.

NET PROFIT RATIO

FORMULA: -
$$\frac{\text{Revenue} - \text{COGS}}{\text{Revenue}}$$

Net Profit Ratio						
HDFC Bank				ICICI Bank		
Year	Revenue	Revenue	Ratio	Revenue	Revenue	Ratio
	ue-COGS	nue		ue-COGS	nue	
2023	2926.26	1897.93	0.35	6266.52	3488.47	0.44
2024	3416.14	2209.44	0.35	6878.21	3803.81	0.44
2025	4300.87	2672.18	0.37	8714.64	4665.38	0.46
2026	5147.13	2923.96	0.43	10557.21	5567.85	0.47



INTERPRETATION: -

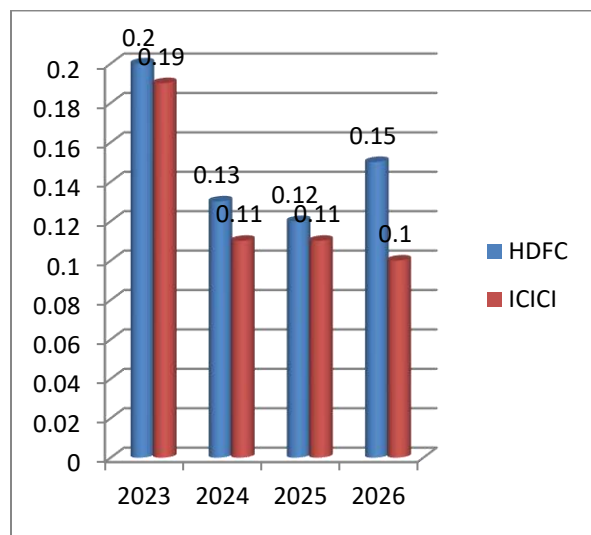
Here in ICICI Bank the ratio is 0.44 in 2023, 0.44 in 2024, 0.46 in 2025 & 0.47 in 2026 beside HDFC Bank has the ratio of net profit 0.35 in 2023, 0.35 in 2024, 0.37 in 2025 & 0.43 in 2026. So, if we compare with these two companies then we can say that, ICICI Bank is generating good profit.

ACTIVITY RATIO**WORKING CAPITAL TURNOVER RATIO**

FORMULA: $\frac{\text{SALE}}{\text{WORKING CAPITAL}}$

CAPITAL

Working Capital Turnover Ratio						
HDFC Bank				ICICI Bank		
Year	Sales	Working capital	Ratio	Sales	Working capital	Ratio
2023	2926.79	14545.75	0.20	6266.52	31987.09	0.19
2024	3418.20	25358.7	0.13	6878.21	57332.22	0.11
2025	4311.30	33940.24	0.12	8714.64	78289.16	0.11
2026	5172.26	33317.61	0.15	10557.21	96758.57	0.10

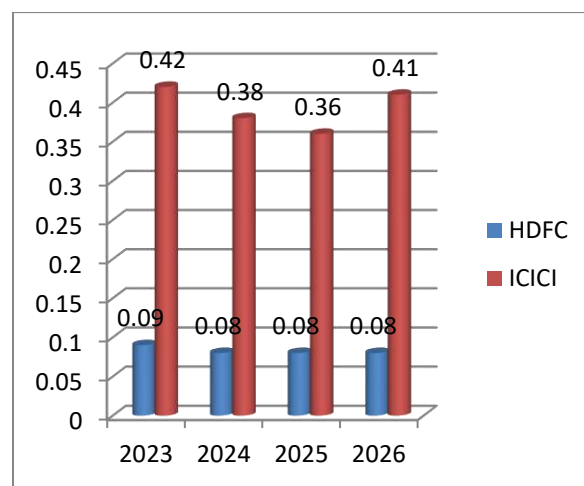


From the graph we can see that 2023 ICICI Bank has the ratio of working capital turnover of 0.19 and it continuously decreases at 0.11 & 0.10. And on the other hand, HDFC Bank has and continuously decreased at 0.20 & 0.15. Here it shows that through HDFC Bank has a higher working capital turnover ratio but ICICI Bank is in the bad position.

TOTAL ASSETS TURNOVER RATIO

FORMULA: $\frac{\text{Net Sale}}{\text{Total Assets}}$

Total Assets Turnover Ratio						
HDFC Bank				ICICI Bank		
Year	Net Sales	Total Assets	Ratio	Net Sales	Total Assets	Ratio
2023	2926.79	30792.26	0.09	6266.52	14593.13	0.42
2024	3418.20	38068.70	0.08	6878.21	17645.96	0.38
2025	4311.30	50459.65	0.08	8714.64	23802.56	0.36
2026	5172.26	63464.92	0.08	10557.21	25653.98	0.41

**INTERPRETATION**

From the graph we can see that 2023 ICICI Bank has the ratio of total asset turnover of 0.42 and it continuously decreases at 0.38, 0.36, 0.41.

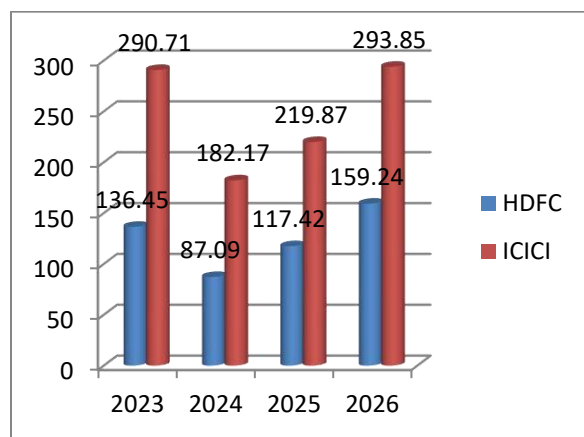
And on the other hand, HDFC Bank has 0.09 in 2023 and continuously decreases at 0.08. Here it shows that through HDFC Bank has a higher assets turnover but ICICI Bank is in the good position.

WORKING CAPITAL RATIO

Working Capital Ratio = $\frac{\text{Current Assets} - \text{Current liabilities}}{100}$

Working Capital Ratio						
HDFC Bank				ICICI Bank		
Year	Current Assets	Current Liabilities	Ratio	Current Assets	Current Liabilities	Ratio
2023	1409	449.9	136.	3052	1457.	290.

23	5.79	6	45	9.31	78	71
20	1703	8324.	87.0	3777	19557	182.
24	3.92	78	9	4.96	.26	17
20	2284	11099	117.	5013	28150	219.
25	1.23	.01	42	8.36	.80	87
20	2462	8696.	159.	6307	33686	293.
26	1.21	40	24	2.24	.33	85



INTERPRETATION

Analysis of Working Capital Ratio

The data indicates that ICICI Bank recorded a Working Capital Ratio of 290.71 in 2023, which gradually increased to 293.85 by 2026, showing a consistent upward trend.

Similarly, HDFC Bank reported a ratio of 136.45 in 2023, which increased steadily to 159.24 in 2026, reflecting improvement over the study period.

On comparison, ICICI Bank maintains a significantly higher working capital ratio throughout the period, suggesting a stronger liquidity position in terms of short-term financial resources. HDFC Bank also shows improvement, but its ratio remains lower than that of ICICI Bank.

Therefore, it can be concluded that ICICI Bank is in a comparatively stronger position regarding working capital management, while HDFC Bank is showing positive growth but at a relatively lower level.

V. FINDINGS

Comparative Ratio Analysis of HDFC Bank and ICICI Bank

• Current Ratio:

ICICI Bank shows ratios of 20.94, 1.93, 1.78, and 1.87, while HDFC Bank records 31.32 (2023), 2.04 (2024), 2.05 (2025), and 2.83 (2026). Both banks

maintain adequate liquidity; however, HDFC Bank demonstrates greater stability and relatively stronger liquidity management, whereas ICICI Bank shows fluctuations over the years.

• Gross Profit Ratio:

ICICI Bank maintains ratios of 0.44, 0.44, 0.46, and 0.47, while HDFC Bank shows 0.35, 0.35, 0.37, and 0.43. This indicates that ICICI Bank consistently achieves higher gross profitability, reflecting better income generation at the operational level.

• Net Profit Ratio:

ICICI Bank records 0.44, 0.44, 0.46, and 0.47, compared to HDFC Bank's 0.35, 0.35, 0.37, and 0.43. This suggests that ICICI Bank is more efficient in converting revenue into net profit, indicating stronger profitability performance.

• Working Capital Turnover Ratio:

ICICI Bank's ratio declines from 0.19 to 0.11 and 0.10, indicating decreasing efficiency in utilizing working capital. HDFC Bank also shows a decline but maintains comparatively higher ratios (0.20 to 0.15). Therefore, HDFC Bank demonstrates better efficiency in managing working capital, while ICICI Bank shows a weakening trend.

• Total Asset Turnover Ratio:

ICICI Bank records 0.42, 0.38, 0.36, and 0.41, whereas HDFC Bank shows lower ratios around 0.09 to 0.08. This indicates that ICICI Bank utilizes its assets more efficiently to generate revenue, while HDFC Bank shows lower asset utilization efficiency.

• Working Capital Ratio:

ICICI Bank shows a strong and increasing ratio from 290.71 to 293.85, while HDFC Bank increases from 136.45 to 159.24. This indicates that ICICI Bank maintains a significantly stronger working capital position, although HDFC Bank also shows improvement over time.

Final Comparative Insight

- ICICI Bank performs better in profitability and asset utilization

- HDFC Bank shows better stability and efficiency in liquidity and working capital turnover

- Both banks demonstrate growth, but their strengths lie in different financial areas.

VI. CONCLUSION

- An overall analysis of the financial ratios of HDFC Bank and ICICI Bank over the study period indicates that both banks maintain a satisfactory financial position, although certain areas require improvement.

- The liquidity position of both banks is stable, suggesting their ability to meet short-term obligations. However, there is scope to improve financial efficiency by optimizing the utilization of short-term assets into more productive long-term investments.
- The market performance of both banks appears strong, as their shares are traded at a premium compared to their book value, reflecting positive investor confidence.
- The Return on Equity (ROE) indicates that both banks have the potential to generate higher returns. However, any declining trend in ROE highlights the need for improved profitability and better utilization of shareholders' funds.
- The turnover ratios suggest that although operational efficiency was satisfactory in the initial years, there has been a gradual decline over time. This indicates a reduction in the effective utilization of resources, which should be addressed as a priority.
- HDFC Bank demonstrates relatively better performance in terms of working capital turnover and inventory (stock) turnover, indicating efficient resource management.
- ICICI Bank, on the other hand, shows better performance in asset utilization, reflecting its ability to generate revenue from its asset base more effectively.

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