

A STUDY ON INVESTMENT DECISION AT HDFC BANK, HYDERABAD

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ABSTRACT

HDFC Bank's investment decision-making process highlights how the bank strategically selects and manages its investment portfolios. The analysis shows that HDFC Bank adopts a diversified investment strategy, blending equities, fixed-income securities, and alternative assets to maximize returns while effectively managing risk. Their decision-making framework involves thorough market analysis, evaluations of financial performance, and assessments of macroeconomic conditions.

Key Words: Investment decision ,Decision -Making, Financial Performance, Bonds, Risk and Return etc.

INTRODUCTION

Investment decisions are vital for the ongoing success and growth of financial institutions. HDFC Bank, regarded as one of India's leading banking institutions, plays a significant role in influencing the economic landscape through its investment strategies. This project explores HDFC Bank's investment decision-making framework, aiming to uncover the core principles and practices that guide their financial choices. The bank's investment portfolio is diverse, spanning various asset classes, including equities, bonds, real estate, and alternative investments. HDFC Bank adopts a careful approach to investment, where they rigorously assess market conditions, identify risk factors, and adhere to regulatory guidelines. In the ever-changing world of financial markets, HDFC Bank strives to strike a balance between

effective risk management and the pursuit of optimal returns. The investment strategies at HDFC Bank are designed to maintain a careful equilibrium between risk and return. This

REVIEW OF LITERATURE

1.Dr. K. Alagarsamy and S. Wilson(2022). In their 2022 research, Dr. K. Alagarsamy and S. Wilson examined "A study on customer behaviour towards banking services with special reference to public sector banks in Sivagangai District." Their 2013 investigation focused on customer behavior regarding banking services, particularly within public sector banks in Sivagangai District. The objective of the study was to identify the various factors that influence customer preferences and satisfaction in the banking industry.

2.Dr. R. Rajendran (April 2020) studies about conducted a study titled "Investment pattern of people of Thanjavur district of Tamil Nadu." This research aimed to explore the investment patterns of individuals residing in Thanjavur district, Tamil Nadu. The study sought to identify the various factors that affect investment decisions among the local population. Dr. Rajendran's findings indicated that demographic factors such as age, income, education, and occupation play a significant role in shaping investment behavior. The results revealed a preference for traditional investment options, including gold, real estate, and fixed deposits, rather than modern financial instruments like mutual funds and stocks.

3.Keria Kontot, Jamil Hamali & Firdas Abdullah(2019) conducted a study titled "Determining Factors of Customers' Preferences: A Case of Deposit Products in Islamic Banking." This research explores the essential elements that affect customer decisions regarding deposit products in Islamic banks. It identifies various factors, such as religious beliefs, perceived advantages, and service quality, as key determinants.

4.M.E.Doddaraju (2013) conducted a study titled "Customer Satisfaction towards Public & Private Sector Banks in the Coimbatore Region." In this 2013 research, M.E. Doddaraju aimed to compare customer satisfaction levels between the two banking sectors. The study revealed that customers of private sector banks generally reported higher satisfaction levels than those of public sector banks. The key factors contributing to this difference included the quality of customer service,

technological advancements, and the efficiency of banking operations.

NEED & IMPORTANCE OF THE STUDY

This research aims to explore the various investment opportunities present in the Indian markets. The necessity for making investment decisions ultimately revolves around achieving the company's long-term objectives, such as survival or growth, preserving market share, and sustaining leadership in a specific area of economic activity. The expansion of production processes is essential to satisfy the increasing demand in the local market, which in turn benefits global markets and leads to economic advantages. Additionally, it may become imperative to replace existing assets, plants, machinery, or buildings in order to capitalize on technological advancements, reduce product costs, and enhance labor efficiency.

SCOPE OF THE STUDY

Selecting appropriate assets for investment decision facilitates the identification of the most suitable investment when opportunities are thoroughly evaluated. To assess the level of risk, these decisions aid in recognizing the extent of the risk linked to return-on- investment prospects. Identifying substantial profits, decisions related to investment plans influence the long- term profit potential of the organization.

OBJECTIVES OF THE STUDY

- 1.To examine the practical usage of investment decisions of HDFC BANK LTD HYDERABAD.
- 2.To analyze the future value of rupee which is invested at present value.
- 3.To know the risks and returns in several investment decision options.
- 4.To measure returns and analyze the performing of every investment options.
- 5.To provide appropriate suggestions based on findings of the study.

SOURCES OF DATA

SECONDARY DATA:

Information not initially gathered from published or unpublished sources, is perceived as optional information. The subsequent venture insights about speculation and different venture choices were gathered on sites, books and magazines.

RESEARCH DESIGN

The research design of a study on investment decision at HDFC Bank is primarily descriptive and analytical in nature. It aims to evaluate the financial performance, risk factors, and investment potential of HDFC Bank by analyzing its financial statements, market performance, and investor-related indicators. The study adopts a quantitative research approach, relying mainly on secondary data sourced from the bank's annual reports, stock exchange filings, RBI publications, and financial databases such as Money control or Bloomberg.

PERIOD OF THE STUDY

The study has been carried with 5 years of the data i.e, from 2020 to 2024.

TOOLS & TECHNIQUES OF ANALYSIS

- 1.Fundamental analysis.
- 2.Technical analysis.
- 3.Financial modeling Techniques.
- 4.Qualitative analysis.
- 5.Market and industry analysis.

LIMITATIONS OF THE STUDY

- 1.More information collected is secondary data.
- 2.These data are compared and analyzed in order to support the effectiveness of the implementation of the investment options in the last 5years.
- 3.It was very hard to get information on the income of others. The average values have been taken here.

DATA ANALYSIS & INTERPRETATION

TABLE 4.1 FINANCIAL POSITION OF HDFC BANK LTD

Financial Position:

Balance Sheet of HDFC BANK LTD,HYD
Rs. In
Crores

Years	Mar'21	Mar'22	Mar '23	Mar '24	Mar'25
Months	12m	12m	12m	12m	12m
Funds sources					
Share Capital	30.83	30.83	65.28	65.28	65.28

Equity ShareCapital	30.83	30.83	60.69	60.69	60.69
Preference Share Capital	0.00	0.00	14.59	14.59	14.59

Reserves	203.24	311.33	485.95	318.74	246.02
Net worth	221.07	330.19	541.23	374.02	301.30
Secured Loans	12.91	14.55	55.74	55.04	52.50
Unsecured Loans	359.30	45.00	115.00	345.00	
Total Debt	362.22	49.55	219.74	390.04	175.00
Total Liabilities	1220.4	812.28	1558.22	1623.4	915.38
Application of Funds					
Gross Block	70.92	202.71	223.09	225.33	201.32
Less: Accum Depreciation	27.64	37.01	52.49	58.20	81.23
Net Block	58.28	115.70	170.60	117.20	100.09

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Capital Work in Progress	13.20	12.96	11.54	10.92	10.21
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Investments	0.00	0.00	58.27	58.32	61.77
Inventory	0.00	0.00	0.00	0.00	0.00
Total Debtors	0.00	105.24	0.00	175.62	36.24
Cash and Bank Balance	738.30	119.95	731.83	665.77	37.63
Total Current Assets	738.30	225.20	731.83	778.39	
Loans and Advances	114.07	59.76	469.93	77.22	186.54
Fixed Deposits	0.00	317.40	0.00	429.90	444.56
Total CA, Loans & Advances	842.37	572.35	1,218.76	1,262.50	630.97
Current Liabilities	362.98	306.66	629.93	440.99	298.37
Provisions	17.53	31.63	51.27	243.89	75.35
Total CL & Provisions	360.51	327.29	668.21	674.88	363.72
Net Current Assets	491.86	260.06	531.56	597.62	271.25
Total Assets	3835.96	2693.92	5549.31	5816.75	403.29
Contingent Liabilities	0.00	11.54	11.75	11.87	10.29
Book Value (Rs)	111.53	218.96	31.78	30.21	26.31

TABLE 4.2. PROMOTER AND PROMOTER GROUP SHAREHOLDING

(1) Indian					
Individuals / Hindu Undivided Family	4	74,418,619	74,418,619	24.27	24.22
Corporate Bodies	7	35,436,504	35,436,504	16.17	17.04

Sub Total	10	120,805,168	120,755,168	34.49	35.28
(2) Foreign					
Total shareholding of Promoter and Promoter Group (A)	8	120,805,168	120,805,168	34.49	35.28
(B) Public Shareholding					
(1) Institutions					
Mutual Funds / UTI	8	17,662,356	17,662,356	4.09	4.05
Financial Institutions / Banks	6	201,195	201,195	0.06	0.05
Foreign Institutional Investors	210	103,278,374	103,278,374	33.37	33.20
Sub Total	191	166,056,862	166,056,862	37.51	37.25

(2) Non-Institutions					
Bodies Corporate	1,225	20,773,672	20,773,672	9.35	9.30
Individuals		-	-	-	-
Individual shareholders holding nominal share capital up to Rs. 1 lakh	87,972	17,321,803	17,295,881	5.29	5.26
Individual shareholders holding nominal share capital in excess of	32	51,279,820	51,937,420	28.63	28.59
Any Others (Specify) Rs. 1 lakh	1,145	8,591,209	8,591,209	2.93	2.81
Overseas Corporate Bodies	6	7,675,580	7,675,580	3.37	3.35

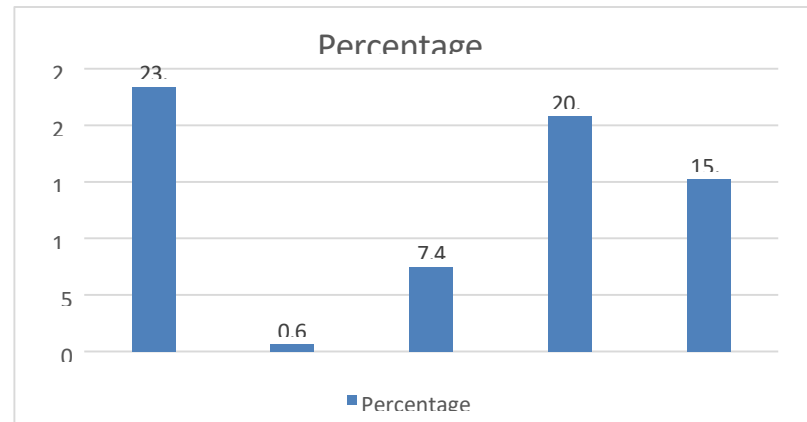
Non-Resident Indians	797	583,534	583,534	1.20	1.20
Clearing Members	265	632,145	632,145	0.19	0.19
Sub Total	96,252	84,546,491	84,257,168	28.00	26.82
Total Public shareholding (B)	96,419	209,553,303	209,263,981	64.51	64.07
Total (A)+(B)	91,423	309,308,422	309,009,099	100.00	99.31
(C) Shares held by Custodians and against which Depository Receipts have been issued-m	-	-	-	-	-
(1) Promoter and Promoter Group		-	-	-	-
(2) Public	2	2,253,568	2,253,568	-	0.68
Sub Total	3	2,253,568	2,253,568	-	0.68
Total (A)+(B)+(C)	91,463	316,451,967	316,152,665	-	100

STOCK RETURNS

Table 4.3. PERFORMANCE ANALYSIS OF RETURNS

The below table shows returns and percentage change of performance analysis of the past 5 years.

YEAR	INDEX*	ABSOLUTE CHANGE	PERCENTAGE CHANGE (%)
2020	20786	5389	23.4
2021	20900	1123	0.65
2022	22323	2415	7.49
2023	26631	6308	21.79
2024	31241	5610	15.244



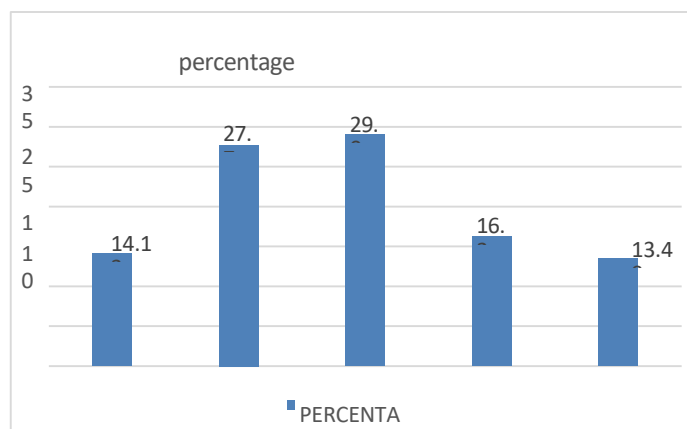
Interpretations:

The Sensex 19786 is centered in the file as having no change in the underlying year of 2116. The Sensex fell with 123 focuses in 2021, resulting in a change of roughly 0.65%.

The market has not improved because it has a significantly lower return than it did in 2021. With 1415 focuses, the Sensex moved higher in 2022, resulting in a shift of roughly 7.49% and minimal improvement in the outlook.

4.4 PERCENTAGE CHANCE IN BSE 100

YEAR	INDEX	ABSOLUTE CHANGE	PERCENTAGE CHANGE (%)
2021	4580	1506	14.13
2022	5953	2373	27.72
2023	7982	3129	29.06
2024	9110	2128	16.28
2025	10192	2072	13.49



Interpretation:

The Sensex 3580 is regarded in the file as having no change during the underlying year of 2116.

In 2021 businesses, the market closed 1373 focuses, and the Sensex rate was 27.72% last year.

With 2129 focuses, or 29.06%, the Sensex is up in 2022.

Table 4.5 PERCENTAGE CHANCE IN BSE 210

YEAR	INDEX*	ABSOLUTE CHANGE	PERCENTAGE CHANGE (%)
2021	1884	1168	20
2022	2686	1802	47.57
2023	2955	1169	9.11
2024	3025	1070	3.77
2025	3280	1225	11.67

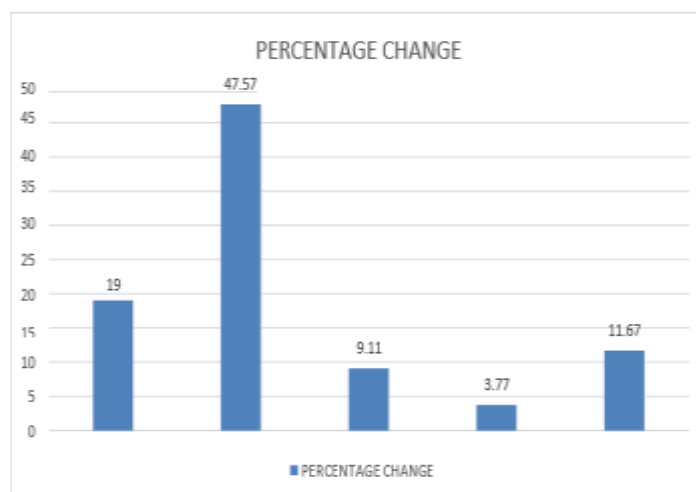


Chart 4.5 PERCENTAGE CHANCE IN BSE 210

Interpretation:

In the years 2116 and 2021, the Sensex experienced an increase of 168 points and 802 points, respectively, representing growths of 20% and 47.57%.



BOND RETURNS

The given prices of bonds in the following table are the march month prices of every year.

TABLE 4.6 Bonds returns

Year	Price	Open	High	Low	Change %
2021	6.828	7.004	7.171	6.826	-1.98
2022	7.315	7.474	7.546	7.256	-1.92
2023	6.933	7.084	7.097	6.909	-2.22
2024	5.578	5.929	6.251	5.549	-4.94
2025	5.705	5.789	5.95	5.602	-1.14

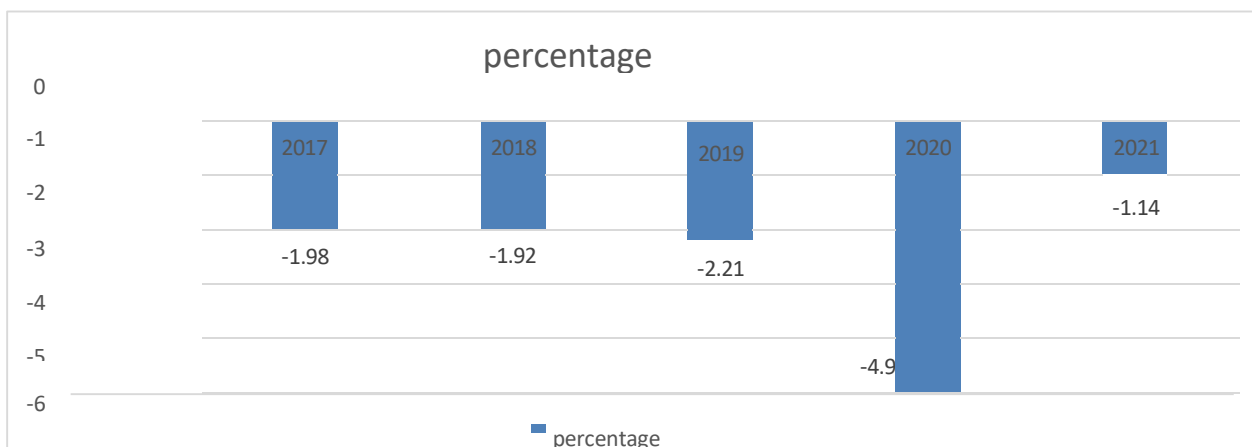
Source: changes in BSE

ABSOLUTE CHANGE = P2-P1

PERCENTAGE CHANGE (%) = (P2 – P1)/P1

P1 – Present year. P2 – Previous Year.

Chart 4.6 Bond Returns performance: % Annual change



Interpretation:

In the year 2021, which serves as a baseline, the cost was rs.6.828, reflecting a percentage change of -1.98%. In 2022, the cost increased slightly to rs.0.487, accompanied by a decline in percentage change to -1.92%. In 2023, the cost was approximately rs.0.382, with a percentage change of -2.22%. In 2024, the cost decreased further by rs.1.355, resulting in a significant drop in percentage change to -4.94%. In 2025, the cost has seen a minimal increase, reaching rs.0.127, with a percentage change of -1.14%.

FINDINGS

From the analysis of data, we have following findings.

1. It has been noticed that in 2023 SENSEX came to up to 5308 focuses in this year where there is part of progress, the Sensex shut in a benefit that is in change i.e., 21.79%.
2. Regarding the rate change in BSE 100 In the year 2024, the Sensex shut with 1072 focuses with change in 13.49%. In 2022 the SENSEX was shut in +2023 focuses with 29.06% change.
3. About the rate change in BSE 210, the market was shut 255 focuses on the finish of the 2024 market has covered with the SENSEX rate benefit is 11.67% and toward the end and 2021, the Sensex climbed with 802 focuses i.e., 47.57%.
4. It is seen that yearly rate change in bond returns has extraordinary fall in the years 2023 and 2024 i.e., - 2.22% and - 4.94% separately.
5. About the progressions in gold returns from 2023 to 2024 the gold rates change got increment according to the rate are 12.6%, – 38.64%.
6. Finally, as worried to risk investigation it is seen that there is medium strength of the assessment results.

SUGGESTIONS:

Based on the data analysis, we have the following findings.

- 1.It has been observed that in 2024, the SENSEX reached up to 5308 points, indicating a significant.
- 2.Finally, as worried to risk investigation it is seen that there is medium strength of the assessment results.

CONCLUSIONS:

The situation has improved with HDFC BANK LTD's online continuity, which aims to simplify the entire trading system.The introduction of online trading has significantly benefited investors, allowing them to buy and sell shares as needed through this platform.Currently, investors must possess a solid understanding of the risks and returns associated with their investments.Due to the advent of online trading, brokers now charge higher fees than they did in the past.

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