International Journal for Innovative Engineering and Management Research
PEER REVIEWED OPEN ACCESS INTERNATIONAL JOURNAL
www.ijiemr.org

A STUDY ON FINANCIAL METRICS AND PERFORMANCE ANALYSIS OF HDFC BANK, HYD.

Saldapuram Sneha
II MBA, Malla Reddy Engineering College (Autonomous), Hyd.
Email: snehasaldapuram@gmail.com
Dr. K. Maddileti
Associate Professor, Dept. of MBA, Malla Reddy Engineering College (Autonomous), Hyd.
Email: maddiletik12@gmail.com

ABSTRACT

This study had undertaken a comprehensive evaluation of financial performance metrics of a leading private sector bank over a five-year period, focusing on deposit mobilization, lending growth, asset quality, income generation, and profitability. Utilizing secondary financial data from audited annual reports, the research had employed descriptive statistical techniques to analyze trends in deposits, borrowings, advances, non-performing assets, interest income, revenue, expenditure, profitability ratios, and shareholder return metrics. The findings had revealed robust expansion in the deposit base and lending portfolio, significant growth in interest and non-interest income, and steady net profit increases. Concurrently, the study had identified emerging asset quality concerns, margin compression due to rising costs, and funding mix shifts that posed risks to long-term financial stability. The significance of the study lay in its empirical insights into the trade-offs between aggressive growth strategies and financial resilience in a dynamic banking environment. By systematically interpreting financial ratios and trend analyses, the research had delivered actionable findings regarding credit risk management, cost optimization, liability management, and strategic funding.

Key Words: Profitability, Liquidity, Financial Ratios, Efficiency.

INTRODUCTION

Financial performance analysis represented an indispensable component of modern financial management and institutional evaluation. It constituted a systematic process of identifying the financial strengths and weaknesses of an enterprise by properly establishing the relationship between the items of the balance sheet and the profit and loss account. This practice helped in assessing the operational efficiency, profitability, liquidity, and solvency positions of the institution under study. In the context

International Journal for Innovative Engineering and Management Research
PEER REVIEWED OPEN ACCESS INTERNATIONAL JOURNAL
www.ijiemr.org

of banking institutions, financial performance analysis served as a comprehensive diagnostic tool that provided insights into how well the institution had been able to utilize its assets, generate revenue, manage risks, and fulfill its financial obligations. Such evaluations relied heavily on quantitative metrics derived from financial statements, including ratios, trends, and comparative benchmarks, to draw definitive conclusions regarding the institution's financial health.

REVIEW OF LITERATURE

- **Abiad (2025)** in their study had examined the influence of board of directors' demographics, expertise, and independence on the financial performance of banks within Gulf Cooperation Council (GCC) countries. The research adopted a quantitative approach, employing panel data from 2015 to 2020 for listed GCC banks and using return on assets (ROA) and return on equity (ROE) as performance proxies. Moderation analysis revealed that bank size significantly strengthened the positive relationships between board characteristics—such as gender diversity, financial expertise, and board independence—and financial outcomes.
- **Asutay (2024)** in their investigation had explored the impact of intellectual capital dimensions—human capital, structural capital, and relational capital—on the financial performance of Islamic banks. Utilizing a sample of thirty Islamic banks across the Middle East from 2016 to 2021, the study applied structural equation modeling (SEM) to test hypothesized paths between intellectual capital efficiency and performance measures including ROA, ROE, and net interest margin (NIM). The results demonstrated that structural capital had the strongest effect on profitability, followed by human capital, while relational capital showed a moderate influence.

NEED AND IMPORTANCE

The study of financial metrics and performance analysis held significant relevance in the context of evaluating the operational and fiscal soundness of banking institutions. This research offered crucial insights into how financial parameters reflected the effectiveness of resource utilization, profitability generation, risk management, and institutional sustainability. In a sector driven by trust and fiscal prudence, such evaluations were instrumental in ensuring accountability, strategic alignment, and competitive performance. Moreover, the reliance on empirical and objective data reinforced the credibility of findings and supported evidence-based decision-making.

SCOPE OF THE STUDY

The present study focused exclusively on evaluating the financial metrics and performance indicators of a single banking institution over a defined time frame. It encompassed an in-depth analysis of key financial ratios, such as profitability, liquidity, and solvency ratios, drawn from audited financial statements. The scope of the study extended to examining the year- on-year trends in major financial variables such as revenue, operating expenses, and net profit. The research limited its coverage to secondary data sources including balance sheets, income statements, and ratio reports published by the bank and financial regulatory authorities. It excluded any operational, qualitative, or customer satisfaction dimensions and confined its investigation purely to the quantitative assessment of financial health. The analytical framework adopted in this study remained rooted in descriptive statistics and ratio analysis, ensuring clarity, precision, and objectivity in interpreting financial performance.

OBJECTIVES OF THE STUDY

1. To evaluate the key financial ratios of HDFC Bank over a specific period.
2. To assess the bank's profitability, liquidity, and solvency through financial statement analysis.
3. To analyze the trends in HDFC Bank's revenue, expenses, and net profit.
4. To study the financial performance of HDFC Bank in banking industry.
5. To examine the impact of financial metrics on the overall financial health of HDFC Bank.

SOURCES OF DATA

The primary data for this study comprised financial figures procured from the company's published financial statements over the last five financial years. These included quantitative data related to revenue, net profits, borrowings, deposits, advances, non-performing assets (NPAs), net interest, and liquidity position. Although not obtained through conventional primary data collection methods such as surveys or interviews, these data points were treated as primary because they represented firsthand, raw numerical data obtained directly from the company's own financial disclosures. These datasets were extracted from income statements, balance sheets, and cash flow statements, forming the empirical foundation for ratio analysis and trend interpretation during the analytical phase.

RESEARCH DESIGN

The research methodology adopted for this study was structured to facilitate a comprehensive and objective financial performance analysis of a banking institution using quantitative data derived from authenticated secondary sources. The study was entirely based on a descriptive research design, utilizing historical financial information extracted from audited annual reports to evaluate selected financial metrics over a defined period. The focus of the methodology remained confined to numerical and statistical interpretation of financial data without engaging in field-based or survey-driven primary research. The research employed structured tools such as descriptive statistics and graphical representation techniques to examine revenue trends, profitability, borrowings, deposits, advances, net interest, liquidity, and non- performing assets. The methodological design enabled a systematic and empirical assessment of financial performance parameters while ensuring consistency, objectivity, and analytical clarity.

TOOLS AND TECHNIQUES FOR ANALYSIS

- Frequency analysis
- Descriptive statistics
- Bar charts
- Pie charts

LIMITATIONS OF THE STUDY

1. The study was limited to a single banking institution, thereby restricting the generalizability of the findings across the banking industry.

International Journal for Innovative Engineering and Management Research
PEER REVIEWED OPEN ACCESS INTERNATIONAL JOURNAL
www.ijiemr.org

2. The financial analysis was confined to a five-year period, which may not sufficiently reflect long-term performance trends.
3. The study excluded macroeconomic and regulatory variables that could have influenced the financial metrics during the selected period.

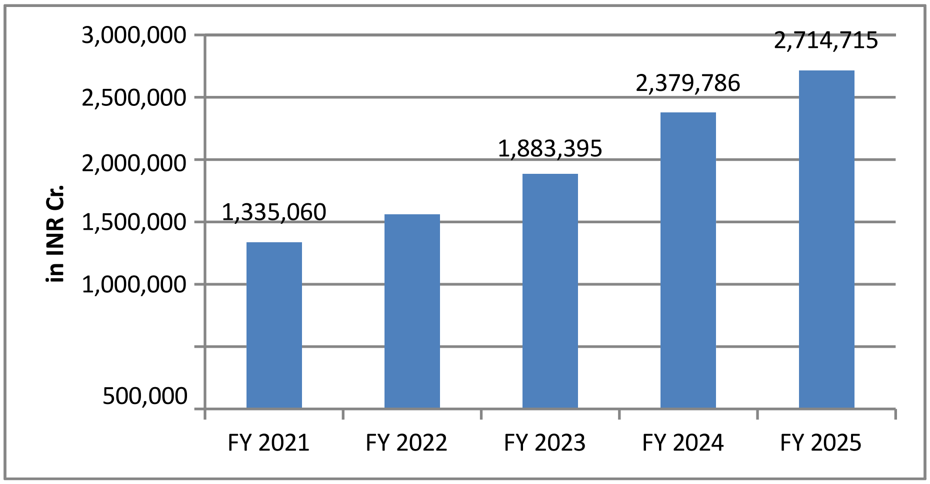
DATA ANALYSIS AND INTERPRETATION

Deposits (in INR Cr.)

Table 1: Deposits

Financial Year	Deposits (INR Cr.)
FY 2021	1,335,060
FY 2022	1,559,217
FY 2023	1,883,395
FY 2024	2,379,786
FY 2025	2,714,715

Figure 1: Deposits



Interpretation

International Journal for Innovative Engineering and Management Research
PEER REVIEWED OPEN ACCESS INTERNATIONAL JOURNAL
www.ijiemr.org

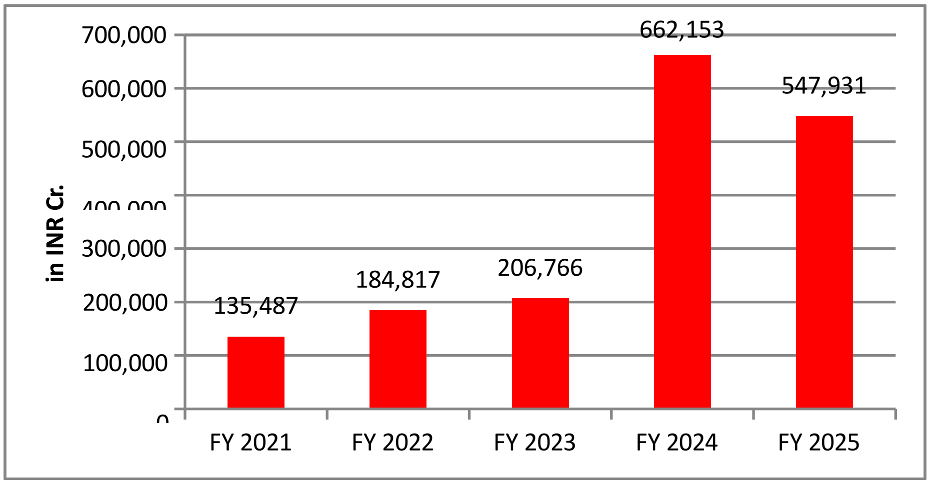
The bank's deposit base exhibited a consistent upward trajectory over the five-year period. Deposits increased from ₹ 1,335,060 Cr. in FY 2021 to ₹ 2,714,715 Cr. in FY 2025, reflecting a compound annual growth rate of approximately 20 percent. The most pronounced increment occurred between FY 2023 and FY 2024, when deposits surged by nearly 26 percent, indicating effective customer acquisition and retention strategies

Borrowings (in INR Cr.)

Table 2: Borrowings

Financial Year	Borrowings (INR Cr.)
FY 2021	135,487
FY 2022	184,817
FY 2023	206,766
FY 2024	662,153
FY 2025	547,931

Figure 2: Borrowings



Interpretation

Borrowings rose moderately from ₹ 135,487 Cr. in FY 2021 to ₹ 206,766 Cr. in FY 2023

International Journal for Innovative Engineering and Management Research
PEER REVIEWED OPEN ACCESS INTERNATIONAL JOURNAL
www.ijiemr.org

before spiking sharply to ₹ 662,153 Cr. in FY 2024. Borrowings then receded to ₹ 547,931 Cr. in FY 2025. The surge in FY 2024 reflected strategic liquidity management amid expanding lending operations, while the reduction in FY 2025 signified partial repayment and rebalancing of the bank's funding mix.

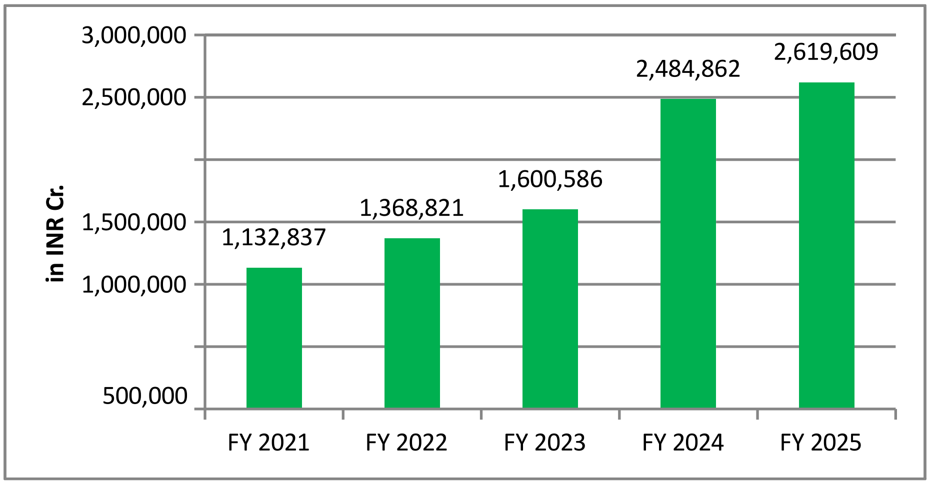
International Journal for Innovative Engineering and Management Research
PEER REVIEWED OPEN ACCESS INTERNATIONAL JOURNAL
www.ijiemr.org

Advances (in INR Cr.)

Table 3: Advance

Financial Year	Advances (INR Cr.)
FY 2021	1,132,837
FY 2022	1,368,821
FY 2023	1,600,586
FY 2024	2,484,862
FY 2025	2,619,609

Figure 3: Advance



Interpretation

Advances expanded steadily from ₹ 1,132,837 Cr. in FY 2021 to ₹ 2,619,609 Cr. in FY 2025. The period between FY 2023 and FY 2024 saw the largest increase of over 55 percent, indicating aggressive credit growth. The moderate rise of 5 percent in FY 2025 suggested a calibrated approach to lending after the substantial expansion in the previous year.

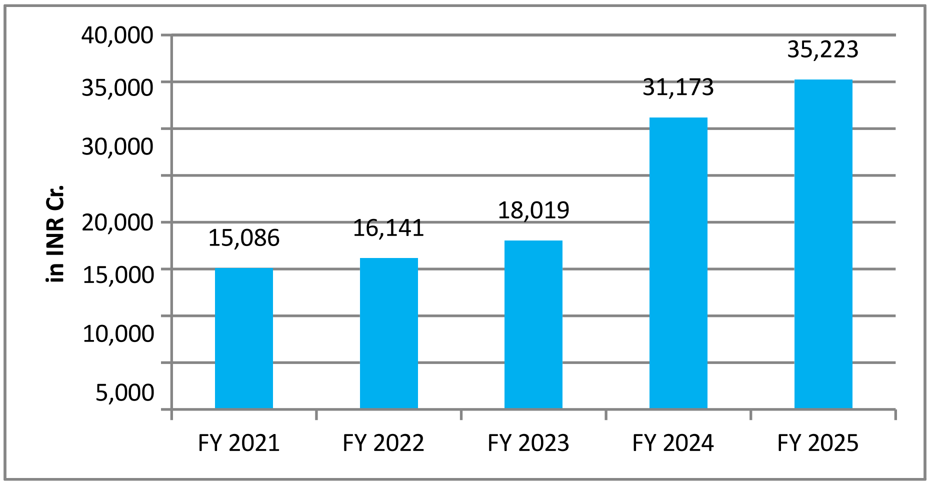
International Journal for Innovative Engineering and Management Research
PEER REVIEWED OPEN ACCESS INTERNATIONAL JOURNAL
www.ijiemr.org

Gross NPA (in INR Cr.)

Table 4: Gross NPA

Financial Year	Gross NPA (INR Cr.)
FY 2021	15,086.00
FY 2022	16,140.96
FY 2023	18,019.03
FY 2024	31,173.32
FY 2025	35,222.64

Figure 4: Gross NPA



Interpretation

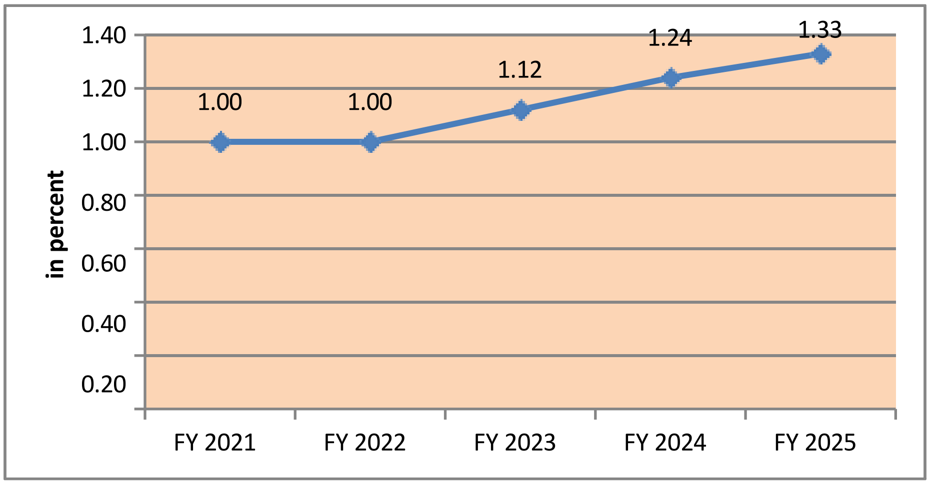
Gross non-performing assets rose from ₹ 15,086 Cr. in FY 2021 to ₹ 35,222.64 Cr. in FY 2025, more than doubling over the period. A marked escalation occurred in FY 2024, when gross NPAs jumped by 73 percent, reflecting stress within the loan portfolio amid higher credit exposure. The further rise in FY 2025 underscored ongoing asset quality challenges.

Gross NPA (%)

Table 5: Gross NPA

Financial Year	Gross NPA (%)
FY 2021	1.00
FY 2022	1.00
FY 2023	1.12
FY 2024	1.24
FY 2025	1.33

Figure 5: Gross NPA



Interpretation

The gross NPA ratio remained stable at 1.00 percent for FY 2021 and FY 2022 before rising to 1.12 percent in FY 2023 and further to 1.33 percent in FY 2025. The gradual increase signaled incremental asset quality stress, consistent with rising absolute NPA levels.

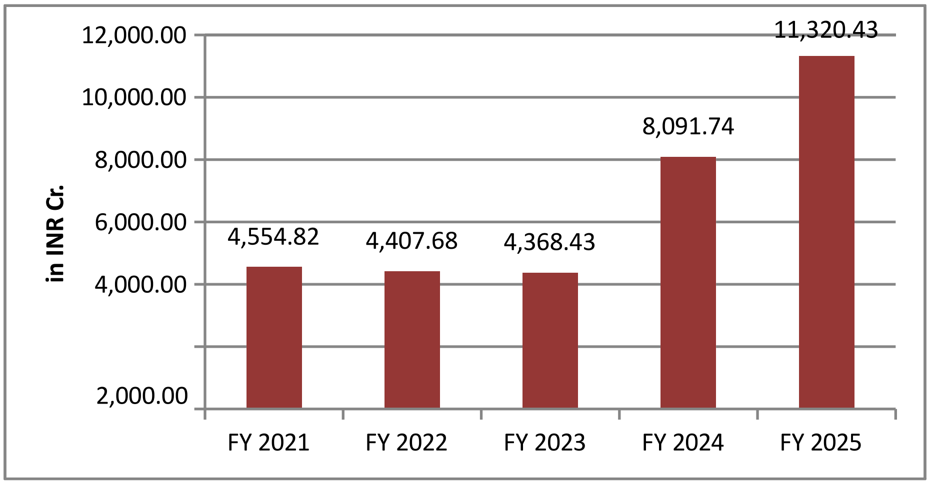
International Journal for Innovative Engineering and Management Research
PEER REVIEWED OPEN ACCESS INTERNATIONAL JOURNAL
www.ijiemr.org

Net NPA (in INR Cr.)

Table 6: Net NPA

Financial Year	Net NPA (INR Cr.)
FY 2021	4,554.82
FY 2022	4,407.68
FY 2023	4,368.43
FY 2024	8,091.74
FY 2025	11,320.43

Figure 6: Net NPA



Interpretation

Net NPAs remained relatively stable between FY 2021 and FY 2023, hovering around ₹ 4,400 Cr., before nearly doubling to ₹ 8,091.74 Cr. in FY 2024 and further increasing to ₹ 11,320.43 Cr. in FY 2025. This shift indicated that provisioning and recoveries failed to keep pace with the deterioration in gross asset quality during the latter years.

International Journal for Innovative Engineering and Management Research
PEER REVIEWED OPEN ACCESS INTERNATIONAL JOURNAL
www.ijiemr.org

FINDINGS

- Deposit balances had increased steadily from FY 2021 to FY 2025, indicating a sustained rise in customer trust and effective deposit mobilization efforts.
- Borrowings had surged sharply in FY 2024 before moderating in FY 2025, reflecting strategic reliance on wholesale funding to support rapid asset growth followed by a partial deleveraging.
- Advances had expanded markedly over the five-year period, demonstrating an aggressive lending strategy and enhanced credit deployment capacity.
- Gross non-performing assets had risen substantially after FY 2023, signaling a notable deterioration in asset quality.
- Net NPAs had remained stable until FY 2023 but had escalated sharply by FY 2025, suggesting delayed provisioning and accumulating credit impairments.
- Total interest income had exhibited robust growth, highlighting successful expansion of interest-earning assets and yield optimization.
- Net profit had grown consistently year on year, indicating improved operational efficiency and revenue diversification.
- Total revenue had more than doubled over the study period, reflecting strong top-line growth driven by both interest and non-interest income streams.
- Expenditure had increased in tandem with revenue, exerting pressure on cost-to-income ratios and indicating the need for cost management.
- The gross NPA ratio had trended upward from 1.00 percent to 1.33 percent, confirming a gradual erosion of overall asset quality.
- The CASA ratio had peaked in FY 2022 and then declined through FY 2025, demonstrating reduced reliance on low-cost deposits and increased funding costs.
- Net profit margins had improved initially but had compressed by FY 2025, reflecting rising operating expenses and margin pressure.
- HDFC Bank demonstrated a stable Return on Assets ratio over the five-year period, indicating consistent efficiency in utilizing assets to generate income,

despite a minor decline during FY 2024.

SUGGESTIONS

- The bank should strengthen credit appraisal processes and early warning systems to contain the rise in gross NPAs.
- Enhanced provisioning policies should be adopted to address burgeoning net NPAs and improve balance-sheet resilience.
- Cost management initiatives, such as process automation and branch rationalization, should be pursued to alleviate pressure on cost-to-income ratios.
- The bank should intensify efforts to boost CASA deposits through targeted retail marketing and digital engagement channels.
- Diversification of funding sources, including stable retail liabilities and long-term borrowings, should be prioritized to reduce reliance on volatile wholesale funding.
- Risk management frameworks should be reinforced with advanced analytics to identify and mitigate emerging credit risks.
- Strategic investments in digital lending platforms should be expanded to facilitate efficient credit disbursement and customer convenience.
- The bank should strengthen asset-liability management practices to optimize interest-rate spreads and safeguard net interest income.
- Non-performing asset recovery efforts should be scaled up through dedicated resolution cells and legal recourse mechanisms.
- Continuous monitoring of operating expenses against industry benchmarks should be instituted to ensure sustainable margin improvement.
- The bank should continue its focus on strengthening liquidity ratios such as the current and quick ratios to ensure resilience against unforeseen financial shocks and regulatory requirements.

International Journal for Innovative Engineering and Management Research
PEER REVIEWED OPEN ACCESS INTERNATIONAL JOURNAL
www.ijiemr.org

CONCLUSION

The study had demonstrated that the bank's deposit base and lending book had grown substantially over the five-year period, reflecting robust market confidence and proactive credit deployment strategies. However, the simultaneous increase in both gross and net NPAs had underscored emerging vulnerabilities in asset quality, necessitating stronger credit risk management and provisioning practices. Interest income and net profit had exhibited commendable growth, indicating effective revenue generation, yet rising operating expenses had compressed net profit margins and highlighted the urgency of cost containment measures. The fluctuation in the CASA ratio had revealed a shift away from low-cost deposits toward higher- cost funding, suggesting that the bank needed to realign its liability mix to support sustainable margin expansion. The rapid expansion in advances had contributed significantly to top-line growth but had also exposed the bank to elevated credit risk, as evidenced by the deterioration in NPA ratios. Borrowing spikes in FY 2024 had facilitated asset growth but had increased funding costs and funding concentration risks. These patterns had affirmed the trade-off between aggressive growth strategies and financial stability, indicating that a more balanced approach to growth and risk mitigation was required. Strengthening early warning systems, prudent provisioning, and enhanced collateral management had emerged as critical strategies for safeguarding asset quality. Moreover, the study had highlighted the importance of optimizing the cost-to-income ratio through targeted expense controls, process efficiencies, and digital transformation initiatives. While revenue growth had remained strong, unchecked expenditure increases had offset profitability gains. Realigning organizational structures, streamlining branch networks, and leveraging technology for routine operations had been identified as key levers for cost reduction. Such measures had the potential to bolster operational efficiency and restore margin resilience.

REFERENCES

Books

- Brealey, R. A., Myers, S. C., & Marcus, A. J. (2023). *Fundamentals of corporate finance*.McGraw-Hill.
- Brigham, E. F., & Houston, J. F. (2019). *Fundamentals of financial management*. Cengage Learning.

RESEARCH ARTICLES

- Abiad, Z. (2025). The Impact of Board of Directors' Characteristics on the Financial Performance of the Banking Sector in Gulf Cooperation Council (GCC) Countries: The Moderating Role of Bank Size. *Journal of Risk and Financial Management*, *18*(1), ISSN 1911-8074, https://doi.org/10.3390/jrfm18010040
- Asutay, M. (2024). Examining the Impact of Intellectual Capital Performance on Financial Performance in Islamic Banks. *Journal of the Knowledge Economy*, *15*(1), 1231-1263, ISSN 1868-7865, https://doi.org/10.1007/s13132-023-01114-1
- Zhu, K. (2024). Financial technology, inclusive finance and bank performance. *Finance Research Letters*, *60*, ISSN 1544-6123, https://doi.org/10.1016/j.frl.2023.104872
- Adu, D.A. (2024). Bank sustainability, climate change initiatives and financial performance: The role of corporate governance. *International Review of Financial Analysis*, *95*, ISSN 1057- 5219, https://doi.org/10.1016/j.irfa.2024.103438

WEBSITES

International Journal for Innovative Engineering and Management Research
PEER REVIEWED OPEN ACCESS INTERNATIONAL JOURNAL
www.ijiemr.org

https://www.hdfcbank.com/

https://financialservices.gov.in/beta/en/banking-overview

https://www.ibef.org/industry/banking-india