

A STUDY ON FINANCIAL PERFORMANCE OF HDFC BANK IN INDIA

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1.1 Introduction:

Its experience in the financial markets, a strong market reputation, large shareholder base and unique consumer franchise. HDFC was ideally post. The Housing Development Finance Corporation limited (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. The bank was incorporated in August 1994 in 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. HDFC is India's premier holding finance company and enjoys an impeccable track record in India as well as in international markets. Since its inception in 1997, the corporation has maintained a consistent and healthy growth in its operations to remain the market leader in promoting a bank in the Indian environment. Mortgages. Its outstanding loan portfolio covers well over a million dwelling units.

HDFC has developed significant expertise in retail mortgage loans to different market segments and also has a large corporate client base for its housing related credit facilities. With a focus on

HDFC Bank began operations in 1995 with a simple mission: to be a "world class Indian bank". We realized that only a single minded focus on product quality and service excellence would help us get there. Today, we are proud to say that we are well on our way towards that goal.

HDFC Bank Limited (the Bank) is an India-based banking company engaged in providing a range of banking and financial services, including commercial banking and treasury operations. The bank has a network of 1412 branches and 3295 automated teller machines (ATMs) in 528 cities and total employees are 52687.

Finance is the master key in that unlocks all production and merchandise opportunities. For the preparation and administration of financial decisions, financial success is critical. It is a method of determining how well a firm uses its assets from its core business mode to generate money, as well as a method of determining an organization's overall financial health over time. Every business, large, medium, or small, requires funding to continue operations and meet its goals. Finance is so important nowadays that it is rightfully referred to as the "living blood" of businesses. No business can achieve its goals without enough funding. As a result, the study of financial performance is critical, as it is the process of calculating the financial results of a company's operations. Financial performance analysis is the process of determining a company's financial strengths and weaknesses by correctly defining the relationship between balance sheet and profit and loss account components. It also aids in short- and long-term forecasting, as well as the identification of growth through the use of various financial techniques in financial performance analysis. In the development of the Indian economy, the bank plays a critical role. In emerging countries, a sound and efficient banking sector provides the required financial inputs to the economy. It also assesses an organization's overall financial health over a period of time. The financial performance of an organization is concerned with the bank's financial strengths and weaknesses, as well as the relationship between the balance sheet and the income statement.

Financial performance is the process of measuring how effectively a company utilizes its assets from primary mode of business to raise incomes it also measures organizations whole financial health over a particular period of time. Financial performance of the organization deals with the financial strength and weaknesses of bank accurately establishing a relationship between the balance sheet and income statement. This process used to clearly understand the growth of long-term and short-term of bank. There are several ways to analyze data the researcher used ratio analysis in this research. This analysis also helpful determines the credit worthiness of the bank to evaluate the market position among the competitors.

1.2 HISTORY OF HDFC BANK:

HDFC Bank Limited (Housing Development Finance Corporation) was incorporated in August 1994 with its registered office in Mumbai, India. HDFC Bank commenced operations as a scheduled commercial bank in January 1995. 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. The bank at present has an enviable network of over 4,805 branches spread over cities across India. All branches are linked on an online real time basis. Customers in over 500 locations are also servicing through telephone banking. The bank also has a network of about over 12,860 networked ATMs 2,657 across cities and towns. HDFC Bank provides a number of products and services including wholesale banking and retail banking, treasury, auto loans, two wheeler loans, personal loans, loans against property, consumer durable loans, life style loan, credit cards and the various digital products.

1.3 HDFC BANK IN INDIA:

HDFC Bank Limited is an Indian banking and financial services company headquartered in Mumbai. It is India's largest private sector bank by assets and the world's 10th-largest bank by market capitalization as of April 2021. It is the third largest company by market capitalization of \$122.50 billion on the Indian stock exchanges. It is also the fifteenth largest employer in India with nearly 120,000 employees.

The HDFC Bank provides the auto loan, credit and debit cards, personal loans, gold loans, commercial vehicles to finance, retail business banking. HDFC is the fastest growing bank in India. Around 12.76% market cap in India 2024.

HDFC Bank is one of the most trusted and reliable banking institutions in India, offering a wide range of banking and financial services to its customers, including digital banking, mobile banking, net banking, debit cards, and credit cards. The Bank has been consistently ranked as one of the top 10 banks in India in terms of assets and deposits. It has been recognized by the RBI as the Best Bank in India and has received numerous awards and recognitions for its customer service and product offerings.

HDFC Bank was incorporated in August 1994 and currently has a nationwide network of 4,500 branches and 12,500 ATMs spread across Indian towns and cities. HDFC Bank's Corporate Governance Policy has been adopted keeping in mind the importance of attaining fairness for all stakeholders, as well as achieving organizational efficiency. It also offers a range of investment and insurance products, as well as various loan products, such as home loans, personal loans, vehicle loans, and business loans.

1.3 (a) HDFC BANK'S MISSION:

"Is to be a world-class Indian bank. They 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 company aims to be the premier financial partner in ensuring sustainable housing and living standards. It is committed to providing financial solutions for sustainable living and assisting entrepreneurs in value addition."

1.3 (b) DEPOSIT GROWTH

HDFC Bank has consistently outperformed its peers in attracting deposits, and the merger presents another opportunity to expand its deposit base by tapping into the existing customer pool of the mortgage lender. Remarkably, 70% of these customers currently do not hold accounts with the bank. Arvind kapil, the retail head at HDFC Bank, recently shared his plans to encourage these customers to open savings accounts, thereby strengthening the bank's relationship with them.

Additionally, the merged entity will be able to offer in house home loan products to its clients, as only 2% of them currently possess mortgage products from HDFC Ltd., as revealed in a presentation when the merger was announced. This expansion of product offerings is seen as a means to enhance the customer's relationship with the bank, as highlighted by sashi jagdishan, the bank's chief executive, during the announcement of the merger.

1.3 (c) GROWTH IN HDFC BANK:

Over the past decade, HDFC Bank has consistently delivered impressive compound annual growth rates (CAGR) in profits, exceeding 15%, while many other large banks, except for JPMorgan Chase, have struggled to achieve CAGRs of less than 10% in earnings per share.

1.3 (d) LOAN GROWTH:

HDFC Bank, India's biggest financier, said its loans and deposits climbed about 5% in the September quarter, adjusted for the merger of HDFC with it, and that its home loans expanded more than double the rate of overall loan growth.

1.4 ACCOUNT & DEPOSITS SERVICE

Banking should be effortless. With HDFC bank, the efforts are rewarding. No matter what a customers need and occupational status, we have a range of solutions that are second to none. whether you're employed in a

company and need a simple savings account or run your own business and require a robust banking partner, HDFC Bank not only has the perfect solution for you, but also can recommend product. That can augment your planning for the future.

It includes these services:

- Saving accounts
- Current accounts
- Fix deposits
- Durante account
- Safe deposits lockers.

1.4 (A) SAVINGS ACCOUNT

These accounts are primarily meant to inculcate a sense of saving for saving for the future, accumulating funds over a period of time. Whatever person's occupation, bank have confident that person will find the perfect banking solution. There some saving accounts like

1.4 (a1) REGULAR SAVING ACCOUNT:

An easy-to-operate savings accounts that allows you issue chaques, draw demand drafts a withdraw cash. Check up on your balance from the comfort of your home or office through net banking, phone banking and mobile banking. If you need money urgently then you can take, inky from the ATM machine. There are 1977 ATM centers across the country.

1.4(a2) REGULAR SAVING ACCOUNT:

Introducing the best banking option for you with HDFC bank savings plus account. Now you can get access to some of the finest banking facilities with HDFC bank's savings plus account. All you have to do is maintain an average quarterly balance of Rs. 10,000/-.

1.4 (a3) SAVING MAX ACCOUNT:

Welcome to a world of convenience. Presenting savings max account, loaded with maximum benefits to make your banking experience a pleasure. By maintaining an average quarterly balance of just Rs. 25,000/- you get a host of premium services from HDFC bank absolutely free.

1.4(a4) CURRENT ACCOUNTS

HDFC Bank current account gives the power of inter-city banking with a single account and access to more than cities. Form special cheques that get treated at par with local ones in any city where branch, faster collection of outstation cheques (payable at branch location), free account to account funds transfer between HDFC bank accounts to free inter-city clearing of up to 100 lakhs per month, bank's priority services have become the benchmark for banking efficiency. Now, with an HDFC bank current account, experience the freedom of multi-city banking. Person can have the power of multi-location access to his account from any of our 761 branches in 327 cities. Not only have that, he can done most of his banking transactions form the comfort of his office of home without stepping out.

1.4 (a5) PLUS CURRENT ACCOUNT:

HDFC Bank plus current account gives the power of inter-city banking with a single account and access to more than cities. Plus current account requires maintaining an average quarterly balance of Rs. 100,000.

1.4 (a6) TRADE CURRENT ACCOUNTS:

In today's changing business requirements, you need to transfer funds across cities, and time is of the essences. HDFC bank trade current account gives power of inter-city banking with a single account.

From special cheques that get treated at per with local ones in any city where bank have a branch, to free account to account funds transfer between HDFC bank accounts, to free inter-city clearing of up to 50 lakhs per month, bank's priority services have become the benchmark for banking efficiency. Trade current account require maintaining an average quarterly balance of Rs.40, 000

1.4 (a7) PREMIUM CURRENT ACCOUNTS:

Business needs a partner who can manage finances while concentrate growing business. Form this account customer can avail benefits of inter-city banking account that requires an average quarterly balance of only Rs. 25,000, offers payable-At-Per cheque book facility & free inter-city clearing transaction across our network up to Rs. 25 lacks per month.

A current account with the benefits of accessing account from a large network of branches, and through direct access channels- the phone, mobile, internet and through the ATM.

1.4 (B) FIX DEPOSITS SERVICE

Long-term investments form the chunk of everybody's future plans. An alternative to simply applying for loans. Fixed deposits allow to borrow from own funds for a limited period, thus fulfilling needs as well as keeping a savings secure. People can invest his/her money into either in security market or gold or mutual fund or into a fixed deposits. People always go to that way where he/she can get more benefits and minimum risks. So, for this purpose he has a better chance to deposit money in to the fixed deposit.

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If people believe in long-term investments and wish to earn higher interests on his/her savings, now is the time to invest money in HDFC Bank fixed deposit. Get up to 9.75% on HDFC bank fixed deposit with additional 0.50% for senior citizens. What's more NO PENALTY if withdraw part of FD in times of need. Flexibility, security and high returns all bundled all bundled into one offering.

1.4 (b1) REGULAR FIX DEPOSIT

As per the rules and regulation of the bank a person can deposit their money in to a fixed deposit the bank and can get the benefits of these facilities.

1.4 (b2) FIVE YEAR TAX SAVING FIX DEPOSIT

In 2006 it was announced for first time that bank fixed deposits booked by an individual/HUF for 5 year & up to Rs. 1,00,000/- will be allowed exemption under sec 80c of the income tax act, 1961 subject to necessary declaration taken from the customer.

1.4 (b3) DEMAT ACCOUNT SERVICE

Nowadays share market is becoming is the main occupation of the person. So to avoid faulty processes demat account is really most important for the share market and for the safety of shares it is most important HDFC BANK is one of the depository participant (DP) in the country with over 8 lac demat accounts.

HDFC bank demat services offers a secure and convenient way keep track of securities and investment, over a period of time, without the hassle of handing physical document that get mutilated or lost in transit.

HDFC BANK is depository participant both with-national securities depositories limited (NSDL) and central depository services limited (CDSL).

1.4 (b4) SAFE DEPOSIT LOCKER

A safe deposit locker with HDFC bank is the solution to person's fear. Located at select branches in cities all over the country, bank's lockers ensure the safe keeping of valuable.

Eligibility

An individual (not minor), firms, limited company, associations, clubs, trusts, societies, etc. may hire a locker.

Advantages of safe deposit locker in HDFC bank

Wide availability

Lockers available in various sizes. i.e. small, medium, large and extra-large with varying rents. Lockers are rented out for a minimum period of one year. Rent is payable in advance. No deposits are required to avail a locker. Just open an account and get the locker facility.

There is a nominal annual charge, which depends on the size of the locker and the center in which the branch is located.

Nomination for Safe Deposit Locker

The Lockers and their contents can be nominated to people near and dear to you. Nomination facility is available to individual hirer of Safe Deposit Locker.

In the case of a sole hirer of a safe deposit locker, nomination can be made in favor of only one individual

Where the safe deposit locker is hired in the name of a minor, the nomination shall be made by a person lawfully entitled to act on behalf of the minor.

Terms & Conditions

- For obtaining a Locker at HDFC Bank you must be an account holder with Bank. Lockers can be allotted individually as well as jointly.
- The Locker holder is permitted to add or delete names from the list of persons who can operate the Locker and can have access to it.
- Loss of Key is to be immediately informed to the concerned Branch.

1.4 (c) LOAN SERVICES

In today's competitive world everything happens only with the help of money or through the money every person need money. But some time a person has not cash on hand at that time he needs loan either from any friend

or from any financial institute. Lone does not mean that only lower class person needs it but also upper class person it is needed.

As per the requirement of the every person there are much type of loans are there in the HDFC bank.

1.4 (c1) PERSONAL LOAN:

A person has so many dreams but some time due to scarcity of money a dream can't be satisfy. So, here one solution for that person this is personal loan. From this he/she can fulfill their needs or requirement. It can be any thing either a dream of vacation or son/daughter's admission to college or any wedding, so personal loan can be helpful in this entire requirement.

As person ordered in the hotel for tea or coffee and it is immediately came fast, same over here any person want to get a personal loan with the nominal documents he can get the loan.

1.4 (c2) HOME LOAN:

HDFC Bank brings HDFC Home loans to doorstep. With over 30 years of experience, a dedicated team of experts and a complete package to meet all housing finance needs, HDFC Home Loans, help people realize dream.

1.4(c3) GOLD LOAN:

With HDFC Bank's Gold Loan, person can get an instant loan against gold jewellery and ornaments. The procedure is simple, documentation is minimal and approval is quick. A person can get 70% loan on the value of the gold jewellery and ornaments. There is also availability of the overdraft on the gold jewellery. With this a customer can get free additional services like free personalized cheque book, free international debit card, and free net banking phone banking services.

1.4 (c4) EDUCATIONAL LOAN

Nowadays important of education becoming very high. ASs it important becoming high it is becoming costly. So in the higher education some time people cannot effort a high price at a same time. So, there is education loan is also available for the student. A person can get loan up to 10 lakhs to study in India and 20 lakhs if he wants to study in abroad. Loan available up to tenure of 7 years including moratorium period. Loans disbursed directly to the educational institution. It is released as per fee schedules of institutes. Exclusive Telegraphic Transfer facility available for courses abroad. Loans available for short duration/job oriented courses also.

1.4(d) CARD SERVICES

In today's competitive and fast time card services providing by the banks are really very important to every person and every business needs or to take meal in to the hotel or to purchase jewellery from the jewellery shops cards are playing good role in the banking sectors.

Bank ranges of Cards help to meet financial objectives. So whether persons are looking to add to his buying power, conducting cashless shopping, or budgeting his expenditure, he will find a card that suits him.

1.4 (d1) CREDIT CARDS

A person wants many things like, a trip to Bali, a diamond ring for wife's dreams. Some dreams can't wait. If there's something person has always wanted. If a person wanted fulfilthis was he can get benefits from the HDFC bank's credit cards facilities.

DIFFSERENT TYPES OF CREDIT

CLASSIC CARDS

- Silver Credit Card.
- Value plus Credit Card.
- Health plus Credit Card.

PREMIUM CARDS:

- Gold Credit Card
- Titanium Credit Card
- Woman's Gold Card
- Platinum Plus Credit Card

4.1 (d2) DEBIT CARD

HDFC Bank Debit Cards give person complete and instant access to the money in his accounts without the risk or hassle of carrying cash.

TYPES OF DEBIT CARD: -

- Classic card
- Easy shop international Debit card.
- Premium card
- Easy shop gold Debit card.

- Specialized card
- Easy Shop International Business Debit Card.
- Easy Shop Woman's Advantage Debit Card
- Easy Shop NRO Debit Card.
- Kisan Card.

1.4 (d3) PREPAID CARD

Besides offering convenience, Prepaid Cards have been tailored to answer travel and gifting needs. ForexPlus Cards

- Prepaid Travel Card.
- Gift Plus Cards
- Prepaid Gift Card.
- Food Plus Cards
- Prepaid Food Plus card.
- Money Plus Card
- The Corporate Payment card

BRANCHES OF HDFC BANK IN INDIA

HDFC Bank is headquartered in Mumbai. As of September 30, 2023, the Bank's distribution network was at 7,945 branches across 3,836 cities. Customers across India are serviced through multiple delivery channels such as Phone

TABLE 1.1

STATE WISE BRANCHES OF HDFC BANK IN INDIA

NAME OF THE STATE	NUMBER OF BRANCHES
ANDAMAN&NICOBAR ISLAND	7
ANDHRA PRADESH	526
ARUNACHAL PRADESH	9
ASSAM	122
BIHAR	164
CHANDIGARH	10
CHHATTISGARH	210
DADRA AND NAGAR HAVELI	5
DAMAN AND DIU	8
DELHI	302
GOA	122
GUJARAT	723
HARYANA	471
HIMACHAL PRADESH	106
JAMMU AND KASHMIR	116
JHARHAND	80
KARNATAKA	508
KERALA	353
LAKSHAWEEP	1
MADHYA PRADESH	381
MHARASHTRA	1413
MANIPUR	13
MEGALAYA	24
MIZORAM	12
NAGALAND	7
ODISHA	225
PADUCHERRY	4
PUNJAB	584
RAJASTHAN	512
SIKKIM	13

TAMIL NADU	560
TELANGANA	279
TRIPURA	19
UTTAR PRADESH	837
UTTARAKHAND	103
WEST BENGAL	357

Source: Annual Report HDFC BANK

1.5 STATEMENT OF THE PROBLEM

The country's largest private sector lender HDFC bank some of customers are facing intermittent issues while accessing net banking and mobile banking facilities. Customers facing outstares took to social media to vent out their frustration. HDFC bank said some customers are facing intermittent issues accessing our net banking/mobile banking app. We are looking in to it on priority for resolution.

1.6 OBJECTIVES OF STUDY:

1. To analyze the liquidity and solvency position of the bank
2. To identify the financial strength and weakness of the HDFC Bank

1.7 SCOPE OF THE STUDY

HDFC Bank is the most profitable among all domestic scheduled commercial banks. HDFC Bank motto is we understand year world. 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 is important players in financial market and offer financial services such as investment funds.

2.1 REVIEW OF LITERATURE

Sureshchandar. G.S. Chandra Sekharan Rajendran, and R.N. Anantharaman (2022) in their article, critically examined the service quality issued from the customer's point of view. Their study was conducted in a developing country, like India. The authors selected three groups of banks for their study viz. Public sector, Private sector and foreign banks. Authors in their study found that in terms of the customers' perceptions of service quality, the technological factors appeared to contribute more in differentiating the three sectors and the people oriented factors appear to contribute less in differentiation among these three sectors. In terms of performance, foreign banks topped among the three groups, and performance of public sector banks was even less than private sector banks.

Wong and Sohal (2022) in their article evidenced that perceived service quality had an impact on customer loyalty. In a study conducted in retail trade, a positive relationship was found between service quality and customer loyalty.

ANALYSIS OF INTERPRETION:

3.1 RESEARCH METHODS:

Research method is a broad term. While methods of data collection core data analysis represents be core of research methods.

3.2 SECONDARY DATA:

Secondary data is the data, which is collected from published source. The secondary data various sources such as bank's annual report to previous years different document prepared by the bank and from various reference book also.

It is refers to a type of data that has been previously published in journals, magazines, online and other sources.

3.3 DATA ANALYSIS:

This chapter deals with data analysis and interpretation. The outcome of the present study yield significant findings of HDFC bank. Some of the major ratio has been evaluated and interpreted for the purpose of understanding the financial performance of the bank.

3.4 RATIO ANALYSIS:

Ratio analysis is obtained by dividing the first number of the ratio with the second number of the ratio. It is expressed as a single decimal number or sometime multiplied by 100 and expressed as a percentage.

OBJECTIVE-1

3.5 TO ANALYZE THE LIQUIDITY AND SOLVENCY POSITION OF THE BANK

SHORT-TERM SOLVENCY RATIOS

CURRENT RATIO:

The current ratio is a liquidity ratio that measures a company's ability to pay short-term obligations or those due within one year. It tells investors and analysts how a company can maximize the current assets on its balance sheet to satisfy its current debt and other payables.

A current ratio that is in line with the industry average or slightly higher is generally considered acceptable. A current ratio that is lower than the industry average may indicate a higher risk of distress or default. Similarly, if a company has a very high current ratio compared with its peer group, it indicates that management may not be using its assets efficiently.

The current ratio is called current because, unlike some other liquidity ratios, it incorporates all current assets and current liabilities. The current ratio is sometimes called the working capital ratio.

Current Ratio = current assets/ current liabilities.

current ratio of less than 1.00 does not have the capital on hand to meet its short-term obligations if they were all due at once, while a current ratio greater than 1.00 indicates that the company has the financial resources to remain solvent in the short term.

TABLE 3.1 : CURRENT RATIO

FINANCIAL YEAR	MARCH 2019	MARCH 2020	MARCH 2021	MARCH 2022	MARCH 2023
CR	0.05	0.04	0.03	0.05	0.07

Source: annual report in HDFC bank.

Table 3.1 shows that the current ratio was 0.05 in the year financial year(FY) 2019 it was decreased to 0.04 and 0.03 in the year 2020 and 2021. In the year 2022 the ratio was increased 0.05 in previous year and 2023 financial year current ratio 0.07 is higher than previous year.

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QUICK RATIO:

The Quick Ratio, also known as the Acid-test or Liquidity ratio, measures the ability of a business to pay its short-term liabilities by having assets that are readily convertible into cash. These assets are, namely, cash, marketable securities, and accounts receivable. These assets are known as “quick” assets since they can quickly be converted into cash.

Quick Ratio = [Current Assets – Inventory – Prepaid expenses] / Current Liabilities

A quick ratio of less than 1 or 1:1 isn't always a death sentence for a company. It simply means the company does not have enough liquid assets to pay off short-term debts. A company may have excellent terms with its lenders, so those short-term debt payments may be smaller than they seem on the balance sheet. Additionally, for a company like Apple, inventory may be liquid enough to fill in the gaps left by other current assets. Companies can also seek further financing to meet short-term obligations.

Table 3.2 : QUICK RATIO

Financial Year	2019	2020	2021	2022	2023
Quick Ratio	16.61	16.62	17.58	18.77	19.48

Source: annual report in HDFC bank.

Table 3.2 explains ability of bank to meet its financial obligation it gives better position of the bank. Quick ratio in the year 2019 is 16.61 which had increased by 16.62 and 17.58 in the year 2020 and 2021 respectively and also 2022 and 2023 increased 18.77 and 19.48 during period the bank liquidity position is good.

LONG-TERM SOLVENCY RATIOS

FIXED ASSET RATIO:

This ratio deals the relationship between fixed assets and long-term funds. The primary motto of this ratio is to ascertain the proportion of long-term funds invested in fixed assets.

Fixed assets ratio = fixed assets / long-term fund

An ideal fixed assets ratio is 0.67 the ratio must not be more than 1, if the ratio is less than 1 it indicates a that a portion of working capital had financed by long-term funds.

Table 3.3: fixed assets ratio

Financial Year	2019	2020	2021	2022	2023
FAR	0.09	0.09	0.08	0.07	0.07

Source: annual report in HDFC bank.

Table 3.3 fixed assets and long – term funds of the bank. In the year 2019 fixed asset ratio is 0.09 and 2020 fixed asset ratio 0.09 both are year ratio are same and 2021 and 2022 is fixed asset ratio is 0.08 and 0.07 decreased for previous years. Hence a portion of working capital had financed by long-term funds during the study period.

DEBT TO EQUITY RATIO:

Used in corporate and personal finance, the debt-to-equity (D/E) ratio is a metric that evaluates your company's financial leverage. In other words, it lets you determine how much a company finances its operations via debt as opposed to owned funds. It's referred to as the personal debt-to-equity ratio when used with personal financial statements.

The debt-to-equity ratio helps you determine if there's enough shareholder equity to pay off debts if your company were to face a decrease in profits. Investors tend to modify the ratio to center on long-term debt since risks vary when you look beyond the short-term, or they use other formulas to determine a company's short-term leverage. Keep in mind that the debt-to-equity ratio calculation risks changes incurred from earnings, losses and other adjustments. A company's debt-to-equity ratio also varies across industries, as amounts of debt change by sector.

Debt-to-equity ratio = Total liabilities / Total shareholders' equity

A debt-to-equity ratio below 1.0 is considered healthy, but it depends on the industry. However, aiming for one below 2.0 is ideal.

TABLE 3.4 :DEBT TO EQUITY RATIO

Financial year	2019	2020	2021	2022	2023
Debt to Equity ratio	6.97	7.56	7.22	7.26	7.46

Source: annual report in HDFC bank.

Table 3.4 explains debt-to-equity ratio relationship. In the year 2019 the ratio was 6.97 and it was same in the year 2020 followed by this it was increased by 7.56 during the year 2021 and 2022 was 7.22 and 7.26 are decreased. 2023 is better than 7.46 for 20

PROPRIOETARY RATIO:
This ratio is called as owner fund ratio or net worth ratio. This ratio points out relationship between the stake holder's funds total tangible assets.

Proprietary ratio = shareholders' funds / total tangible assets

This ratio is very useful to determine the long- term solvency of the company. It is important to the creditors who can ascertain the proportion of shareholders funds in the total assets employed in the company. Standard norm of this ratio 0.5 below this standard norm the creditors may have to loss heavily in the event of winding company.

TABLE 3.5: PROPRIOETARY RATIO

Financial year	2019	2020	2021	2022	2023
Proprietary Ratio	1.17	1.02	0.94	1.15	1.42

Source: annual report in HDFC bank.

Table 3.5 clearly explains that long-term solvency of the company. In the year 2019 the ratio was 1.17 which has decreased by 1.02 in the year 2020. But it was decreased to 0.94 during the year 2021. Followed by this year 2022 and 2023 it was increased to 1.15 and 1.42 respectively. These ratios are more than the standard norm of 0.5. it is clearly shows that the creditors are highly safe during the study period. 21 and 2022.

OBJECTIVE – 2

3.5 TO IDENTIFY THE FINANCIAL STRENGTH AND WEAKNESS OF THE HDFC BANK

3.5(A) HDFC Strengths

a.1. Comprehensive network of branches

HDFC Bank stands out as India's second-largest financial institution in private banking. The bank has up to 6,342 branches and 18,130 ATMs. That empowers the bank to reach a wider population, which in turn has a positive impact on its annual revenue.

a.2. Significant player in the banking sector

HDFC Bank ranks as the number one private sector bank by assets in India and the 16th largest bank by market capitalization. HDFC trades on the Indian stock exchanges at a market capitalization of 9.04 trillion Rupees.

a.3. Strong presence in retail banking

The bank performs exceptionally well in retail banking. It provides customized services to individual consumers who get better ways of managing their money, accessing credit, and securely depositing money. Some of the services available in the retail banking segment include credit cards, personal loans, mortgages, certificates of deposit, and savings accounts.

a.4. SME finance services

HDFC Bank provides financial solutions to small and medium businesses all over India. The SME services available include credit cards, working capital, trade services, cards, loans, accounts, and payments and collections.

a.5. High customer satisfaction rating

The bank has enjoyed significantly higher customer ratings compared to other private banks. Generally, the bank has positive reviews for good services and outstanding customer support and does well for both current and savings accounts. HDFC's net promoter score, a customer satisfaction metric, has improved by 22% from last year.

a.6. Has awards that create customer confidence

HDFC Bank has received several awards and recognition that work in its favor regarding getting customer confidence. For instance, the bank has been awarded the 'Best Bank' title from key financial rating institutions like Financial Express, Finance Asia Country Awards, Euro money Awards for Excellence, and Dun and Bradstreet.

a.7. High employee retention rate

HDFC Bank has a large employee database due to the company's size. Despite that, the bank enjoys a high employee retention rate. That means they save time on recruitment processes but instead can plan on company growth. The ability to keep employees for a long time also sends a strong message to customers as they note that the bank has significant stability.

a.8. Merger with parent HDFC approved

The merger between HDFC Bank and the parent company HDFC Ltd. has been approved. That gives the bank a solid platform for seamlessly delivering home loans and leveraging on a larger customer base. Furthermore, the two can now liaise to enhance the speed of credit growth.

a.9. Leverages technology

HDFC Bank has invested significantly in technology, improving the service quality. Customers no longer need to make long queues at the bank because they can complete most transactions from the comfort of their homes via mobile banking and online banking.

HDFC Bank provides a Net Banking platform on which customers register online with the help of OTP sent on a mobile number for added security level.

a.10. Leadership in payments technologies

HDFC Bank is an important player in the payments business, with a leading market share in issuing, acceptance, and consumer finance. The company has grown drastically in recent years in the payment business, distributing more than 63 million payment cards. Every third rupee spent on cards in India is via HDFC Bank cards.

3.5(B) HDFC Weaknesses

b.1. Lack of strong rural presence

HDFC Bank has yet to create a strong presence in the rural area, contrary to what its main competitor ICICI has been doing. This lack of rural dominance means the company loses important businesses that would have further bolstered its revenue.

Currently, the bank has 1,147 branches in rural areas, compared with 1,312 in urban areas and 1,843 in metropolitans.

b.2. Underperforms in some sectors

Even though the bank has made efforts to penetrate various segments, that does not mean it is doing well in all. The bank's shares on stock exchanges are underperforming, reporting lower than expected earnings in the quarter ending March 2022.

The disappointment in earnings and subsequent target price cuts have led to the stock underperforming its competitors consecutively for several months.

b.3. Restrained marketing approach

HDFC Bank does not advertise as aggressively as ICICI. The lack of effective marketing strategies has not anchored well with the bank's intention to expand its market growth. Additionally, it has made most customers label it as a bank of high-end clients.

b.4. Investors' uncertainty

Investors have remained uncertain about their investment in HDFC Bank for a while because the bank's share prices keep fluctuating.

b.5. Stiff competition from public and private banks

HDFC Bank has to put up with spirited competition from other banks with more aggressive marketing strategies.

b.6. Weak international presence

HDFC mainly operates its businesses in India, with overseas branches in Hong Kong, Kenya, and Abu Dhabi. Only 0.55% of total revenue is contributed by overseas branches. The dependency on its domestic business makes the bank vulnerable to the economic situation in India.

3.5(C) HDFC Opportunities

c.1. Leverage growing corporate banking

HDFC Bank can expand its business by taking advantage of the growing corporate banking sector. According to India Ratings & Research, banking credit is expected to have double-digit growth in the next few years. Small, medium, and large businesses are expanding at a rapid rate. The bank can use its positive reputation in corporate banking to attract these customers.

c.2. Venture into foreign markets

HDFC Bank can start looking beyond its borders. It is something that they can do easily, considering the bank's strong financial backing.

c.3. Debt settlement process

HDFC Bank has gradually improved its bad debt portfolio compared to most government banks. Putting in place efficient debt settlement processes can further work to its advantage.

c.4. Asset availability for growth

HDFC Bank has the required resources for it to grow. Its good asset quality puts it above government banks in terms of growth potential.

c.5. Digital opportunities

HDFC has been actively integrating technology into its operations. The company has engaged in digital transformation, which is under three pillars named Digital Factory, Enterprise Factory, and Enterprise IT. The bank is future-ready to harvest any new opportunities related to digital banking.

3.5(D) HDFC Threats

d.1. New-age banking

We are in an era of banking where things have changed from how they used to be done traditionally. Aspects like online crypto currency and online stock trading present significant threats to HDFC Bank if it does not adapt to the new environment.

d.2. Restricted growth

HDFC Bank has had a rough time trying to increase its market share due to the spirited marketing that ICICI has conducted.

d.3. Increasing competition

Government banks have started becoming more flexible, which makes them more competitive with private banks like HDFC Bank.

d.4. Data securities

As more and more client data and software systems are stored in the cloud, cybercriminals could utilize this vulnerability to organize cyber-attacks. Cyber security has become an important issue in banking. HDFC will need to ensure the safety of its IT infrastructures to avoid harmful breaches.

CONCLUSION:

HDFC Bank is a largest private sector bank in India. The research was on financial performance of HDFC Bank for five years from 2019 to 2023 the data has been collected from reports of the bank and the website the data was analyzed through ratio analysis. The research health of HDFC Bank. For its table and ratio analysis were used to analyze and interpret the information obtained HDFC Bank deals with three key business segments.

- Retail banking services
- Wholesale banking services
- Treasury operation

Retail banking business caters to salaries and professional borrowing, individual borrowing, micro and small businesses, extremely small businesses like self-help group (SHGS), non-resident Indian (NRIs)

The study mainly concentrates on the analysis of financial performance and soundness of bank. It helps to understand the working of the bank. From the study financial performance of HDFC Bank it can be concluded that the bank satisfactory position with regard to profitability and the bank needs to improve its liquidity and solvency. If the bank continues to work with more efficiency, it can have greater success in the near future.

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