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Research Paper

A STUDY ON FINANCIAL STATEMENT ANALYSIS AT HDFC BANK

1.Pavani Veladandi, II MBA Student, Malla Reddy Engineering College(Autonomous), Hyderabad, E-mail Id: pavaniveladandi02@gmail.com
2.Mr. M.Sreenivas, Assistant Professor, Department of MBA, Malla Reddy Engineering College(Autonomous), Hyderabad, E-Mail Id: sreenivas@mrec.ac.in

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ABSTRACT

This study aims to analyze the financial performance of HDFC Bank Ltd. through a detailed examination of its financial statements over a five-year period from 2020 to 2025. The analysis focuses on key components such as the Comparative Balance Sheet, Trend Analysis, and essential financial indicators including capital, reserves, deposits, borrowings, advances, and investments.The purpose of the study is to evaluate the bank's financial stability, profitability, and growth by understanding year-over-year changes in its assets and liabilities. The findings highlight that HDFC Bank has consistently shown strong growth in deposits and advances, effective capital utilization, and a robust increase in reserves and surplus. A significant rise in total assets and borrowings in the financial year 2025 suggests an aggressive expansion strategy backed by solid capital planning.Through this study, it is observed that HDFC Bank maintains a sound financial position, with increasing net profits, growing customer base, and efficient fund management. The overall financial statement analysis reveals that the bank is not only stable but is also expanding rapidly, securing its place as one of the most successful and trusted private sector banks in India.

KEY WORDS

Financial Performance, Financial Statement Analysis, Profitability, Comparative Balance Sheet, Trend Analysis.

INTRODUCTION

Financial statement analysis is a detailed examination of a company's financial reports to assess its performance and stability. It involves evaluating key documents like the balance sheet and income statement to understand profitability, liquidity, solvency, and operational efficiency. This process helps identify how well a company is managing its resources and whether it is financially sustainable. By studying financial statements, one can determine if a company is earning profits, controlling costs, and staying financially healthy. It is a vital tool for investors, managers, and stakeholders to make informed decisions. In the case of HDFC Bank Ltd., a leading private sector bank in India, such analysis is especially important. It helps in understanding the bank's financial strength and long-term stability. Investors use this information to decide whether to invest in the bank. The bank's management also uses it to improve performance and strategic planning. Overall, financial analysis shows how HDFC Bank manages risks, captures growth opportunities, and responds to market challenges.

REVIEW OF LITERATURE

1. **Agrawal (2020)** studied the financial performance of private and public sector banks and found that ratio analysis is a useful tool in identifying growth patterns. This supports the approach used in analyzing HDFC Bank's financial statements in the current study.
2. **Kavitha (2020)** analyzed the financial statements of HDFC Bank over

multiple years and concluded that the bank has shown consistent growth in net worth and reserves. This aligns with the current project findings on reserves and surplus.

3. **Sharma (2022)** conducted a trend and ratio analysis of HDFC Bank and observed that although revenues increased, profitability ratios showed mixed trends. This provides a comparative view for evaluating profitability in this study.

NEED AND IMPORTANCE OF THE STUDY

Financial statement analysis is important because it helps in understanding a company's financial position by showing its assets, liabilities, income, and expenses. It supports key decision-making for investors, management, and creditors by offering insights into profitability and financial stability. The analysis also measures business performance over time, showing growth and efficiency. It identifies strengths like high liquidity or profitability and weaknesses such as rising debt or falling revenue. Past financial data can help forecast future trends and guide strategic planning. In the case of HDFC Bank, this study is needed to check its financial growth, assist investors and customers in understanding its performance, assess risk management, and suggest improvements for future development.

SCOPE OF THE STUDY

The scope of this study is to evaluate the overall financial performance of HDFC Bank. It aims to understand how the bank's financial position has improved or changed over recent years. The study specifically examines trends in the bank's assets and liabilities by analyzing its balance sheets. It focuses on identifying patterns of growth or decline in financial figures. The primary concentration is on financial data and ratios, without considering other business operations or non-financial activities. This focused approach helps in providing a clear picture of the bank's financial health and stability.

OBJECTIVES OF THE STUDY

1. To examine the financial performance of HDFC bank over the last five years.
2. To analyze various items of the balance sheet and find reasons for increase or decreases of such items.
3. To compare the financial performance over few years by using comparative balance sheet technique.
4. To interpret the overall financial performance of the bank.

METHODOLOGY OF THE STUDY

The research methodology outlines the procedures and techniques used to collect and analyze information relevant to the study. This project follows a descriptive research method, aiming to evaluate the financial performance of HDFC Bank using data from its balance sheets. The approach is structured to meet the research objectives through the systematic use of selected financial data over a specific time frame.

DATA SOURCES

The study relies entirely on secondary data. No primary data was collected. The secondary data includes annual reports of HDFC Bank, pamphlets, internal records, financial textbooks, journals, and articles from reputable business publications such as The Economic Times and Business Line.

PERIOD OF THE STUDY

The study covers a four-year period, from April 1, 2020, to March 31, 2025.

DATA ANALYSIS TOOLS

The main analysis used here are:

1. **Comparative Balance Sheet**
2. **Trend Analysis**
3. **Ratio Analysis**

LIMITATIONS OF THE STUDY

1. The study has been done on the data furnished by the company.
2. Since the prime objective of the study is to understand the overall financial performance of the company, secondary data have been used and

usage of secondary data can be a limitation.

3. The analysis is based on only comparative financial statements.
4. The study was limited to the available information given by the bank as some of the information was confidential from the view point of bank.
5.

DATA ANALYSIS AND INTERPRETATION

COMPARATIVE BALANCE SHEET FOR THE YEAR 2020-2021

Particulars	2020	2021	Increase/ decrease(Rs.)	%
CAPITAL&LIABILITIES				
Capital	544.66	548.33	3.67	0.67%
Reserves and Surplus	148,661.69	170,437.70	21776.01	14.64%
Deposits	923,140.93	1,147,502.29	224361.36	24.30%
Borrowings	117,085.12	144,628.54	27543.42	23.52%
Other liabilities and provisions	55,108.29	67,394.40	12286.11	22.29%
Total Liabilities	**1,244,540.69**	**1,530,511.26**	**285970.57**	**22.97%**
ASSETS				
Cash and balances with RBI	46,763.62	72,205.12	25441.5	54.40%
Balances with banks and money at call and short notice	34,584.02	14,413.60	-20170.42	-58.32%
Investments	290,587.88	391,826.66	101238.78	34.83%
Advances	819,401.22	993,702.88	174301.66	21.27%
Fixed Assets	4,030.00	4,431.92	401.92	9.97%
Other Assets	49,173.95	53,931.09	4757.14	9.67%
Total Assets	**1,244,540.69**	**1,530,511.26**	**285970.57**	**22.97%**

ANALYSIS AND INTERPRETATION

In the year 2021, HDFC Bank showed overall growth in both its capital and assets compared to 2020. The share capital rose slightly from ₹544.66 crores to ₹548.33 crores, a 0.67% increase. Reserves and surplus increased by 14.64%, reaching ₹1,70,437.70 crores. Deposits witnessed a strong rise of 24.30%, totaling ₹11,47,502.29 crores. Borrowings grew by 23.52%, while other liabilities and provisions rose by 22.29%. Overall, total capital and liabilities increased from ₹12,44,540.69 crores to ₹15,30,511.26 crores, marking a 22.97% growth. On the assets side, cash and balances with RBI jumped by 54.40%, while balances with banks and money at call and short notice declined sharply by 58.32%. Investments grew by 34.83%, and advances saw a rise of 21.27%. Fixed assets and other assets also showed moderate growth of 9.97% and 9.67% respectively. The total assets stood at ₹15,30,511.26 crores in 2021, reflecting a 22.97% increase from the previous year.

COMPARATIVE BALANCE SHEET FOR THE YEAR 2021-2022

Particulars	2021	2022	Increase/ decrease(Rs.)	%
CAPITAL&LIABILITIES				
Capital	548.33	551.28	2.95	0.537%
Reserves and Surplus	170,437.70	203,169.55	32731.85	19.20%
Deposits	1,147,502.29	1,335,060.22	187557.93	16.34%

Borrowings	144,628.54	135,487.32	-9141.22	-6.32%
Other liabilities and provisions	67,394.40	72,602.15	5207.75	7.72%
Total Liabilities	**1,530,511.26**	**1,746,870.52**	**216359.26**	**14.13%**
ASSETS				
Cash and balances with RBI	72,205.12	97,340.74	25135.62	34.81%
Balances with banks and money at call and short notice	391,826.66	22,129.66	-369697	-94.35%
Investments	391,826.66	443,728.29	51,901.63	13.24%
Advances	993,702.88	1,132,836.63	139133.75	14.00%
Fixed Assets	4,431.92	4,909.32	477.4	10.77%
Other Assets	53,931.09	45,925.89	-8005.2	-14.84%
Total Assets	**1,530,511.26**	**1,746,870.52**	**216359.26**	**14.13%**

ANALYSIS AND INTERPRETATION

In the financial year 2022, HDFC Bank continued to show a positive growth trend in most areas. The share capital increased slightly by 0.537%, reaching ₹551.28 crores, while reserves and surplus rose significantly by 19.20% to ₹2,03,169.55 crores. Deposits also grew by 16.34%, amounting to ₹13,35,060.22 crores. However, borrowings decreased by 6.32%, indicating a reduced reliance on external debt. Other liabilities and provisions increased by 7.72%, contributing to the overall rise in total liabilities, which stood at ₹17,46,870.52 crores, marking a 14.13% increase. On the assets side, cash and balances with the RBI surged by 34.81%, while balances with banks and money at call and short notice declined sharply by 94.35%. Investments went up by 13.24%, and advances rose by 14.00%, reflecting stable credit growth. Fixed assets grew moderately by 10.77%, while other assets saw a decline of 14.84%. The total assets matched the total liabilities at ₹17,46,870.52 crores, showing a 14.13% growth from the previous year.

COMPARATIVE BALANCE SHEET FOR THE YEAR 2022-2023

Particulars	2022	2023	Increase/ decrease(Rs.)	%
CAPITAL&LIABILITIES				
Capital	551.28	554.55	3.27	0.593%
Reserves and Surplus	203,169.55	239,538.38	36368.83	17.90%
Deposits	1,335,060.22	1,559,217.44	224157.22	16.79%
Borrowings	135,487.32	184,817.21	49329.89	36.40%
Other liabilities and provisions	72,602.15	84,407.46	11805.31	16.26%
Total Liabilities	**1,746,870.52**	**2,068,535.05**	**321664.53**	**18.41%**
ASSETS				
Cash and balances with RBI	97,340.74	129,995.64	32654.9	33.54%
Balances with banks and money at call and short notice	22,129.66	22,331.29	201.63	0.911%
Investments	443,728.29	455,535.69	11807.4	2.66%
Advances	1,132,836.63	1,368,820.93	235984.3	20.83%
Fixed Assets	4,909.32	6,083.67	1174.35	23.92%
Other Assets	45,925.89	85,767.83	39841.94	86.75%
Total Assets	**1,746,870.52**	**2,068,535.05**	**321664.53**	**18.41%**

ANALYSIS AND INTERPRETATION:

In the financial year 2023, HDFC Bank recorded notable growth across most financial indicators. The share capital rose slightly by 0.593% to ₹554.55 crores, while reserves and surplus increased significantly by 17.90%, reaching ₹2,39,538.38 crores. Deposits grew steadily by 16.79% to ₹15,59,217.44 crores, and borrowings surged by 36.40% to ₹1,84,817.21 crores. Other liabilities and provisions also rose by 16.26%, leading to an overall increase in total liabilities to ₹20,68,535.05 crores, up by 18.41% from the previous year. On the assets side, cash and balances with the RBI grew by 33.54%, and balances with banks and money at call and short notice increased slightly by 0.911%. Investments rose marginally by 2.66%, while advances saw a healthy growth of 20.83%, indicating strong credit expansion. Fixed assets increased by 23.92%, and other assets jumped significantly by 86.75%. Total assets matched total liabilities at ₹20,68,535.05 crores, showing an overall growth of 18.41% over the previous year.

COMPARATIVE BALANCE SHEET FOR THE YEAR 2022-2023

Particulars	2023	2024	Increase/ decrease(Rs.)	%
CAPITAL&LIABILITIES				
Capital	554.55	557.97	3.42	0.616%
Reserves and Surplus	239,538.38	279,641.03	40102.65	16.74%
Deposits	1,559,217.44	1,883,394.65	324177.21	20.79%
Borrowings	184,817.21	206,765.57	21948.36	11.87%
Other liabilities and provisions	84,407.46	95,722.25	11314.79	13.40%
Total Liabilities	**2,068,535.05**	**2,466,081.47**	**397546.42**	**19.21%**
ASSETS				
Cash and balances with RBI	129,995.64	117,160.77	-12834.87	-9.87%
Balances with banks and money at call and short notice	22,331.29	76,604.31	54273.02	243.03%
Investments	455,535.69	517,001.43	61465.74	13.49%
Advances	1,368,820.93	1,600,585.90	231764.97	16.93%
Fixed Assets	6,083.67	8,016.54	1932.87	31.77%
Other Assets	85,767.83	146,712.52	60944.69	71.05%
Total Assets	**2,068,535.05**	**2,466,081.47**	**397546.42**	**19.21%**

ANALYSIS AND INTERPRETATION:

In the financial year 2024, HDFC Bank continued its upward financial trajectory with notable increases across key areas. The share capital rose marginally by 0.616% to ₹557.97 crores, while reserves and surplus grew by 16.74%, reaching ₹2,79,641.03 crores. Deposits increased significantly by 20.79% to ₹18,83,394.65 crores, and borrowings rose by 11.87% to ₹2,06,765.57 crores. Other liabilities and provisions went up by 13.40%, resulting in a total liabilities figure of ₹24,66,081.47 crores, marking a 19.21% increase. On the assets side, cash and balances with RBI decreased by 9.87%, whereas balances with banks and money at call and short notice surged by 243.03% to ₹76,604.31 crores. Investments rose by 13.49% to ₹5,17,001.43 crores, and advances grew by 16.93% to ₹16,00,585.90 crores. Fixed assets also increased by 31.77%, while other assets saw a sharp rise of 71.05%. Total assets matched total liabilities at ₹24,66,081.47 crores, reflecting a solid overall growth of 19.21% from the previous year.

COMPARATIVE BALANCE SHEET FOR THE YEAR 2024-2025

Particulars	2024	2025	Increase/ decrease(Rs.)	%
CAPITAL&LIABILITIES				
Capital	557.97	759.69	201.72	36.15%
Reserves and Surplus	279,641.03	436,833.40	157192.37	56.21%
Deposits	1,883,394.65	2,379,786.28	496391.63	26.35%
Borrowings	206,765.57	662,153.08	455387.51	220.24%
Other liabilities and provisions	95,722.25	135,437.93	39715.68	41.49%
Total Liabilities	**2,466,081.47**	**3,617,623.09**	**1151541.6**	**46.69%**
ASSETS				
Cash and balances with RBI	117,160.77	178,683.22	61522.45	52.51%
Balances with banks and money at call and short notice	76,604.31	40,464.20	-36140.11	-47.17%
Investments	517,001.43	702,414.96	185413.53	35.86%
Advances	1,600,585.90	2,484,861.52	884275.62	55.24%
Fixed Assets	8,016.54	11,398.99	3382.45	42.19%
Other Assets	146,712.52	199,800.20	53087.68	36.18%
Total Assets	**2,466,081.47**	**3,617,623.09**	**1151541.6**	**46.695**

ANALYSIS AND INTERPRETATION:

In the financial year 2025, HDFC Bank witnessed remarkable growth across all key financial indicators. The share capital rose sharply by 36.15% to ₹759.69 crores, while reserves and surplus increased substantially by 56.21%, reaching ₹436,833.40 crores. Deposits grew by 26.35% to ₹2,379,786.28 crores, and borrowings saw an exceptional rise of 220.24%, reaching ₹662,153.08 crores. Other liabilities and provisions also climbed by 41.49%, leading to a total liabilities figure of ₹3,617,623.09 crores, reflecting a robust growth of 46.69%. On the assets side, cash and balances with RBI rose by 52.51%, while balances with banks and call money dropped by 47.17%. Investments increased by 35.86% to ₹702,414.96 crores, and advances saw a major growth of 55.24%, totaling ₹2,484,861.52 crores. Fixed assets rose by 42.19%, and other assets increased by 36.18%. Overall, the total assets reached ₹3,617,623.09 crores, matching total liabilities and marking a strong growth of 46.69% from the previous year.

ANALYSIS OF VARIOUS ITEMS OF BALANCE SHEET

Table No: 4.1

Table showing share capital

YEARS	SHARE CAPITAL
2021	548.33
2022	551.28
2023	554.55
2024	557.97
2025	759.69

Graph No:4.1

Graph showing share capital

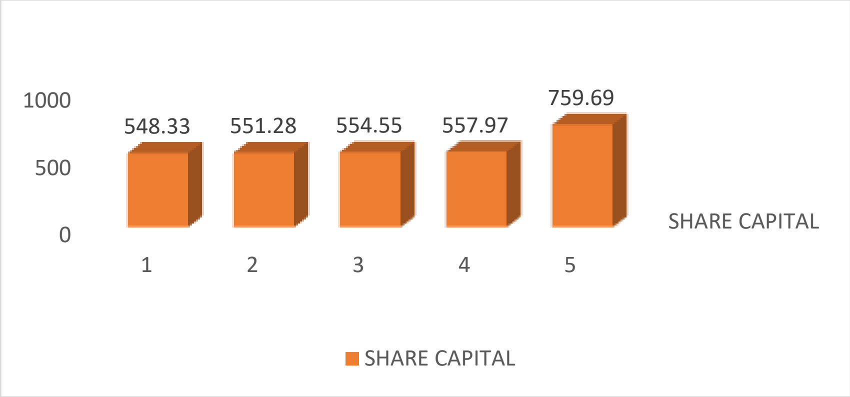


Table No: 4.2

Table showing Reserves and surplus

YEARS	RESERVES AND SURPLUS
2021	1,70,437.70
2022	2,03,169.55
2023	2,39,538.38
2024	2,79,641.03
2025	4,36,833.40

Graph No:4.2

Graph showing Reserves and Surplus

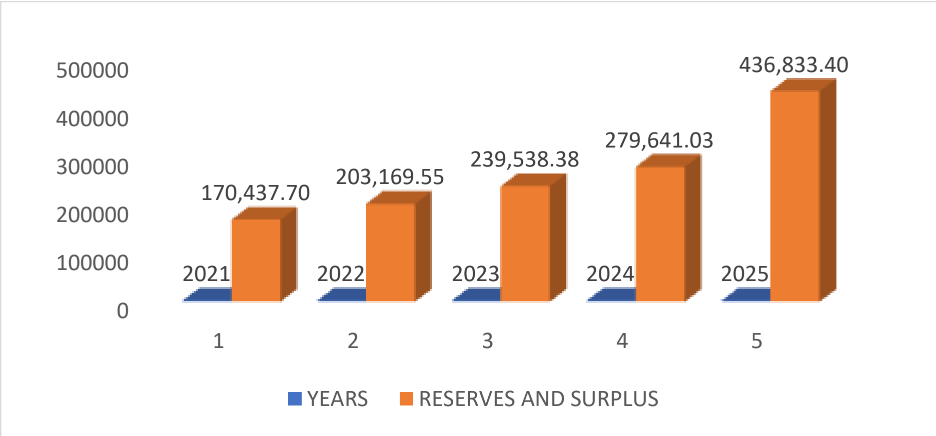


Table No: 4.3

Table showing Deposits

YEARS	DEPOSITS
2021	11,47,502.29
2022	13,35,060.22
2023	15,59,217.44

2024	18,83,394.65
2025	23,79,786.28

Graph No:4.3

Graph showing Deposits

Table No: 4.4

Table showing Fixed Assets

YEARS	FIXED ASSETS
2021	4,431.92
2022	4,909.32
2023	6,083.67
2024	8,016.54
2025	11,398.99

Graph No:4.4

Graph showing Fixed Assets

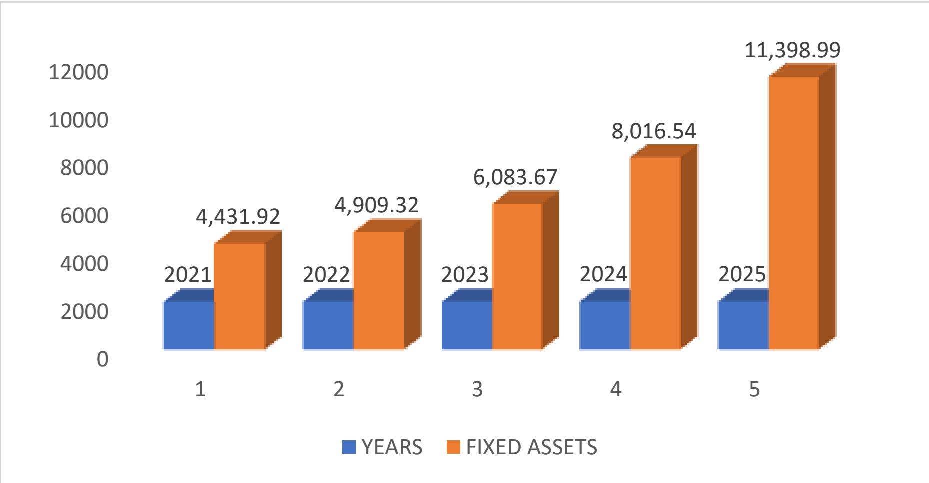


Table No: 4.5

Table showing Investments

YEARS	INVESTMENTS
2021	3,91,826.66
2022	4,43,728.29

2023	4,55,535.69
2024	5,17,001.43
2025	7,02,414.96

Graph No:4.5
Graph showing Investments

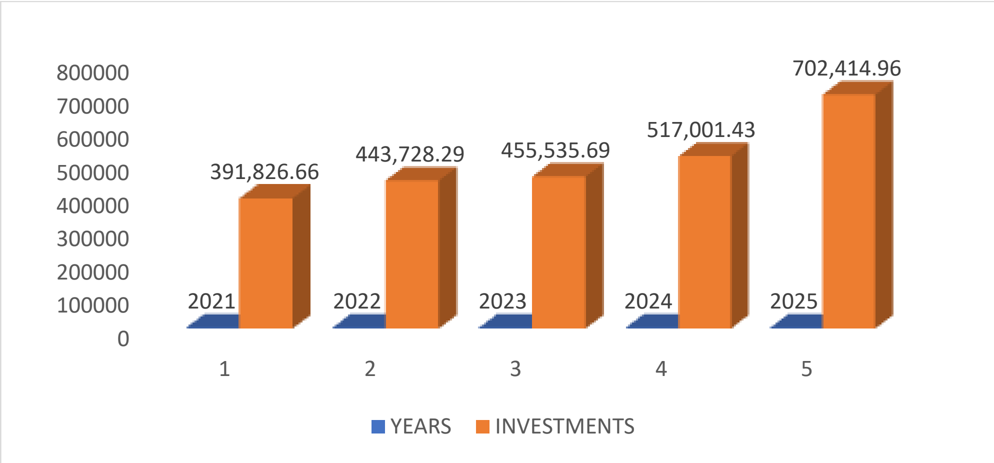


Table No: 4.6
Table showing Total Liabilities

YEARS	TOTAL LIABILITIES
2021	15,30,511.26
2022	17,46,870.52
2023	20,68,535.05
2024	24,66,081.47
2025	36,17,623.09

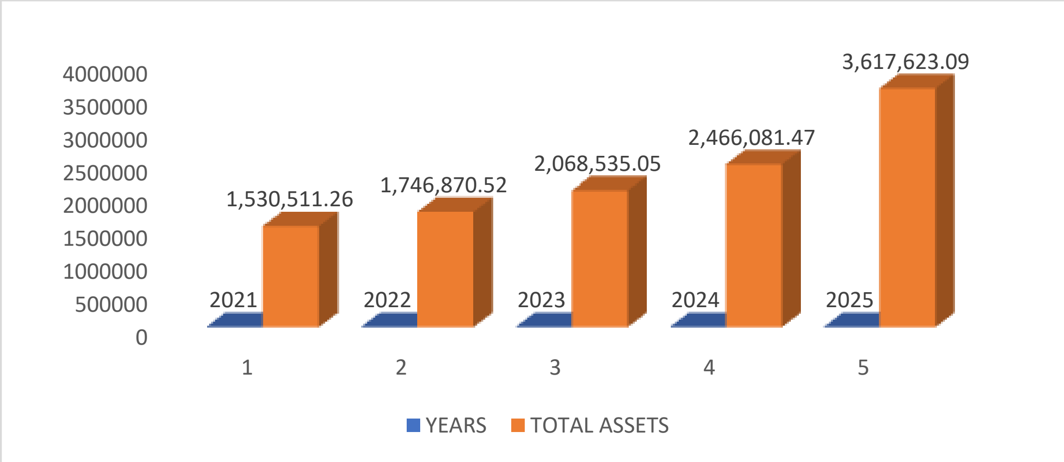
Graph No:4.6
Graph showing Total Liabilities

Table No: 4.7

Table showing Total Assets

YEARS	TOTAL ASSETS
2021	15,30,511.26
2022	17,46,870.52
2023	20,68,535.05
2024	24,66,081.47
2025	36,17,623.09

Graph No:4.7
Graph showing Total Assets



FINDINGS

- Share capital stayed steady till 2024 but increased a lot in 2025, likely due to new shares or a merger.
- Reserves and surplus grew every year, showing good profit savings.
- Customer deposits increased steadily, showing rising trust in the bank.
- Borrowings dropped in 2022 but rose sharply in 2025 to support growth.
- Other liabilities went up each year, showing more responsibilities.
- Cash with RBI was high in 2025, showing strong reserve management.
- Funds with other banks changed often, reflecting short-term fund adjustments.
- Investments increased yearly, showing safe and smart money use.
- Advances (loans) kept growing, showing more lending and business.
- Fixed assets rose steadily, showing expansion of branches and facilities.
- Other assets increased, showing higher earnings and growth.
- Both total assets and liabilities grew each year, showing bank growth.
- 2024 saw the highest overall growth, indicating major expansion.
- Growth in loans, investments, and assets shows long-term planning.
- Overall, HDFC Bank has grown well in the last 5 years with steady and strong progress.

SUGGESTIONS

- Maintain strong capital by saving profits and issuing shares only when needed.
- Control borrowings to avoid too much debt and financial risk.
- Increase deposits with attractive and customer-friendly schemes.
- Give quality loans to trustworthy customers to avoid bad loans.
- Reduce expenses to improve profits and efficiency.
- Invest in digital banking for faster and safer services.

- Manage risks well with proper provisions for bad debts.
- Diversify investments to reduce risk and increase income.
- Use assets wisely to earn better returns.
- Focus on customer service to retain and attract more customers.

CONCLUSION

The financial statement analysis of HDFC Bank from 2020 to 2025 shows that the bank has performed consistently well over the five-year period. The bank's share capital, reserves, deposits, and advances have all shown a steady upward trend, which reflects strong financial health and growth.

A significant rise in total assets and liabilities, especially in 2025, indicates that the bank is expanding its business operations at a fast pace. The increase in borrowings and investments shows that the bank is taking strategic steps to support its growth plans.

Despite some fluctuations in certain areas like cash and balances or short-term borrowings, the overall financial position of the bank remains stable and strong. HDFC Bank has effectively managed its funds, improved profitability, and maintained good liquidity and solvency.

In conclusion, the bank is on a positive growth path and continues to maintain its leadership position in the Indian banking sector through sound financial practices, customer trust, and long-term strategic planning.

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