

FINANCIAL ANALYSIS OF HDFC BANK

SARTHAK JAIN
GALGOTIAS UNIVERSITY
GREATER NOIDA

SANSKAR AGARWAL
GALGOTIAS UNIVERSITY
GREATER NOIDA

SAGAR
GALGOTIAS UNIVERSITY
GREATER NOIDA

ABSTRACT

This study was designed to evaluate the financial performance of HDFC Bank. HDFC was among the first to receive 'legal' approval from the Reserve Bank of India (RBI) to establish a bank in the private sector. The bank currently has an impressive network of more than 4,805 branches spread across cities throughout India. All branches are connected in real time online. Customers in more than 500 locations also work by telephone banking. The bank also has an estimated 12,860 ATMs with 2,657 networks in all cities and towns. HDFC Bank offers a number of products and services including further banking and retail, asset, car loan, two-wheeled loan, personal loan, personal loan, asset loan, long-term consumer loan, lifestyle loan, credit card and various products digital. The financial performance of the aforementioned bank was assessed five years ago. The data is analyzed by measurement analysis as current rate, cash location, fixed asset rate, credit equity ratio and ownership rating and provides a description of each measure. Concluding the article the bank's financial stability is satisfactory during the research period.

INTRODUCTION

HDFC Bank Ltd. is an Indian banking and financial services company headquartered in Mumbai, Maharashtra, India. It was established in August 1994 on behalf of HDFC Bank. In February 2000, HDFC Bank merged with Times Bank. Times Bank, also known as the Times Group, was founded by Bennett, Coleman and Co. Ltd. and was regarded as India's largest news organization, at the time. In 2008, HDFC Bank acquired Centurion Bank.

The company operates the following business units: Sales Bank, Supermarket Bank, and Treasurer.

Retail Banking

The Retail Banking component includes financial products and services, such as: deposits, loans, credit cards, credit cards, payments, bonds, joint ventures, insurance, and more.

Wholesale Banking

The Wholesale Banking section provides a wide range of commercial and commercial banking services, including large operating funds, trading services, trading services, cash management, etc. It also provides financial management and banking solutions to corporate clients, co-operatives, members of the stock exchange. and banks.

Treasury

The Treasury component includes the following key product areas - Foreign Exchange and Foreign Exchange, Local Currency Market and Credit Bonds. With over 88,000 employees, HDFC Bank Limited is regarded as one of India's leading private banks, one of India's largest private equity corporations, and one of India's largest banks with market capitalization. According to Forbes, it is regarded as one of the Most Respected Companies and one of the 2000 largest public companies in the world.

OBJECTIVES

The main objectives of the dismissed research are to know the financial strengths and weaknesses of the HDFC BANK

The main objectives of the irritation study aimed at

- 1.The essence of the study is to understand the financial structure of the HDFC bank.**
- 2.The main objectives of the study of anger over the financial strengths and weaknesses of HDFC BANK.**
- 3.Assessment and analysis of various financial performance facts of a company.**
- 4.Knowing the current market situation of its shares and the relative value of the shares.**
- 5. Understand the liquidity, profitability and efficiency of the company during the study.**

Business Focus

Mission Statement of HDFC Bank

- ❖ World class Indian bank
- ❖ Benchmarking against international Standard
- ❖ To build sound customers franchises across distinct businesses
- ❖ Best practices in term of product offerings, technology, services levels, risk management and audit & compliance.

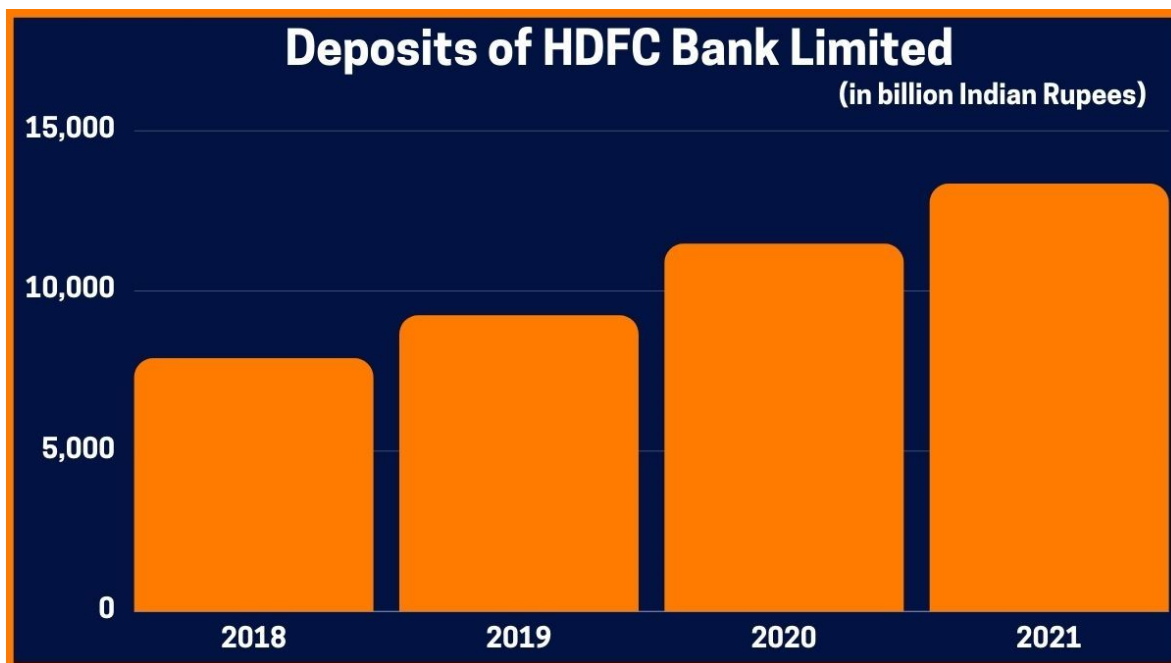
Vision Statement of HDFC Bank

The HDFC Bank is committed to maintain the highest level of ethical standard, professional integrity and regulatory compliance. HDFC Bank business philosophy is based on four core values such as:

- 1- Operational Excellence
- 2- Customer Focus
- 3- Product Leadership
- 4- People

Business Strategies

- ❖ Increasing market share in India expanding banking
- ❖ Delivering high quality customer service
- ❖ Maintaining current high standard for asset quality through disciplined credit risk management
- ❖ Develop innovation products and service that attracts targeted customers and address inefficiencies in the Indian financial sectors.



HDFC Quality Policy

HDFC Bank will always strive to establish and deliver comprehensive financial solutions to satisfy customers beyond their expectations of their home needs and lifestyle. This will be conducted by;

- ❖ Caring for customer service, anticipating needs and delivering effective solutions.
- ❖ Based on a quality management system and capacity building through promotion, development, and recognition.
- ❖ Caring for customer service, anticipating needs and delivering effective solutions
- ❖ The state of the art Information Technology and Communications Systems, which is accompanied by continuous development based on effective standards and processes.

This business is focused on clients of such institutions

- ❖ Large companies including MNCs
- ❖ Organs of government
- ❖ Emerging companies
- ❖ Business banks / SMEs
- ❖ Infrastructure finance team

Products and Services

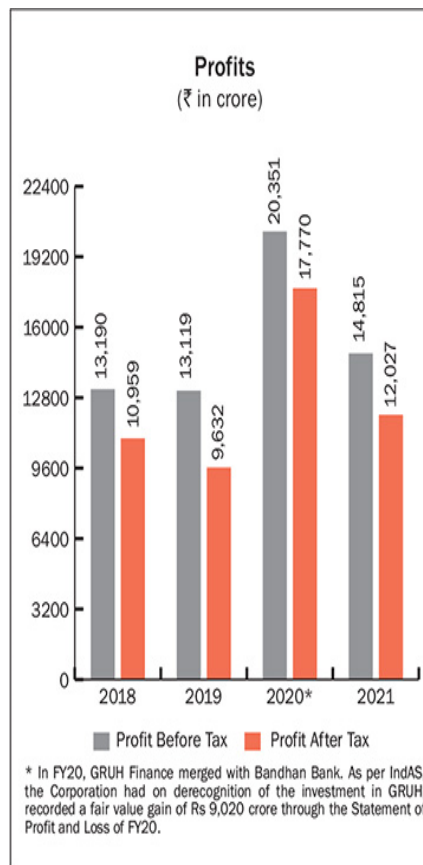
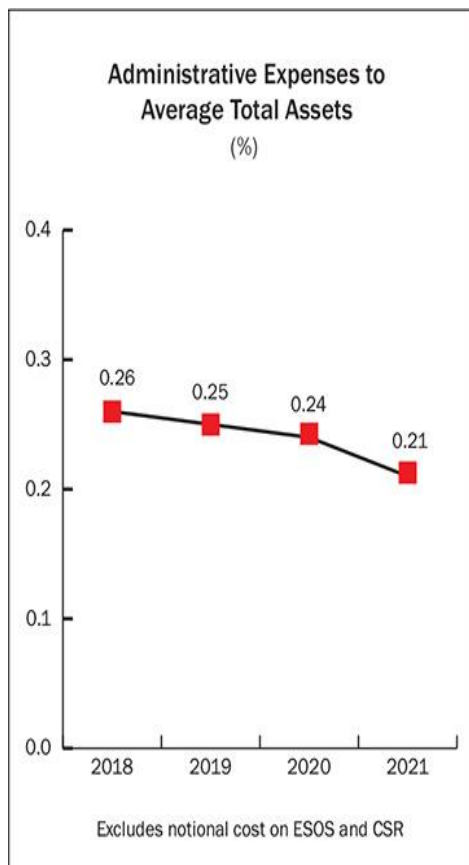
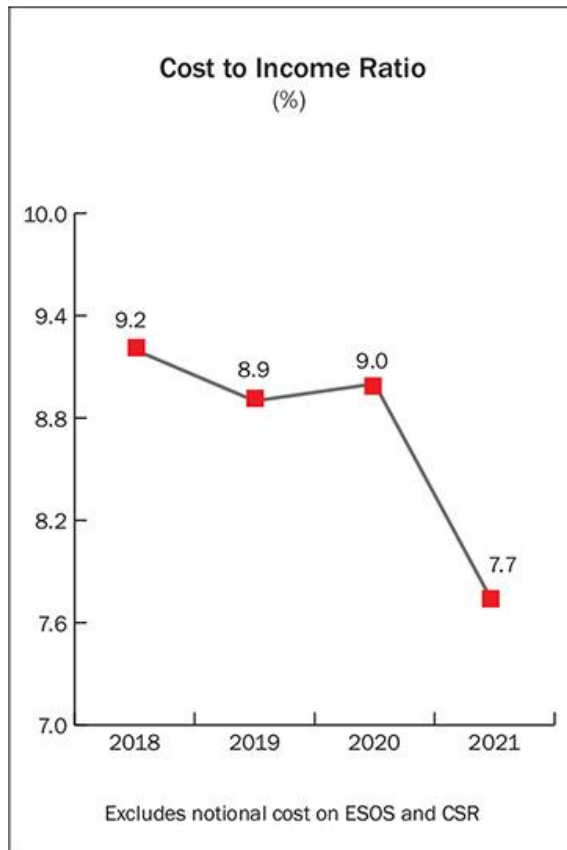
- ❖ Financial resources
- ❖ Borrow time
- ❖ Project funding
- ❖ Debt finance markets
- ❖ Integration and receivables
- ❖ Commercial debt
- ❖ Funding for supply chain
- ❖ Forex and other derivatives
- ❖ Financial management services
- ❖ Supermarkets
- ❖ Credit letters and guarantees

FINANCIAL AND OPERATIONAL PERFORMANCE

Financial Performance

The total revenue of the Society for the year ended 31 March, 2021 was `48,176 crore. The funds for the year ended 31 March 2021 do not compare to the previous year. Over the past year, the Company has benefited from a fair value due to the merger of GRUH Finance Limited (GRUH) with Bandhan Bank Limited reaching `9,020 crore. Revenue last year was `58,763 crore. In addition, during the year, profits from the sale of investments and dividends were lower compared to the previous year.

The total cost stands at `33,361 crore compared to `38,412 crore last year. In part due to the low interest rate during the year under review, lower income from operations was also offset by reduced costs. Interest (NII) interest for the year ended 31 March, 2021 stood at `15,172 crore compared to `12,904 million last year, which is expected to grow by 18%. Including payments and dividends, NII for the year ended March 31, 2021 stood at `16,372 crore compared to `13,909 crore last year. Profits reported before tax for the year ended 31 March, 2021 stood at `14,815 crore compared to `20,351 crore last year. After providing tax of `2,788 million (Last Year: `2,581 crore), the profit after tax before the other total revenue for the year ended March 31, 2021 stands at `12,027 crore compared to `17,770 thousand last year.



Data Analytics

Over the course of the year, the Organization generates funding for machine learning and intelligence tools used in data analysis to provide information on business growth, risk management and to improve process efficiency. Guessing models and instructions throughout the customer life cycle of store loans such as acquisition, transaction, crime, retention, among others are designed to support various business functions throughout the organization. With an integrated data base, efforts are being made to facilitate a 360-degree ethical view throughout the client's life cycle. The aim is to help better manage customer expectations.

Classification of Assets

❖ Fixed Assets and Investment Properties

The total non-exchange goods as of March 31, 2021 are `986 crore. The additional amount of fixed assets during the year was `105 crore, which includes assets entitled to ` 55 crore.

The total investment in real estate from March 31, 2021 has reached `841 crore. The total increase in investment properties during the year was `60 crore.

❖ Non-Convertible Debentures (NCDs)

In addition, the Society has increased `` 3,693 billion by the issuance and distribution of 36,930 secure NCDs, usable for an average of 3 years, carrying a 5.40% coupon payable annually. The NCDs are rated by CRISIL Ratings Limited (CRISIL) and ICRA Limited (ICRA) and are rated high 'CRISIL AAA Stable' and 'ICRA AAA / Stable' respectively.

Shares, warranties and NCDs are listed by BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE).

❖ Share Capital

As of April 1, 2020, the Society had a balance of `346 crore in the main budget account. The company has allocated 5,68,18,181 `2 shares each based on the QIP issue and 1,50,77,063 shares in respect of the use of stock options by certain employees / directors. After considering the above allocations during the year, the balance in the budget account from March 31, 2021 is `361 crore.

❖ Borrowings

Loans from March 31, 2021 were ₹4,41,365 crore compared to ₹4,19,102 crore last year. Loans accounted for 78% of the total expenditure as of March 31, 2021. Of all loans, loans and securities accounted for 42%, deposit 34% and long-term loans 24%.

❖ Summary of Total Borrowings

Borrowings	March 31, 2021	March 31, 2020
Term Loans	1,05,179	1,04,909
Market Borrowings	1,86,055	1,81,869
Deposits	1,50,131	1,32,324
Total	4,41,365	4,19,102

Impact of Covid-19

The Corporation has identified three pillars that are critical to assessing the financial impact of COVID-19 on the Organization:

1. Liquidity: In the first half of the financial year, the Corporation maintained higher revenue levels compared to the previous year. This has been the subject of a particularly bad credit situation, especially in the months of April and May 2020. In the second half of the financial year, as financial conditions declined, the Society gradually reduced its average investment rate in liquid stocks. The maintenance of large-scale storage facilities involved mismanagement, but was needed as a prudent approach given the complete uncertainty surrounding the epidemic. During the year, the Organization has always benefited from security, which is reflected in the increase in deposits. The Organization has been able to collect resources from many sources. The Corporation is free from liquidity.

2. Growth: Each loan business has had an impact in the first half of the financial year due to the tight closure of the country. Growth approach gradually improved as the boundaries were removed and from September 2020 onwards, growth trends became normal. Later, the demand for home loans exceeded expectations. The second part of FY21 had a strong growth in receipts, authorization and repayment of individual loans by the Organization. During the year, the risk-free situation continued with non-individual loans and the Association chose to limit its lending to selected, high-interest businesses.

Conclusion

HDFC Bank has provided tons of promising services to its customers. As an independent bank, the company has gained complete trust from its customers and gained a large number of customers across the country.

The bank works with a variety of financial and banking services such as Treasury operations and commercial banks. HDFC Bank provides banking services to middle income earners and organizations across India. The bank has the strongest position in the market and is regarded as the most reliable and sensible private bank in India, later followed by ICICI bank.

HDFC Bank follows a bold and secretive business model that has brought significant growth and development to the bank and its services.

HDFC Bank - Long Term Recommendation HDFC Bank is a leading independent bank with assets, loans & development and Market Cap in excess of INR 10.6tn, INR 6.5tn and INR 5.6tn. The distribution network has 4,787 branches and 12,635 ATMs in 2,691 cities / towns. HDFC Bank always gains market share through development and deposits. Since 2006, the Bank's market share of loans and deposits has increased to 6.1% and 5.6% from 2.3% and 2.6% respectively. We expect growth momentum to be continued, supported by a combination of well-balanced loans between supermarkets and retail segments, product equity, professional management.

We recommend a 'BUY' at a target price of Rs 2,468.