A STUDY ON FINANCIAL PERFORMANCE ANALYSIS OF ICICI BANK AND HDFC BANK

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Abstract—The banking sector as service sector, and as one of the components of financial system, plays an important role in the performance of any economy. Banking institutions in our country have been assigned a significant role in financing the process of planned economic growth. The efficiency and competitiveness of banking system defines the strength of any economy. Indian economy is not an exception to this and banking system in India also plays a vital role in the process of economic growth and development. The study is to assess the monetary execution of ICICI Bank and HDFC Bank. The fundamental goals of the study are to assess the financial performance of ICICI Bank and HDFC Bank. The study covers the time of 5 years i.e. from year 2012-13 to year 2016-17. Proportion Analysis was connected to dissect and think about the patterns in managing an account business and monetary execution, for example, Credit Deposit Ratio, Interest Expenses to Total Expenses, Interest Income to Total Income, Other Income to Total Income, Net Profit Margin, Net worth Ratio, Percentage Change altogether Income, Percentage Change altogether Expenditure, Percentage Change in Advances. Mean, Standard Deviation, Standard Error, Coefficient of Variance and Compound Annual Growth Rate (CGR) have been utilized to investigate the patterns in saving money business productivity.

Keywords—Advances, Bank, Expenses, Income, Net Profit.

INTRODUCTION

The banking sector as service sector, and as one of the components of financial system, plays an important role in the performance of any economy. Banking institutions in our country have been assigned a significant role in financing the process of planned economic growth. The efficiency and competitiveness of banking system defines the strength of any economy. Indian economy is not an exception to this and banking system in India also plays a vital role in the process of economic growth and development.

The banking sector is the lifeline of any modern economy. It is one of the important financial pillars of the financial system which plays a vital role in the success/fail of an economy. The banking system is fuel injection system which spurs economic growth by mobilizing savings and allocating them to high return investment. Research confirms that countries with a well-developed banking systemgrow faster than hose with a weaker one. The banking system reflects the economic health of the country. The strength of the economy of any country basically hinges on the strength and efficiency of the financial system, which, in turn, depends on a sound and solvent banking system. A sound banking systemefficiently deploys mobilized savings in productive section and a solvent banking systemensures that the bank is capable of meeting its obligation to the depositors. The banking sector is dominant in India as it accounts for more than half the assets of the financial sector.

PROFILE OF ICICI BANK

ICICI Bank was originally promoted in 1994 by ICICI Limited, an Indian financial institution, and was its wholly-owned subsidiary. ICICI's shareholding in ICICI Bank was reduced to 46% through a public offering of shares in India in fiscal 1998, an equity offering in the form of ADRs listed on the NYSE in fiscal 2000, ICICI Bank's acquisition of Bank of Madura Limited in an all-stock amalgamation in fiscal 2001, and secondary market sales by ICICI to institutional investors in fiscal 2001 and fiscal 2002. ICICI was formed in 1955 at the initiative of the World Bank, the Government

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of India and representatives of Indian industry. The principal objective was to create a development financial institution for providing medium-term and long-term project financing to Indian businesses.

In the 1990s, ICICI transformed its business from a development financial institution offering only project finance to a diversified financial services group offering a wide variety of products and services, both directly and through a number of subsidiaries and affiliates like ICICI Bank. In 1999, ICICI become the first Indian company and the first bank or financial institution from non-Japan Asia to be listed on the NYSE.

After consideration of various corporate structuring alternatives in the context of the emerging competitive scenario in the Indian banking industry, and the move towards universal banking, the managements of ICICI and ICICI Bank formed the view that the merger of ICICI with ICICI Bank would be the optimal strategic alternative for both entities, and would create the optimal legal structure for the ICICI group's universal banking strategy. The merger would enhance value for ICICI shareholders through the merged entity's access to low-cost deposits, greater opportunities for earning fee-based income and the ability to participate in the payments system and provide transaction-banking services. The merger would enhance value for ICICI's strong corporate relationships built up over five decades, entry into new business segments, higher market share in various business segments, particularly fee-based services, and access to the vast talent pool of ICICI and its subsidiaries.

In October 2001, the Boards of Directors of ICICI and ICICI Bank approved the merger of ICICI and two of its whollyowned retail finance subsidiaries, ICICI Personal Financial Services Limited and ICICI Capital Services Limited, with ICICI Bank. The merger was approved by shareholders of ICICI and ICICI Bank in January 2002, by the High Court of Gujarat at Ahmedabad in March 2002, and by the High Court of Judicature at Mumbai and the Reserve Bank of India in April 2002. Consequent to the merger, the ICICI group's financing and banking operations, both wholesale and retail, have been integrated in a single entity.

ICICI Bank is India's largest private sector bank with total consolidated assets of Rs. 9,860.43 billion (US\$ 152.0 billion) at March 31, 2017 and profit after tax of Rs. 98.01 billion (US\$ 1.5 billion) for the year ended March 31, 2017. ICICI Bank currently has a network of 4,850 Branches and 13,882 ATM's across India.

PROFILE OF HDFC BANK

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 RBI's liberalisation 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 housing finance company and enjoys an impeccable track record in India as well as in international markets. Since its inception in 1977, the Corporation has maintained a consistent and healthy growth in its operations to remain the market leader in 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 its experience in the financial markets, strong market reputation, large shareholder base and unique consumer franchise, HDFC was ideally positioned to promote a bank in the Indian environment.

HDFC Bank is headquartered in Mumbai. As of March 31, 2015, the Bank's distribution network was at 4,014 branches in 2,464 cities.All branches are linked on an online real-time basis. Customers across India are also serviced through multiple delivery channels such as Phone Banking, Net Banking, Mobile Banking and SMS based banking. The Bank's expansion plans take into account the need to have a presence in all major industrial and commercial centres, where its corporate customers are located, as well as the need to build a strong retail customer base for both deposits and loan products. Being a clearing / settlement bank to various leading stock exchanges, the Bank has branches in centres where the NSE / BSE have a strong and active member base.

The Bank also has a network of 11,766 ATMs across India. HDFC Bank's ATM network can be accessed by all domestic and international Visa / MasterCard, Visa Electron / Maestro, Plus / Cirrus and American Express Credit / Charge cardholders.

A Study on Financial Performance Analysis of ICICI Bank and HDFC Bank

REVIEW OF LITERATURE

Sumit K. Majumdar et al (1999) examined the relationship between the levels of debt in the capital structure and performance for a sample of Indian firms. Existing theory posits a positive relationship; however, analysis of the data reveals the relationship for Indian firms to be significantly negative. The structure of capital markets in India, where both short-term and long-term lending institutions are government-owned, was hypothesized to account for the finding of this relationship, and it asserted that corporate governance mechanisms which work in the West will not work in the Indian context unless the supply of loan capital was privatized.

Avinandan Mukherjee et al (2002) explored the linkage between performance benchmarking and strategic homogeneity of Indian commercial banks. Devises a method of benchmarking performance of Indian commercial banks using their published financial information. Defines performance by how a bank is able to utilize its resources to generate business transactions and is measured by their ratio, which is then called the efficiency. The concept of efficiency is critical from a marketing perspective. Methodologically, in order to overcome some of the shortcomings of simple efficiencies obtained through self-appraisal of individual banks, a more "democratic" concept of cross-efficiency evaluated with the process of peer-appraisal has been brought in to benchmark the banks. Clusters banks based on similarity in business policy which offers a framework for competitive positioning in the target market and serves as a basis for long-term strategic focus. It found that the public-sector banks generally outperform the private and foreign banks in this rapidly evolving and liberalizing sector.

Rasoul Rezvanian et al (2002) used a parametric approach in the framework of a trans log cost function and a nonparametric approach in the framework of linear programming to examine production performance and cost structure of a sample of Singaporean commercial banks. The results of the parametric methodology suggested that the average cost curve of these banks is U shaped and there were economies of scale for small and medium-size banks. It provided evidence of economies of scope for all banks regardless of their size. The non-parametric results indicated that the Singaporean banks could have reduced cost by 43% had they all been overall efficient. The sources of this cost inefficiency seem to be caused equally by allocative and technical inefficiencies.

Richard S. Barr et al (2002) evaluated the relative productive efficiency and performance of US commercial banks 1984-1998. It described the CAMELS rating system used by bank examiners and regulators; and finds that banks with high efficiency scores also have strong CAMELS ratings. It found that the other relationship identified and recommends the use of DEA to help analysts and policy makers understand organizations in greater depth, regulators and examiners to develop monitoring tools and banks to benchmark their processes.

Ihsan Isik et al (2003) analysed the Financial deregulation and total factor productivity change of Turkish commercial banks. It found that all forms of Turkish banks, although in different magnitudes, have recorded significant productivity gains driven mostly by efficiency increases rather than technical progress. Efficiency increases, however, were mostly owing to improved resource management practices rather than improved scales. It also indicated that private banks began to close their performance gap with public banks in the new environment.

Milind Sathye (2003) measured the productive efficiency of banks in a developing country, that is, India. The measurement of efficiency was done using data envelopment analysis. Two models have been constructed to s how how efficiency scores vary with change in inputs and outputs. The efficiency scores, for three groups of banks, that is, publicly owned, privately owned and foreign owned, are measured. It shown that the mean efficiency score of Indian banks compares well with the world mean efficiency score and the efficiency of private sector commercial banks as a group is, paradoxically lower than that of public sector banks and foreign banks in India. The existing policy of reducing non-performing assets and rationalization of staff and branches may be continued to obtain efficiency gains and make the Indian banks internationally competitive which is a declared objective of the Government of India.

Prashanta Kumar Banerjee (2003) evaluated the operational and financial performance of Indian Factoring Companies. Factoring is a global industry with a vast turnover. It offers various advantages like consistent cash flow, lower administration costs, reduced credit risks and more time for core activities. Both the domestic and international factoring are getting popularity at an impressive rate in all parts of the world. The factoring services made an entry in India in the year 1991. Since then, a good number of factoring companies namely SBI Factors and Commercial Services Ltd., Canbank Factors Ltd., Wipro Finance Ltd., Integrated Finance Company Ltd, and Foremost Factors Ltd. have been offering factoring services in India. It confirmed that operational and financial performance of the factors in India has been improving through time.

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Ali Ataullah et al (2004) provided a comparative analysis of the evolution of the technical efficiency of commercial banks in India and Pakistan during 1988–1998, a period characterized by far-reaching changes in the banking industry brought about by financial liberalization. Data Envelopment Analysis was applied to two alternative input–output specifications to measure technical efficiency, and to decompose technical efficiency into its two components, pure technical efficiency and scale efficiency. The consistency of the estimated efficiency scores were checked by examining their relationship with three traditional non-frontier measures of bank performance. In addition, the relationship between bank size and technical efficiency was examined. It was found that the overall technical efficiency of the banking industry of both countries improved gradually over the years, especially after 1995. Unlike public sector banks in India, public sector banks in Pakistan witnessed improvement in scale efficiency only. It was also found that banks are relatively more efficient in generating earning assets than in generating income. This was attributed to the presence of high nonperforming loans. In addition, it is found that the gap between the pure technical efficiency of different size groups has declined over the years.

Chiang Kao et al (2004) predicted the performances of 24 commercial banks in Taiwan based on their financial forecasts. The forecasts based on uncertain financial data are represented in ranges, instead of as single values. A DEA model for interval data is formulated to predict the efficiency. The predictions of the efficiency scores are also presented as ranges. It found that all the efficiency scores calculated from the data contained in the financial statements published afterwards fall within the corresponding predicted ranges of the efficiency scores which we had calculated from the financial forecasts. It shown that even the bad performances of the two banks taken over by the Financial Restructuring Fund of Taiwan could actually be predicted in advance using this study.

Chien-Ta Ho et al (2004) analysed the Performance measurement of Taiwan's commercial banks. It has used an innovative two-stage data envelopment analysis model that separates efficiency and effectiveness to evaluate the performance of 41 listed corporations of the banking industry in Taiwan. It found that a company with better efficiency does not always mean that it has better effectiveness. There was no apparent correlation between these two indicators.

Shanmugam, K. R. et al (2004) contributed to the banking efficiency literature by measuring technical efficiency of banks in four different ownership groups in India during the reform period, 1992–1999. It employed the stochastic frontier function methodology for panel data. The results indicate that the efficiency of raising interest margin is time invariant while the efficiencies of raising other outputs -non-interest income, investments and credits were time varying. The state bank group and foreign banks were more efficient than their counterparts. The reform period witnessed a relatively high efficiency for augmenting investments, which was consistent with economic growth objective of the reform measures. However, there were still larger gaps between the actual and potential performances of banks.

Barathi Kamath (2007) estimated and analyzed the Value Added Intellectual Coefficient (VAIC) for measuring the valuebased performance of the Indian banking sector for a period of five years from 2000 to 2004. It confirmed the existence of vast differences in the performance of Indian banks in different segments, and there is also an improvement in the overall performance over the study period. There was an evident bias in favour of the performance of foreign banks compared with domestic banks.

NEED FOR THE STUDY

The financial performance of ICICI Bank and HDFC Bank have become a fascinating topic for conversation, comment and debate. There is growing evidence of concern by the authorities on the declining financial performance of the banking system due to unsecured loans and advances. The RBI pressures on banks profitability and suggest various methods to reduce the unsecured loans and advances, with changes in the social and economic objective of ICICI commercial banks particularly of State Bank of India and its associates. It becomes extremely over and finds remedial measures to reduce the financial performance in the value of new banking philosophy. The approach of policy makers towards financial performance has changed, with the result that low profits have become a fact of life. Therefore, it is high time to concentrate on analysis of the financial performance of ICICI Bank and HDFC Bank.

OBJECTIVES OF THE STUDY

- To study the financial performance of ICICI Bank and HDFC Bank.
- To compare the financial performance of ICICI Bank and HDFC Bank.

A Study on Financial Performance Analysis of ICICI Bank and HDFC Bank

SCOPE OF THE STUDY

The study greatly giving attention on appraising any changes that perceived and revealed in the financial performance of ICICI Bank and HDFC Bank. Furthermore, the study attempted to identify areas so as to improve the financial performance of ICICI Bank and HDFC Bank.

LIMITATIONS OF THE STUDY

Due to constraints of time and resources, the study is likely to suffer from certain limitations. Some of these are mentioned here under so that the findings of the study may be understood in a proper perspective. The study is based on the secondary data and the limitation of using secondary data may affect the results. The secondary data is taken from the annual reports of the ICICI Bank and HDFC Bank. It may be possible that the data shown in the annual reports may be window dressed which does not show the actual position of the banks.

Financial analysis is mainly done to compare the growth, profitability and financial soundness of the respective banks by analysing the information contained in the financial statements. Financial analysis is done to identify the financial strengths and weaknesses of the two banks by properly establishing relationship between the items of Balance Sheet and Profit & Loss Account. It helps in better understanding of banks financial position, growth and performance by analysing the financial statements with various tools and evaluating the relationship between various elements of financial statements.

RESEARCH METHODOLOGY

In the present study, an attempt has been made to measure, evaluate and compare the financial performance of ICICI Bank and HDFC Bank. The study is based on secondary data that has been collected from annual reports of the respective banks, magazines, journals, documents and other published information. The study covers the period of 5 years i.e. from year 2012-13 to year 2016-17. Ratio Analysis was applied to analyse and compare the trends in banking business and financial performance such as Credit Deposit Ratio, Interest Expenses to Total Expenses, Interest Income to Total Income, Other Income to Total Income, Net Profit Margin, Net worth Ratio, Percentage Change in Total Income, Percentage Change in Total Expenditure, Percentage Change in Deposits, and Percentage Change in Advances. Mean, Standard Deviation, Standard Error, Coefficient of Variance and Compound Annual Growth Rate (CGR) have been used to analyze the trends in banking business profitability.

DATA ANALYSIS AND INTERPRETATION Credit Deposit Ratio

Credit-Deposit Ratio is the proportion of loan-assets created by a bank from the deposits received. Credits are the loans and advances granted by the bank. In other words, it is the amount lent by the bank to a person or an organization which is recovered later on. Interest is charged from the borrower. Deposit is the amount accepted by bank from the savers and interest is paid to them.

| | ICICI | ICICI | | HDFC | HDFC | |
|-------------------------|-------------|-------------|--------|-------------|-------------|-------|
| Varu | Bank | Bank | ICICI | Bank | Bank | HDFC |
| Year | Credit | Deposit | Bank | Credit | Deposit | Bank |
| | (in Crores) | (in Crores) | | (in Crores) | (in Crores) | |
| 2012-13 | 2,90,249.44 | 2,92,613.63 | 99.19 | 1,95,420.03 | 2,46,706.45 | 79.21 |
| 2013-14 | 3,38,702.65 | 3,31,913.66 | 102.05 | 2,39,720.64 | 2,96,246.98 | 80.92 |
| 2014-15 | 3,87,522.07 | 3,61,562.73 | 107.18 | 3,03,000.27 | 3,67,337.48 | 82.49 |
| 2015-16 | 4,35,263.94 | 4,21,425.71 | 103.28 | 3,65,495.03 | 4,50,795.64 | 81.08 |
| 2016-17 | 4,64,232.08 | 4,90,039.06 | 94.73 | 4,64,593.96 | 5,46,424.19 | 85.02 |
| Mean | | | 101.29 | | | 81.74 |
| Standard Deviation | | | 4.65 | | | 2.17 |
| Standard Error | | | 2.08 | | | 0.97 |
| Coefficient of Variance | | | 4.59 | | | 2.66 |
| CAGR | | | -1.14% | | | 1.79% |

Table No.1: Credit Deposit Ratio (in %)

Source: www.moneycontrol.com

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Table 1 shows that over the course of five financial years of study the mean of Credit Deposit Ratio in ICICI Bank was higher (101.29%) than in HDFC Bank (81.74%). But the Compound Growth Rate in ICICI Bank lowers -1.14% than in HDFC Bank (1.79%). In case of ICICI Bank, the credit deposit ratio was highest in 2014-15 (107.18%) and lowest in 2016-17 (94.73%). But in case of HDFC Bank, the credit deposit ratio was highest in 2016-17 (85.02%) and lowest in 2012-13 (79.21). This shows that ICICI Bank has created more loan assets from its deposits as compared to HDFC Bank.

Interest Expenses to Total Expenses

Interest Expenses to Total Expenses reveals the expenses incurred on interest in proportion to total expenses. Banks accepts deposits from savers and pay interest on these accounts. This payment of interest is known as interest expenses. Total expenses include the amount spent in the form of staff expenses, interest expenses, overhead expenses and other operating expenses etc.

| Year | ICICI Bank Interest Expenses (in Crores) | ICICI Bank Total Expenses (in Crores) | ICICI Bank | HDFC Interest Expenses (in Crores) | HDFC Total Expenses (in Crores) | HDFC Bank |
|-------------------------|---|--|---------------|---|--|--------------|
| 2012-13 | 26,209.18 | 40,095.83 | 65.37 | 14,989.58 | 27,362.96 | 54.78 |
| 2013-14 | 27,702.59 | 44,795.55 | 61.84 | 19,253.75 | 35,191.21 | 54.71 |
| 2014-15 | 30,051.53 | 50,091.92 | 59.99 | 22,652.90 | 40,576.80 | 55.83 |
| 2015-16 | 31,515.39 | 58,336.20 | 54.02 | 26,074.24 | 47,250.34 | 55.18 |
| 2016-17 | 32,418.96 | 63,859.67 | 50.77 | 32,629.93 | 58,676.96 | 55.61 |
| Mean | | | 58.40 | | | 55.22 |
| Standard Deviation | | | 5.92 | | | 0.49 |
| Standard Error | | | 2.65 | | | 0.22 |
| Coefficient of Variance | | | 10.14 | | | 0.89 |
| CAGR | | | -6.12% | | | 0.38% |

Table No.2: Interest Expenses to Total Expenses (in %)

Source: www.moneycontrol.com

The table 2 shows that the ratio of interest expenses to total expenses in ICICI Bank was highly volatile it decreased from 59.99% to 54.02% during the period 2014-15 to 2015-16. It has been found that the ratio of interest expenses to total expenses of ICICI Bank had been decreasing in each year from 2012-13 to 2016-17.

The ratio of interest expenses to total expenses in HDFC Bank was also increased from 54.71% to 55.83% during the period 2013-14 to 2014-15, afterward it was decreased from 55.83% to 55.18% during the period 2014-15 to 2015-16 but further it was increased to 55.61% in 2016-17. It has been found that the share of interest expenses in total expenses was higher in case of ICICI Bank as compared to HDFC Bank, which shows that people preferred to invest their savings in ICICI Bank than HDFC Bank.

Interest Income to Total Income

Interest Income to Total Income shows the proportionate contribution of interest income in total income. Banks lend money in the form of loans and advances to the borrowers and receive interest on it. This receipt of interest is called interest income. Total income includes interest income, non-interest income and operating income.

| Year | ICICI Bank Interest Income (in Crores) | ICICI Bank Total Income (in Crores) | ICICI Bank | HDFC Interest Income (in Crores) | HDFC Total Income (in Crores) | HDFC Bank |
|---------|---|--|---------------|---|--|--------------|
| 2012-13 | 40,075.60 | 48,421.30 | 82.76 | 27,286.35 | 32,530.05 | 83.88 |
| 2013-14 | 44,178.15 | 54,606.02 | 80.90 | 35,064.87 | 41,917.50 | 83.65 |
| 2014-15 | 49,091.14 | 61,267.27 | 80.13 | 41,135.53 | 49,055.18 | 83.86 |

Table No.3: Interest Income to Total Income in ICICI Bank and HDFC Bank (in %)

| 2015-16 | 52,739.43 | 68,062.49 | 77.49 | 48,469.90 | 57,466.26 | 84.34 |
|-------------------------|-----------|-----------|--------|-----------|-----------|-------|
| 2016-17 | 54,156.28 | 73,660.76 | 73.52 | 60,221.45 | 70,973.17 | 84.85 |
| Mean | | | 78.96 | | | 84.12 |
| Standard Deviation | | | 3.58 | | | 0.48 |
| Standard Error | | | 1.60 | | | 0.22 |
| Coefficient of Variance | | | 4.54 | | | 0.57 |
| CAGR | | | -2.92% | | | 0.29% |

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Source: www.moneycontrol.com

The table 3 represents that the ratio of interest income to total income in ICICI Bank is quite instable over the years. But the ratio of interest income to total income in HDFC Bank is increased from 83.65% to 84.85% during the year 2013-14 to 2016-17. The growth rate of ICICI Bank is -2.92% while that of HDFC Bank is 0.29%. Thus, the proportion of interest income to total income in ICICI Bank was lower than that of HDFC Bank, which shows that people preferred HDFC Bank to take loans and advances.

Other Income to Total Income

Other income to total income reveals the proportionate share of other income in total income. Other income includes non-interest income and operating income. Total income includes interest income, non-interest income and operating income.

| | ICICI Bank | ICICI Bank | | HDFC | HDFC | |
|-------------------------|-------------|-------------|--------|-------------|-------------|--------|
| Year | Other | Total | ICICI | Other | Total | HDFC |
| Teur | Income | Income | Bank | Income | Income | Bank |
| | (in Crores) | (in Crores) | | (in Crores) | (in Crores) | |
| 2012-13 | 8,345.70 | 48,421.30 | 17.24 | 5,243.69 | 32,530.05 | 16.12 |
| 2013-14 | 10,427.87 | 54,606.02 | 19.10 | 6,852.62 | 41,917.50 | 16.35 |
| 2014-15 | 12,176.13 | 61,267.27 | 19.87 | 7,919.64 | 49,055.18 | 16.14 |
| 2015-16 | 15,323.05 | 68,062.49 | 22.51 | 8,996.35 | 57,466.26 | 15.66 |
| 2016-17 | 19,504.48 | 73,660.76 | 26.48 | 10,751.72 | 70,973.17 | 15.15 |
| Mean | | | 21.04 | | | 15.88 |
| Standard Deviation | | | 3.58 | | | 0.48 |
| Standard Error | | | 1.60 | | | 0.22 |
| Coefficient of Variance | | | 17.03 | | | 3.04 |
| CAGR | | | 11.33% | | | -1.54% |

Table No.4: Other Income to Total Income in ICICI Bank and HDFC Bank (in %)

Source: www.moneycontrol.com

The table 4 shows that the ratio of other income to total income was increased from 17.24% in 2012-13 to 26.48% in 2016-17 in case of ICICI Bank. However, the share of other income in total income of HDFC Bank was also increased from 16.12% in 2012-13 to 16.35% in 2013-14. Afterward the share of other income in total income of HDFC Bank was decreased from 16.35% to 15.15% during 2013-14 to 2016-17. The table shows that the ratio of other income to total income was relatively higher in ICICI Bank (11.33%) as compared to HDFC Bank (-1.54%) during the period of study.

Net Profit Margin

Net Profit Margin reveals the financial results of the business activity and efficiency of management in operations. The table 5 shows the net profit margin in ICICI Bank and HDFC Bank during the period 2010-11 to 2014-15.

| Year | ICICI Bank Net Profit (in Crores) | ICICI Bank Total Income (in Crores) | ICICI Bank | HDFC Net Profit (in Crores) | HDFC Total Income (in Crores) | HDFC Bank |
|-------------------------|---|--|---------------|-----------------------------------|--|--------------|
| 2012-13 | 8,325.47 | 48,421.30 | 17.19 | 5,167.09 | 32,530.05 | 15.88 |
| 2013-14 | 9,810.48 | 54,606.02 | 17.97 | 6,726.28 | 41,917.50 | 16.05 |
| 2014-15 | 11,175.35 | 61,267.27 | 18.24 | 8,478.38 | 49,055.18 | 17.28 |
| 2015-16 | 9,726.29 | 68,062.49 | 14.29 | 10,215.92 | 57,466.26 | 17.78 |
| 2016-17 | 9,801.09 | 73,660.76 | 13.31 | 12,296.21 | 70,973.17 | 17.33 |
| Mean | | | 16.20 | | | 16.86 |
| Standard Deviation | | | 2.25 | | | 0.84 |
| Standard Error | | | 1.01 | | | 0.38 |
| Coefficient of Variance | | | 13.90 | | | 5.01 |
| CAGR | | | -6.21% | | | 2.19% |

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Table No.5: Net Profit Margin in ICICI Bank and HDFC Bank (in %)

Source: www.moneycontrol.com

The table 5 shows that the ratio of net profits to total income of HDFC Bank was increased from 15.88% to 17.78 during the period of 2012-13 to 2015-16, and decreased from 17.78% to 17.33% during the period of 2015-16 to 2016-17, whereas in case of ICICI Bank it is not stable because the ratio of net profits to total income of ICICI Bank was decreased to 17.19% from 13.31% during the period of 2012-13 to 2016-17. However, the net profit margin was higher in HDFC Bank (2.19%) as compared to ICICI Bank (-6.21%) during the period of study. But it was continuously decreased from 2012-13 to 2016-17 in ICICI Bank. Thus, the ICICI Bank has shown comparatively lower operational efficiency than HDFC Bank.

Net Worth Ratio

Net worth Ratio is used for measuring the overall efficiency of a firm. This ratio establishes the relationship between net profit and the proprietor's funds.

| Year | ICICI Bank Proprietor's Funds (in Crores) | ICICI Bank Net Profit (in Crores) | ICICI Bank | HDFC Proprietor's Funds (in Crores) | HDFC Net Profit (in Crores) | HDFC Bank |
|-------------------------|--|---|---------------|--|-----------------------------------|--------------|
| 2012-13 | 1,153.64 | 8,325.47 | 13.86 | 469.34 | 5,167.09 | 9.08 |
| 2013-14 | 1,155.04 | 9,810.48 | 11.77 | 475.88 | 6,726.28 | 7.07 |
| 2014-15 | 1,159.66 | 11,175.35 | 10.38 | 479.81 | 8,478.38 | 5.66 |
| 2015-16 | 1,163.17 | 9,726.29 | 11.96 | 501.3 | 10,215.92 | 4.91 |
| 2016-17 | 1,165.11 | 9,801.09 | 11.89 | 505.64 | 12,296.21 | 4.11 |
| Mean | | | 11.97 | | | 6.17 |
| Standard Deviation | | | 1.24 | | | 1.96 |
| Standard Error | | | 0.55 | | | 0.88 |
| Coefficient of Variance | | | 10.35 | | | 31.81 |
| CAGR | | | -3.76% | | | -17.97% |

Table No.6: Net Worth Ratio (in %)

Source: www.moneycontrol.com

It is clear from the table 6 that the net worth ratio of ICICI Bank was decreased from 13.86% to 10.38% during the period of 2012-13 to 2014-15, increased from 10.38% to 11.96% during the period of 2014-15 to 2015-16, and decreased from 11.96% to 11.89% during the period of 2015-16 to 2016-17. Whereas the ratio was decreased from 9.08% to 4.11%

during 2012-13 to 2016-17 in HDFC Bank. The table showed that the net worth ratio was higher in ICICI Bank (-3.76%) as compared to HDFC Bank (-17.97%) during the period of study, which revealed that ICICI Bank has utilized its resources more efficiently as compared to HDFC Bank.

Total Income

The total income indicates the rupee value of the income earned during a period. The higher value of total income represents the efficiency and good performance.

| Year | ICICI Bank | % Change | HDFC Bank | % Change |
|-------------------------|--------------|-----------|--------------|-----------|
| Teur | Total Income | 70 Chunge | Total Income | 70 Chunge |
| 2012-13 | 48,421.30 | 0.00 | 32,530.05 | 0.00 |
| 2013-14 | 54,606.02 | 88.67 | 41,917.50 | 77.60 |
| 2014-15 | 61,267.27 | 79.03 | 49,055.18 | 66.31 |
| 2015-16 | 68,062.49 | 71.14 | 57,466.26 | 56.61 |
| 2016-17 | 73,660.76 | 65.74 | 70,973.17 | 45.83 |
| Mean | 61,203.57 | | 50,388.43 | |
| Standard Deviation | 10113.66 | | 14716.34 | |
| Standard Error | 4522.97 | | 6581.35 | |
| Coefficient of Variance | 16.52 | | 29.21 | |
| CAGR | 11.06% | | 21.54% | |

Table No.7: Growth in Total Income of ICICI Bank and HDFC Bank (in Crores)

Source: www.moneycontrol.com

The table 7 shows that the mean value of total income was higher in ICICI Bank (Rs.61,203.57crores) as compared to that in HDFC Bank (Rs.50,388.43crores) during the period of study. However, the rate of growth regarding total income was higher in HDFC Bank (21.54%) than in ICICI Bank (11.06%) during the period of study.

Total Expenditure

The total expenditure reveals the proportionate share of total expenditure spent on the development of staff, interest expended and other overheads. The higher value of total.

| Year | ICICI Bank Total Expenditure | % Change | HDFC Bank Total Income | % Change |
|-------------------------|---------------------------------|----------|---------------------------|----------|
| 2012-13 | 40,095.83 | 0.00 | 27,362.96 | 0 |
| 2013-14 | 44,795.55 | 89.51 | 35,191.21 | 77.76 |
| 2014-15 | 50,091.92 | 80.04 | 40,576.80 | 67.43 |
| 2015-16 | 58,336.20 | 68.73 | 47,250.34 | 57.91 |
| 2016-17 | 63,859.67 | 62.79 | 58,676.96 | 46.63 |
| Mean | 51,435.83 | | 41,811.65 | |
| Standard Deviation | 9701.31 | | 11917.82 | |
| Standard Error | 4338.56 | | 5329.81 | |
| Coefficient of Variance | 18.86 | | 28.50 | |
| CAGR | 12.34% | | 21.01% | |

Table No.8: Total Expenditure of ICICI Bank and HDFC Bank (in Crores)

Source: www.moneycontrol.com

The table 8 discloses that the mean value of total expenditure was higher in ICICI Bank (Rs.51,435.83crore) as compared to that in HDFC Bank (Rs.41,811.65 crore) during the period of study. Therefore, the rate of growth regarding expenditure in HDFC Bank was (21.01%) than that in ICICI Bank (12.34%) during the same period. It is clear that HDFC Bank is successful in decreasing their total expenditure as compared to ICICI Bank. The table also highlights that the annual growth rate of expenditure in ICICI Bank was highest (89.51%) in the year of 2013-14 and was lowest (62.79%) in the year of 2016-17. In HDFC Bank, the annual growth rate of expenditure was highest (77.76%) in the year of 2013-14 and was lowest (46.63%) in the year of 2016-17. Thus, it is clear that HDFC Bank is more efficient as compared to ICICI Bank in terms of managing expenditure.

Advances

Advances are the credit facility granted by the bank. In other words, it is the amount borrowed by a person from the Bank. It is also known as "Credit" granted where the money is disbursed and recovery of which is made later on.

| Year | ICICI Bank Total Advances | % Change | HDFC Bank Total Advances | % Change |
|-------------------------|------------------------------|----------|-----------------------------|----------|
| 2012-13 | 2,90,249.44 | 0.00 | 1,95,420.03 | 0 |
| 2013-14 | 3,38,702.65 | 85.69 | 2,39,720.64 | 81.52 |
| 2014-15 | 3,87,522.07 | 74.90 | 3,03,000.27 | 64.50 |
| 2015-16 | 4,35,263.94 | 66.68 | 3,65,495.03 | 53.47 |
| 2016-17 | 4,64,232.08 | 62.52 | 4,64,593.96 | 42.06 |
| Mean | 3,83,194.04 | | 3,13,645.99 | |
| Standard Deviation | 70560.88 | | 106100.52 | |
| Standard Error | 31555.79 | | 47449.59 | |
| Coefficient of Variance | 18.41 | | 33.83 | |
| CAGR | 12.46% | | 24.17% | |

Table No.9: Total Advances of ICICI Bank and HDFC Bank (in Crores)

Source: www.moneycontrol.com

Table 9 presents that the mean of advances of ICICI Bank was higher (3,83,194.04) as compared to mean of Advances of HDFC Bank (3,13,645.99). Rate of growth was also higher in HDFC Bank (24.17%) than in ICICI Bank (12.46%). Table also shows the per cent Change in advances over the period of 5 years. In case of HDFC Bank advances were continuously increased (with a decreasing trend) than ICICI Bank over the period of study.

Deposits

Deposit is the amount accepted by bank from the savers in the form of current deposits, savings deposits and fixed deposits and interest is paid to them.

| Year | ICICI Bank Total Deposits | % Change | HDFC Bank Total Deposits | % Change |
|-------------------------|------------------------------|----------|-----------------------------|----------|
| 2012-13 | 2,92,613.63 | 0 | 2,46,706.45 | 0 |
| 2013-14 | 3,31,913.66 | 88.16 | 2,96,246.98 | 83.28 |
| 2014-15 | 3,61,562.73 | 80.93 | 3,67,337.48 | 67.16 |
| 2015-16 | 4,21,425.71 | 69.43 | 4,50,795.64 | 54.73 |
| 2016-17 | 4,90,039.06 | 59.71 | 5,46,424.19 | 45.15 |
| Mean | 3,79,510.96 | | 3,81,502.15 | |
| Standard Deviation | 77640.35 | | 120041.48 | |
| Standard Error | 34721.82 | | 53684.18 | |
| Coefficient of Variance | 20.46 | | 31.47 | |
| CAGR | 13.76% | | 21.99% | |

Table No.10: Total Deposits of ICICI Bank and HDFC Bank (in Crores)

Source: www.moneycontrol.com

Table 10 presents that the mean of deposits of HDFC Bank was higher (3,81,502.15) as compared to mean of deposits of ICICI Bank (3,79,510.96). However, the rate of growth was higher in HDFC Bank (21.99%) than that in ICICI Bank (13.76%) during the period of study. Table also shows the per cent Change in Deposits over the period of 5 years. In case of ICICI Bank and HDFC Bank Deposits were continuously increasing over the period of study.

CONCLUSION

The current study and discussions thereon, certainly reveals that financial performance of ICICI Bank and HDFC Bank. Based on the study HDFC Bank financial performance is better than ICICI Bank. But in many cases, the financial performance of ICICI Bank and HDFC Bank are good. A Study on Financial Performance Analysis of ICICI Bank and HDFC Bank

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