

# The Financial Growth Of Hdfc And Icici Banks

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**Abstract:** The banks are the financial strength of the nation. Banks themselves also have financial growth. Aiming to see the trend of financial growth of HDFC and ICICI from 2018 to 2022, trend analysis was used. The trend analysis was conducted on four factors – Assets, Reserves and Surplus, Deposits and Net Non-Performing Assets.

**Key Words:** Deposits, Assets, Reserves, Surplus, Net Non-Performing Assets.

## 1. Introduction:

The financial stability and growth of the banks define the financial stability and growth of the country. This paper discusses the financial growth of the HDFC bank and ICICI bank. The study is done from 2018 to 2022. The financial growth in this research is defined on the basis of four factors - Assets, Reserves and Surplus, Deposits and Net Non-Performing Assets. This paper specifically focuses on the official financial data from HDFC and ICICI. This is to showcase and analyze the financial performance of the two banks.

## 2. Literature Review:

- ICICI Annual Report FY (2018), uses key financial indicators for the past 10 years. The report shows consolidated Total Assets as INR 11,242.81 Billion on the study of 4867 branches.
- ICICI Annual Report FY (2019), shows consolidated Total Assets as INR 12.39 Trillion on the study of 4874 branches.
- ICICI Annual Report FY (2020), shows consolidated Total Assets as INR 13.77 Trillion on a study of 5324 branches.
- ICICI Annual Report FY (2021), shows 15.74

trillion Consolidated Total Assets  
`161.93billion Profit After Tax\*  
`313.51billion Core Operating Profit\*  
19.12% Total Capital Adequacy Ratio 3.69%  
Net Interest Margin\* 21% Increase in Total  
Deposits year-on-year 41% Average CASA  
Ratio\* 55% Retail Portfolio as a proportion of  
total Portfolio (including non-fund based  
outstanding) 20% Growth in Retail Loans  
year-on-year.

- ICICI Annual Report FY (2022), shows consolidated Total Assets as INR 1,411,297.74 on the study of 5418 branches.
- HDFC Annual Report FY (2018), shows Net Profit An increase of 20.2% compared to the previous year. 17,487 crore Balance Sheet Size An increase of 23.2% compared to the previous year. 1,063,934 crore Total Deposits An increase of 22.5% compared to the previous year. 788,771 crore Total Advances An increase of 18.7% compared to the previous year. 658,333 crore Capital Adequacy Ratio 14.8% Tier I Capital Ratio 13.2% Gross Non-performing Assets 1.30% of Gross Advances Network Banking outlets: 4,787 ATMs: 12,635 Cities/Towns: 2,691.
- HDFC Annual Report FY (2019), shows Net

Profit An increase of 17.0% compared to the previous year. 1244541 crore Balance Sheet Size An increase of 20.5% compared to the previous year. 923141 crore Total Deposits An increase of 17.0% compared to the previous year. 819401 crore Total Advances An increase of 24.5% compared to the previous year. Capital Adequacy Ratio 17.1% Tier I Capital Ratio 15.8% Gross Non-performing Assets 1.36% of Gross Advances Network Banking outlets: 5103 ATMs: 19160 Cities/Towns: 2,748.

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- HDFC Annual Report FY (2021), shows Balance Sheet size\*\* `17,46,871 Cr 14.1%, Total Deposits\*\* `13,35,060 Cr 16.3%, Gross Non-Performing Assets (NPAs)\*\* 1.32%, Total Banking Outlets\*\* 21,360.
- HDFC Annual Report FY (2022), shows BALANCE SHEET SIZE `20,68,535 Cr 18.4%, NET PROFIT `36,961.3 Cr, GROSS NON-PERFORMING ASSETS (NPAs) 1.17%, TOTAL BANKING OUTLETS\* 21,683.

**3. Objective is To:**

- Study the Financial growth of HDFC and ICICI by analyzing total assets.
- Study the Financial growth of HDFC and ICICI by analyzing Reserves and Surplus.
- Study the Financial growth of HDFC and ICICI by analyzing Deposits.
- Study the Financial growth of HDFC and ICICI by analyzing Net Non-Performing Assets.

**4. Hypothesis:**

|  |  |
|--|--|
| <b>HDFC has higher assets than ICICI from 2018-2022</b>                          | <b>Ho: HDFC does not have higher assets than ICICI from 2018-2022.</b>               |
|  | H1: HDFC does have higher assets than ICICI from 2018-2022.                          |
| <b>HDFC has higher reserves and surplus than ICICI from 2018-2022</b>            | <b>Ho: HDFC does not have higher reserves and surplus than ICICI from 2018-2022.</b> |
|  | H1: HDFC does have higher reserves and surplus than ICICI from 2018-2022.            |
| <b>HDFC has higher deposits than ICICI from 2018-2022</b>                        | <b>Ho: HDFC does not have higher deposit growth than ICICI from 2018-2022.</b>       |
|  | H1: HDFC does have higher deposit growth than ICICI from 2018-2022.                  |
| <b>HDFC has lower NNPA than ICICI (Net Non-Performing Assets) from 2018-2022</b> | <b>Ho: HDFC does not have a higher NNPA reduction than ICICI from 2018-2022.</b>     |
|  | H1: HDFC does not have a higher NNPA reduction than ICICI from 2018-2022.            |

|   |  |
|---|--|
| <b>HDFC has had higher financial growth than ICICI from 2018-2022</b> | <b>Ho: HDFC does not have significantly higher financial growth than ICICI from 2018 – 2022.</b> |
|   | <b>H1: HDFC does have significantly higher financial growth than ICICI from 2018 – 2022.</b>     |

**5. Research Methodology:**

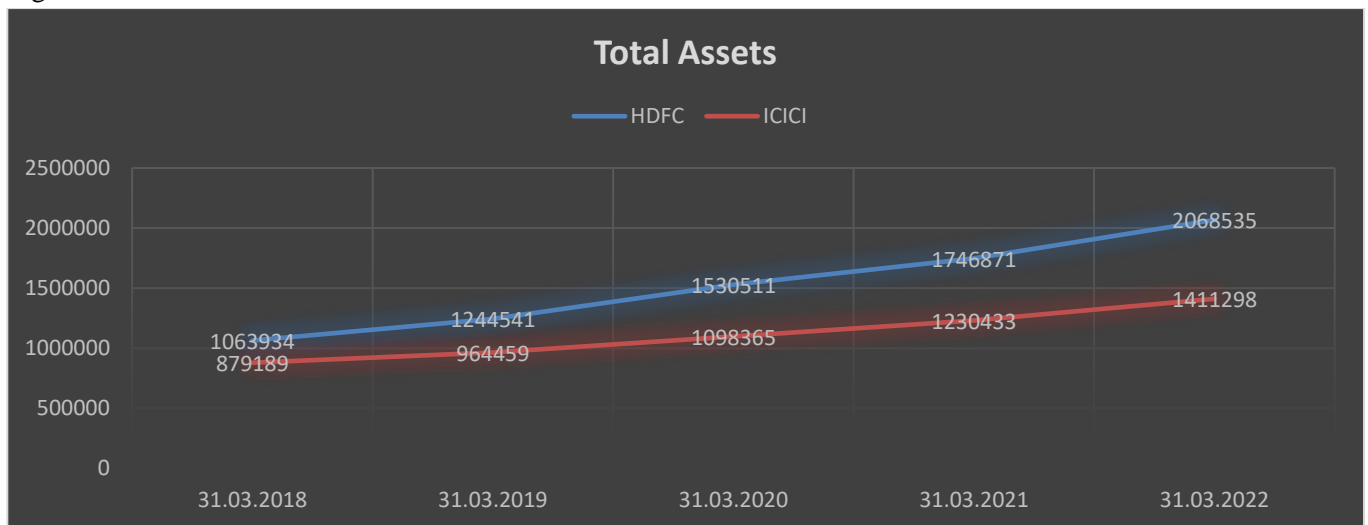
For the study, Time series analysis is used. Time series have analyzed the movement and changes in the assets, revenue and surplus, deposits and NNPA. These factors depict the

financial growth of HDFC and ICICI. With the help of time series, we wish to establish a study to show if HDFC has better financial growth than ICICI on the basis of 4 variables. The time-series have been conducted on financial information from 2018 to 2022:

Time series Analysis:

| <b>Total Assets (in Trillions)</b> | <b>As on</b> |            |            |            |            |
|------------------------------------|--------------|------------|------------|------------|------------|
|                                    | 31.03.2018   | 31.03.2019 | 31.03.2020 | 31.03.2021 | 31.03.2022 |
| <b>HDFC</b>                        | 1063934      | 1244541    | 1530511    | 1746871    | 2068535    |
| <b>ICICI</b>                       | 879189       | 964459     | 1098365    | 1230433    | 1411298    |

Figure 01:



Total Assets of HDFC are observed to be 1063934(Trillion) in 2018 and grew to 2068535(Trillion) in 2022. The growth of total assets seems to have increased by 94.42%. Similarly, total assets of ICICI are observed to be 879189(Trillion) in 2018 and grew to 1411298(Trillion) in 2022. The growth of total assets seems to have increase by

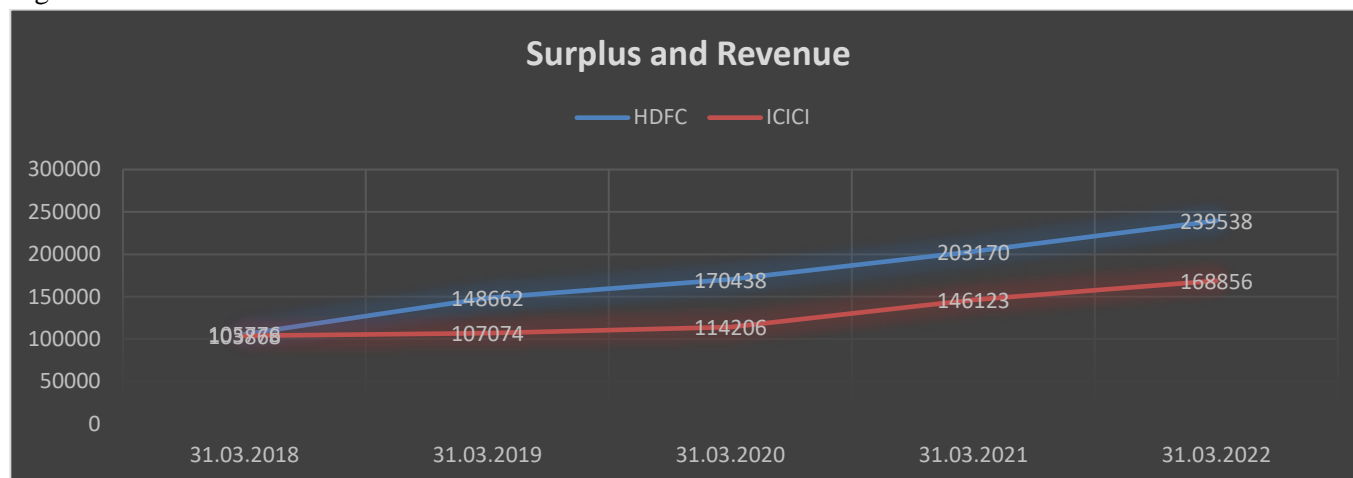
60.52%. There is surely a growth in assets in both HDFC and ICICI.

From 2018 to 2022, assets growth of HDFC is 94.42% and of ICICI is 60.52%. Therefore, it is clear that HDFC has grown higher assets as compared to ICICI during the 5 years of time-series (i.e., from 2018 – 2022).

| <b>Surplus and Revenue (in Trillions)</b> | <b>As on</b> |            |            |            |            |
|---|--------------|------------|------------|------------|------------|
|   | 31.03.2018   | 31.03.2019 | 31.03.2020 | 31.03.2021 | 31.03.2022 |

|              |        |        |        |        |        |
|--------------|--------|--------|--------|--------|--------|
| <b>HDFC</b>  | 105776 | 148662 | 170438 | 203170 | 239538 |
| <b>ICICI</b> | 103868 | 107074 | 114206 | 146123 | 168856 |

Figure 02:



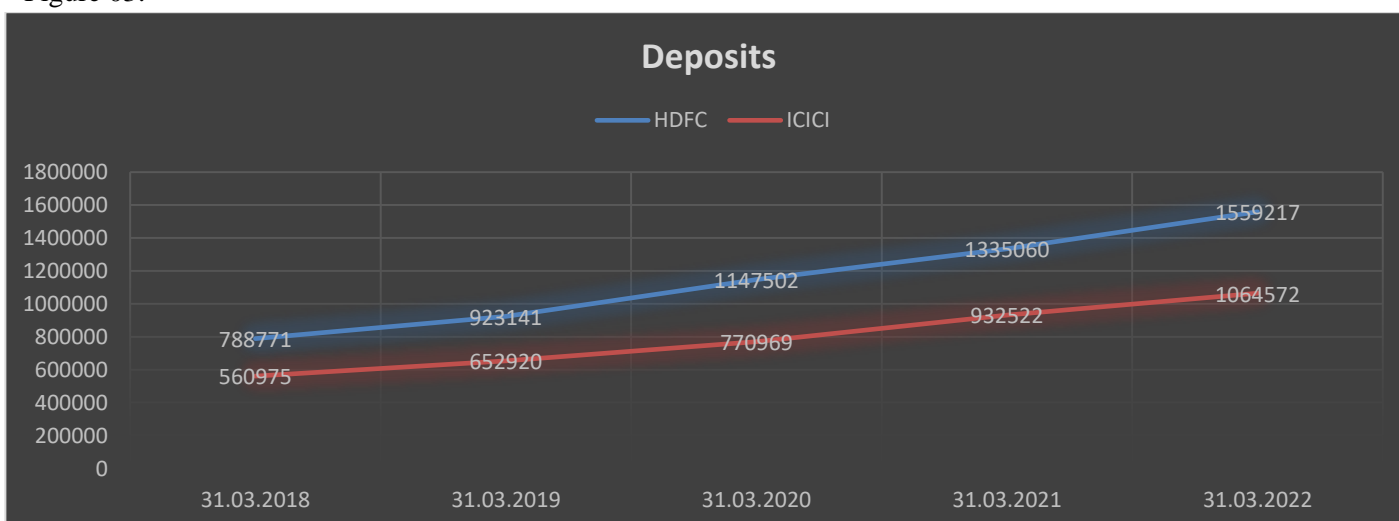
Total Reserves and Surplus of HDFC are observed to be 105776(Trillion) in 2018 and grew to 239538(Trillion) in 2022. The growth of total Reserves and Surplus seems to have increased by 126.45%. Similarly, the Reserves and Surplus of ICICI are observed to be 103868(Trillion) in 2018 and grew to 168856(Trillion) in 2022. The growth of Reserves and Surplus seems to have increased by

62.56%. There is surely a growth in Reserves and Surplus in both HDFC and ICICI.

From 2018 to 2022, the Reserves and Surplus growth of HDFC is 126.45% and of ICICI is 62.56%. Therefore, it is clear that HDFC has grown higher Reserves and Surplus as compared to ICICI during the 5 years of time-series (i.e., from 2018 – 2022).

| As on                   |            |            |            |            |            |
|-------------------------|------------|------------|------------|------------|------------|
| Deposits (in Trillions) | 31.03.2018 | 31.03.2019 | 31.03.2020 | 31.03.2021 | 31.03.2022 |
| <b>HDFC</b>             | 788771     | 923141     | 1147502    | 1335060    | 1559217    |
| <b>ICICI</b>            | 560975     | 652920     | 770969     | 932522     | 1064572    |

Figure 03:



Total Deposits of HDFC are observed to be 788771(Trillion) in 2018 and grew to 1559217(Trillion) in 2022. The

growth of deposits seems to have increased by 97.67%. Similarly, deposits of ICICI are observed to be 560975(Trillion) in 2018 and grew to

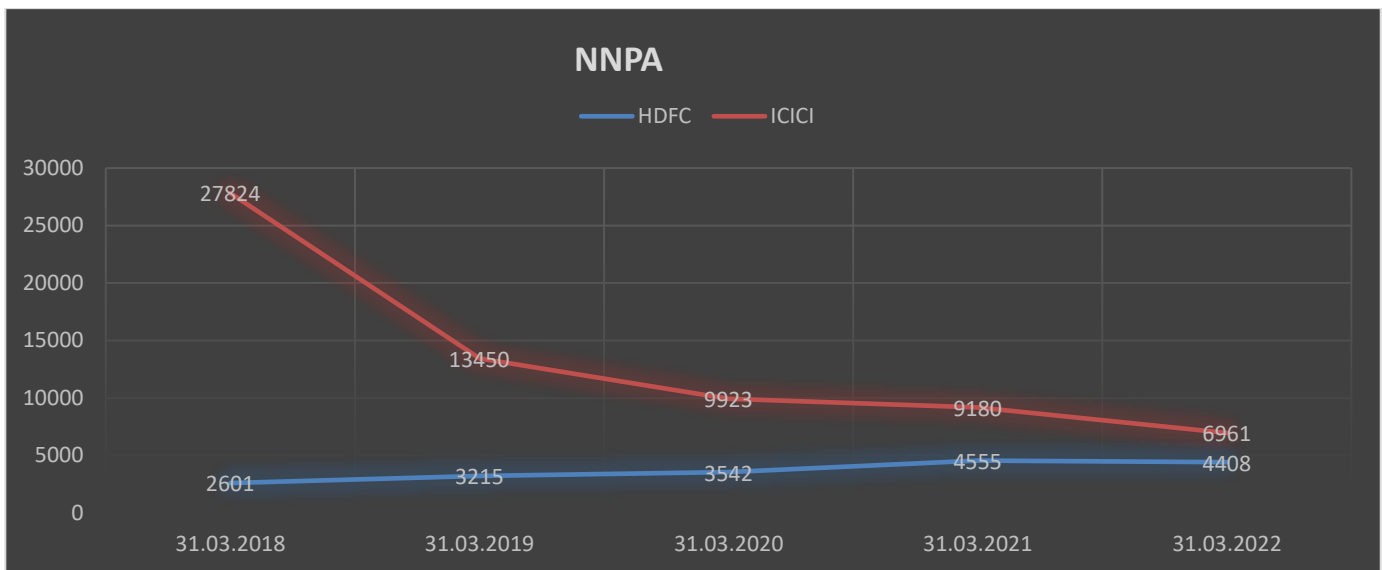
1064572(Trillion) in 2022. The growth of deposits seems to have increased by 89.77%. There is surely a growth in deposits in both HDFC and ICICI.

From 2018 to 2022, the deposit growth of HDFC is 97.67% and of ICICI is 89.77%. Therefore, it is clear that HDFC has grown higher deposits as compared to

ICICI during the 5 years of time-series (i.e., from 2018 – 2022)

| As on   |            |            |            |            |            |
|---|------------|------------|------------|------------|------------|
| NNPA - Net Non-Performing Assets (in Trillions) | 31.03.2018 | 31.03.2019 | 31.03.2020 | 31.03.2021 | 31.03.2022 |
| HDFC  | 2601       | 3215       | 3542       | 4555       | 4408       |
| ICICI   | 27824      | 13450      | 9923       | 9180       | 6961       |

Figure 04:



The decrease of Net Non-Performing Assets (NNPA) seems to have come up to -74.98%. There is surely a decrease in Net Non-Performing Assets (NNPA) in both HDFC and ICICI.

From 2018 to 2022, the Net Non-Performing Assets (NNPA) decrease of HDFC is 69.47% and of ICICI

is -74.98%. Also, observing the actual figures for 2022 are HDFC 6961(Trillion) and ICICI 4408(Trillion). According to the actual figures, it is clear that Net Non-Performing Assets are less in ICICI than HDFC, which depicts that in terms of NNPA ICICI has performed better during the 5 years of time-series (i.e., from 2018 – 2022).

## 6. Hypothesis Testing:

| Parameter  | Ho       | H1       | Remark  |
|--|----------|----------|---|
| <b>HDFC has higher assets than ICICI from 2018-2022</b>                          | Rejected | Accepted | HDFC has Significantly higher assets than ICICI               |
| <b>HDFC has higher reserves and surplus than ICICI from 2018-2022</b>            | Rejected | Accepted | HDFC has Significantly higher Reserves and Surplus than ICICI |
| <b>HDFC has higher deposits than ICICI from 2018-2022</b>                        | Rejected | Accepted | HDFC has Significantly higher deposits than ICICI             |
| <b>HDFC has lower NNPA than ICICI (Net Non-Performing Assets) from 2018-2022</b> | Accepted | Rejected | HDFC does not have Significantly lower NNPA than ICICI        |
| <b>HDFC has had higher financial growth than ICICI from 2018-2022</b>            | Rejected | Accepted | HDFC has Significantly higher financial growth than ICICI     |

## 7. Conclusion:

Financial stability and growth have been varying from 2018 to 2022.

Writing this research on the basis of the original information from HDFC and ICICI has shown a lot of information.

As per the time-series trend analysis, HDFC has shown higher assets growth than ICICI from 2018 to 2022, which shows HDFC is grown financially during this time.

As per the time-series trend analysis, HDFC has shown higher reserves and surplus growth than ICICI from 2018 to 2022, which shows HDFC is grown financially during this time.

As per the time-series trend analysis, HDFC has shown higher deposits growth than ICICI from 2018 to 2022, which shows HDFC is grown financially during this time.

As per the time-series trend analysis, HDFC has shown higher Net Non-Performing Assets growth than ICICI from 2018 to 2022, which shows ICICI is grown financially during this time.

Overall time-series analysis and observation show that 3 factors – Assets, Reserves and Surplus and Deposits prove that HDFC has higher financial growth than ICICI from 2018 to 2022.

It is just that HDFC has higher Net Non-Performing Assets than ICICI. Although, comparatively HDFC has reduced its NNPA from 2018 to 2022.

Therefore, as a part of the suggestion if HDFC can reduce the NNPA ahead, then its financial growth will be faster and way higher than in 2022.

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