

20 March 2026

India | Equity Research | Company Update

HDFC Bank

Banking

Part-time chairman resigns abruptly; track record and historically low valuations provide comfort

HDFC Bank's part-time chairman, Mr. Atanu Chakraborty, has resigned ([link](#)), citing certain practices of the bank to be inconsistent with his personal values and ethics. On investors' call addressed by the new interim chairman and some Board members, the bank mentioned that the outgoing chairman did not disclose any specifics. It reassured investors that there have been no regulatory lapses and denied any power struggle among the Board or executives. Given the gravity of the matter, we believe the bank could have clarified the ground of potential conflicts, if any, though it mentioned that the wording defies logic. Importantly, we find the RBI statement on the matter assuring. We believe the cohesiveness of the Board and management is critical. We concur with management that the issue appears to be more interpersonal. Maintain **BUY** given the bank's superior track record, conservative risk practices and historically low valuations.

Abrupt resignation stirs uncertainty; continuity is critical

We believe the abrupt resignation of the part-time chairman, along with his adverse remarks regarding 'practices within the bank against his personal values and ethics,' is serious and a bit difficult to comprehend. The timing of the resignation is also unfortunate as, in the recent past, the bank has witnessed multiple senior management exits / superannuation and adverse regulatory actions against its Dubai branch ([link](#)). Further, the current term of the incumbent MD & CEO is expiring in Oct'26 and the bank also needs to find a replacement for Mr Bhavesh Zaveri, ED, who has not offered himself for re-appointment ([link](#)). We believe a full-term renewal for incumbent MD & CEO, along with broader stability in management and other board members, would be critical. In our view, the bank's near-term financial performance is now vital amidst these developments.

Bank's explanation, track record and RBI statement assuring

On investors' call, the bank stated that the outgoing chairman did not share the specifics regarding the points raised, despite being asked. It emphasised that there is no apparent power struggle between Board members or within executive management, suggesting instead that the issues may stem from personal relationship friction between the outgoing chairman and executives. Furthermore, the bank hinted that the chairman's letter 'defies logic', while Dr Harsh Bhanwala (NRC chair) noted that recent decisions have been unanimous. Importantly, we take comfort from the regulatory assurance on HDFC Bank's governance and financial position ([link](#)). The bank also assured of no operational issues.

Financial Summary

Y/E March	FY25A	FY26E	FY27E	FY28E
NII (INR bn)	1,226.7	1,297.7	1,536.3	1,772.7
Op. profit (INR bn)	1,001.3	1,193.8	1,310.2	1,517.9
Net Profit (INR bn)	673.5	737.9	875.2	1,026.9
EPS (INR)	44.2	48.2	57.2	67.1
EPS % change YoY	(4.3)	9.2	18.6	17.3
ABV (INR)	322.1	359.0	403.6	454.0
P/BV (x)	2.8	2.5	2.3	2.0
P/ABV (x)	2.6	2.3	2.0	1.8
Return on Assets (%)	1.8	1.8	1.9	2.0
Return on Equity (%)	14.1	13.7	14.5	15.2

Jai Prakash Mundhra

jai.mundhra@icicisecurities.com
+91 22 6807 7572

Amansingh Sahajsinghani

amansingh.sahajsinghani@icicisecurities.com

Market Data

Market Cap (INR)	12,286bn
Market Cap (USD)	1,32,265mn
Bloomberg Code	HDFCB IN
Reuters Code	HDBK.BO
52-week Range (INR)	1,021 / 770
Free Float (%)	99.0
ADTV-3M (mn) (USD)	313.2

Price Performance (%)	3m	6m	12m
Absolute	(19.0)	(17.4)	(8.2)
Relative to Sensex	(6.4)	(7.3)	(6.6)

ESG Score	2024	2025	Change
ESG score	80.2	80.1	(0.1)
Environment	73.6	76.0	2.4
Social	70.7	74.3	3.6
Governance	90.4	86.3	(4.1)

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Earnings Revisions (%)	FY27E	FY28E
EPS	0	0

Previous Reports

18-01-2026: [Q3FY26 results review](#)

30-12-2025: [Q3FY26 Banking Preview](#)

Situation uncertain but superior track record and historically low valuations provide comfort; maintain BUY

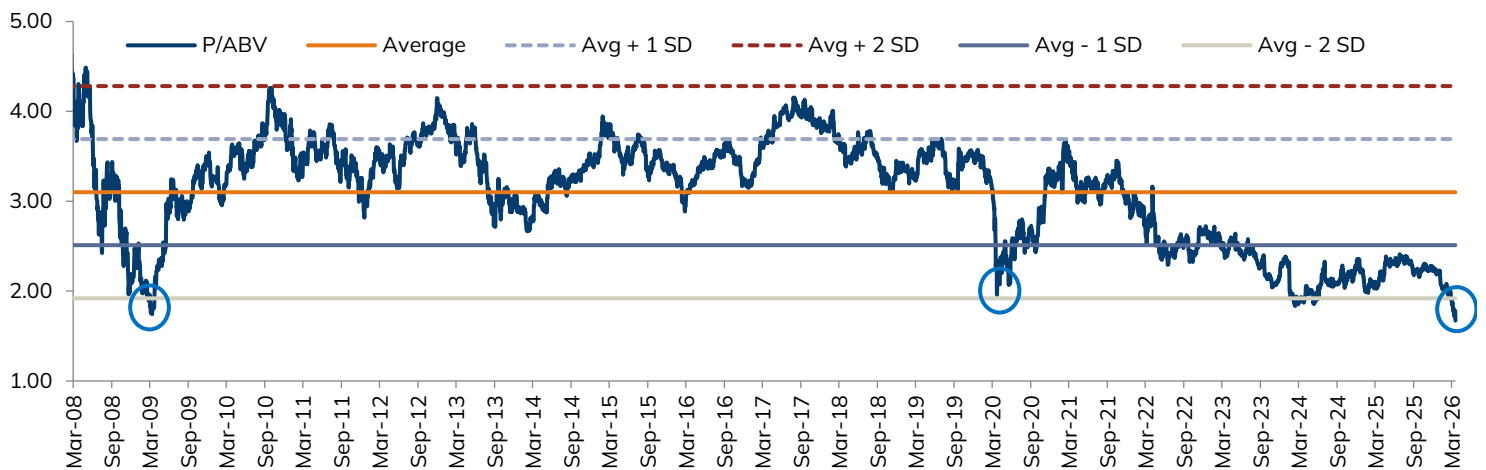
We do not see reasons to change our estimates as of now. We maintain **BUY** on HDFCB with an unchanged TP of INR 1,120, valuing the stock at ~2.2x FY28E core banking book. Risks include any sudden churn in Board / senior personnel and slower-than-expected deposit mobilisation.

HDFC Bank has seen a sharp de-rating in the last few months, partly led by macro concerns. In the near term, we expect the bank to deliver higher-than-system deposit growth (6-7% QoQ) and loan growth (4-5% QoQ) in line with the system, which should support a re-rating. We highlight that the stock is trading at all-time low valuations of ~1.7x forward book; thus, downside appears minimal.

Chairman resigns abruptly with adverse remarks

Mr Atanu Chakraborty, part-time chairman and independent director, resigned on 18th Mar'26 ahead of his term. He was first appointed in Apr'21 for a period of three years and was re-appointed in May'24 for another three-year term. Mr. Chakraborty, earlier, served the Government of India in areas of Finance & Economic Policy, Infrastructure, Petroleum & Natural Gas. His resignation letter ([refer link](#)) mentions, "certain happenings and practices within the bank, that I have observed over last two years, are not in congruence with my personal Values and Ethics" as the basis of his decision. At the same time, the RBI has approved the appointment of Mr. Keki Mistry as interim part-time chairman for three months.

Exhibit 1: Stock trades near all-time low valuations (2SD below average), suggesting minimal downside



Source: I-Sec research, Bloomberg

Investor call highlights

- Multiple Board members were present during the call. The bank operates with strong corporate governance.
- Keki Mistry, 71, stated he would not have taken the responsibility at this age if it did not align with his personal beliefs.
- In a large organization, there could be some errors of omission, but the tone at the top would never allow anything that could cause embarrassment to anyone. There is no power struggle within the Board.
- There is no power struggle within executive management. Mr. Kaizad Bharucha has been reappointed by a unanimous resolution; he is performing well and will gain more responsibilities. (Mr. Kaizad was not on the call due to a pre-planned health checkup).
- Harsh, an NRC member, noted that Atanu was a fellow committee member and that all resolutions were unanimous.
- There are no recorded governance concerns or lapses.
- Mr. Mistry hinted that this could be a human relationship issue. None of the Board members are aware of the comments made by Atanu. When a few Board members asked the outgoing chairman regarding his concerns, they did not receive specific answers, only that certain matters were against his personal belief system.
- Mr. Mistry obtained RBI approval on very short notice. He was in Delhi on a personal trip at the time.
- The bank mentioned that the resignation letter defies logic.
- The NRC will meet soon to discuss the reappointment of the CEO, which will not be impacted by this event.

Exhibit 2: Shareholding pattern

%	Jun'25	Sep'25	Dec'25
Promoters	0.0	0.0	0.0
Institutional investors	84.7	84.7	84.9
MFs and others	25.6	26.0	26.7
FIs/Banks	2.1	2.3	2.7
Insurance	7.5	7.3	7.2
FIIIs	49.5	49.1	48.3
Others	15.3	15.3	15.1

Source: Bloomberg, I-Sec research

Exhibit 3: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 4: Profit & Loss

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Interest income	30,05,171	31,06,482	34,68,871	39,16,435
Interest expense	17,78,470	18,08,760	19,32,565	21,43,748
Net interest income	12,26,701	12,97,722	15,36,305	17,72,687
Non-interest income	4,56,323	6,35,421	5,96,075	6,62,022
Operating income	16,83,024	19,33,143	21,32,381	24,34,709
Operating expense	6,81,749	7,39,328	8,22,188	9,16,795
Staff expense	2,39,005	2,66,531	3,01,610	3,39,940
Operating profit	10,01,275	11,93,815	13,10,193	15,17,914
Core operating profit	9,83,732	10,53,815	12,72,193	14,82,914
Provisions & Contingencies	1,16,494	2,39,937	1,58,580	1,66,754
Pre-tax profit	8,84,781	9,53,878	11,51,612	13,51,160
Tax (current + deferred)	2,11,307	2,16,023	2,76,387	3,24,278
Net Profit	6,73,474	7,37,855	8,75,225	10,26,882
Adjusted net profit	6,73,474	7,37,855	8,75,225	10,26,882

Source Company data, I-Sec research

Exhibit 5: Balance sheet

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Cash and balance with RBI/Banks	23,95,707	25,86,880	27,50,092	31,19,152
Investments	83,63,597	85,44,289	93,18,145	1,04,75,658
Advances	2,61,96,086	2,93,56,058	3,31,36,190	3,75,75,812
Fixed assets	1,36,554	1,34,788	1,48,267	1,63,094
Other assets	20,10,046	23,06,492	25,31,975	27,99,916
Total assets	3,91,01,988	4,29,28,508	4,78,84,668	5,41,33,632
Deposits	2,71,47,148	3,05,32,770	3,53,13,768	4,13,30,596
Borrowings	54,79,309	49,03,943	39,73,262	32,28,717
Other liabilities and provisions	14,61,285	19,09,400	23,41,320	25,27,303
Share capital	15,304	15,304	15,304	15,304
Reserve & surplus	49,98,942	55,67,090	62,41,014	70,31,713
Total equity & liabilities	3,91,01,988	4,29,28,508	4,78,84,668	5,41,33,632
% Growth	8.1	9.8	11.5	13.1

Source Company data, I-Sec research

Exhibit 6: Key ratios

(Year ending March)

	FY25A	FY26E	FY27E	FY28E
No. of shares and per share data				
No. of shares (mn)	15,304	15,304	15,304	15,304
Adjusted EPS	44.2	48.2	57.2	67.1
Book Value per share	328	365	409	460
Adjusted BVPS	322	359	404	454
Valuation ratio				
PER (x)	18.1	16.6	14.0	11.9
Price/ Book (x)	2.4	2.2	2.0	1.7
Price/ Adjusted book (x)	2.6	2.3	2.0	1.8
Dividend Yield (%)	1.4	1.4	1.6	1.9
Profitability ratios (%)				
Yield on advances	9.3	8.7	8.8	8.9
Yields on Assets	8.0	7.6	7.6	7.7
Cost of deposits	4.9	4.8	4.8	4.9
Cost of funds	4.7	4.4	4.3	4.2
NIMs	3.5	3.4	3.6	3.7
Cost/Income	40.5	38.2	38.6	37.7
Dupont Analysis (as % of Avg Assets)				
Interest Income	8.0	7.6	7.6	7.7
Interest expended	4.7	4.4	4.3	4.2
Net Interest Income	3.3	3.2	3.4	3.5
Non-interest income	1.2	1.5	1.3	1.3
Trading gains	0.0	0.3	0.1	0.1
Fee income	1.1	1.1	1.2	1.2
Total Income	4.5	4.7	4.7	4.8
Total Cost	1.8	1.8	1.8	1.8
Staff costs	0.6	0.6	0.7	0.7
Non-staff costs	1.2	1.2	1.1	1.1
Operating Profit	2.7	2.9	2.9	3.0
Core Operating Profit	2.6	2.6	2.8	2.9
Non-tax Provisions	0.3	0.6	0.3	0.3
PBT	2.4	2.3	2.5	2.6
Tax Provisions	0.6	0.5	0.6	0.6
Return on Assets (%)	1.8	1.8	1.9	2.0
Leverage (x)	8.0	7.7	7.7	7.7
Return on Equity (%)	14.1	13.7	14.5	15.2
Asset quality ratios (%)				
Gross NPA	1.3	1.2	1.3	1.4
Net NPA	0.4	0.4	0.3	0.4
PCR	67.9	68.0	75.0	75.0
Gross Slippages	1.3	1.3	1.2	1.2
LLP / Avg loans	0.5	0.5	0.6	0.6
Total provisions / Avg loans	0.5	0.9	0.5	0.5
Net NPA / Networth	2.3	2.1	1.7	1.9
Capitalisation ratios (%)				
Core Equity Tier 1	17.2	17.1	17.1	17.2
Tier 1 cap. adequacy	17.7	17.7	17.6	17.7
Total cap. adequacy	19.6	19.9	19.9	19.9

Source Company data, I-Sec research

This report may be distributed in Singapore by ICICI Securities, Inc. (Singapore branch). Any recipients of this report in Singapore should contact ICICI Securities, Inc. (Singapore branch) in respect of any matters arising from, or in connection with, this report. The contact details of ICICI Securities, Inc. (Singapore branch) are as follows: Address: 10 Collyer Quay, #40-92 Ocean Financial Tower, Singapore - 049315, Tel: +65 6232 2451 and email: navneet_babbar@icicisecuritiesinc.com, Rishi_agrawal@icicisecuritiesinc.com and Kadambari_balachandran@icicisecuritiesinc.com.

"In case of eligible investors based in Japan, charges for brokerage services on execution of transactions do not in substance constitute charge for research reports and no charges are levied for providing research reports to such investors."

New I-Sec investment ratings (all ratings based on absolute return; All ratings and target price refers to 12-month performance horizon, unless mentioned otherwise)
BUY: >15% return; ADD: 5% to 15% return; HOLD: Negative 5% to Positive 5% return; REDUCE: Negative 5% to Negative 15% return; SELL: < negative 15% return

ANALYST CERTIFICATION

I/We, Jai Prakash Mundhra, MBA; Amansingh Sahajsinghani, CA; authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. Analysts are not registered as research analysts by FINRA and are not associated persons of the ICICI Securities Inc. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products. Registered Office Address: ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025. CIN: L67120MH1995PLC086241, Tel: (91 22) 6807 7100. ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager, Research Analyst and Alternative Investment Fund. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. ICICI Securities AIF Trust's SEBI Registration number is IN/AIF3/23-24/1292 ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com.

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities and its analysts, persons reporting to analysts and their relatives are generally prohibited from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit icidirect.com to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Institutional Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the Retail Research.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances. This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities and ICICI Securities as an entity are engaged in various financial service businesses, they might have financial interests or actual/ beneficial ownership of one percent or more or other material conflict of interest in various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ICICI Securities and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

This report has not been prepared by ICICI Securities, Inc. However, ICICI Securities, Inc. has reviewed the report and, in so far as it includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. None of the research recommendations promise or guarantee any assured, minimum or risk free return to the investors.

ICICI Securities Limited has not used any Artificial Intelligence tools for preparation of this Research Report.

SEBI Guidelines for Research Analyst (RA) requires all RAs to disclose terms and conditions pertaining to Research Services to all clients. Please go through the "Mandatory terms and conditions" and "Most Important Terms and Conditions. ([Link](#))

Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal, Contact number: 022-40701000, E-mail Address : complianceofficer@icicisecurities.com

For any queries or grievances: [Mr. Jeetu Jawrani](#) Email address: headservicequality@icicidirect.com Contact Number: 18601231122
