

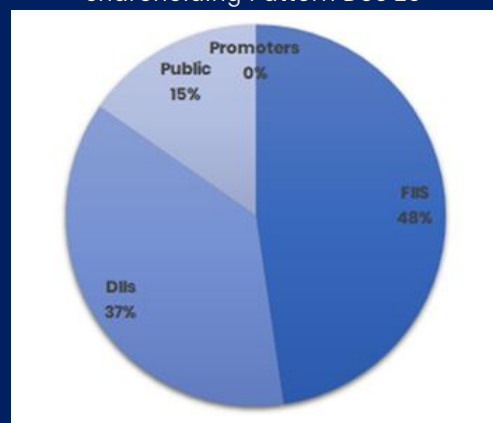
**Key Information** <sup>###</sup>

NSE Code	HDFCBANK
BSE Code	500180
Shares o/s (Cr)	1538.46
FV (₹)	1
Latest EPS (TTM) ₹	48.54
Latest PB Ratios (x)	2.10
Latest BV ₹	353.00
51 Wk H (₹)	1020.50
52 Wk L (₹)	738.30

Price Chart\*



Shareholding Pattern Dec'25



Product Portfolio

**Balancing growth**

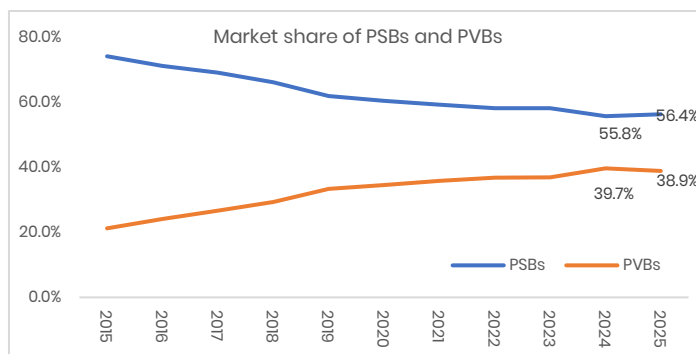
Loans (₹ bn)	Dec'24	Sep'25	Dec'25	QoQ	YoY
Retail	14,727	15,554	15,747	1.2%	6.9%
Mortgage	8,171	8,565	8,707	1.7%	6.6%
Retail Assets	6,557	6,989	7,041	0.7%	7.4%
Small and mid-market	5,114	5,718	5,996	4.8%	17.2%
Business Banking	3,629	4,107	4,348	5.9%	19.8%
Commercial Transportation	1,485	1,612	1,647	2.2%	10.9%
Corporate & other wholesale	6,998	7,416	7,717	4.1%	10.3%
<b>Advances under management</b>	<b>26,839</b>	<b>28,688</b>	<b>29,460</b>	<b>2.7%</b>	<b>9.8%</b>
IBPC/BRDS/Securitisation	(1,413)	(997)	(1,015)	1.8%	(28.2%)
<b>Gross Advances</b>	<b>25,426</b>	<b>27,692</b>	<b>28,446</b>	<b>2.7%</b>	<b>11.9%</b>
Retail AUM Mix	55%	54%	53%		

Source: Capitaline Data Base, EFL Research, Company Investor Presentation

**Investment Rationale**

**PVBs lost market share to PSBs in FY25 and in FY26**

PSU Banks (PSBs) grew advances at a much higher rate of ~12.2% in FY25 vs private banks (PVBs) loan growth was ~9.5%. This resulted in expansion of market share of PSBs in FY25 to 56.4% vs 55.8% previous year while the PVBs lost to 38.9% vs 39.7% previous year. According to data available for the listed players, the trend is quite visible that the PSBs have gained further market share in FY26 at a higher rate than FY25. Much of the decline in market share for PVBs in FY25 and FY26 is largely on account of conscious slowdown in loan book of largest private lender, HDFC Bank. Net advances for HDFC Bank grew just 5.4% in FY25 while for 9MFY26 it clocked 12% growth. However, it was a deliberate move to bring down its credit-deposit (CD) ratio lower from 110% at the time of merger to 98% as of Dec'25. PSBs with low CD ratios of 74-75% together with strong capital adequacy ratios and asset quality now (at par with PVBs), seized the opportunity. However, much could change in FY27.



Source: RBI, EFL Research (Calculated)

**FY27 could witness higher than system credit growth**

HDFC Bank had categorically guided for bringing the CD ratio lower from 110% at the time of merger to long-term normalised range of 85-90%. As highlighted before, high CD ratio would have suppressed NIMs and hence management focused on higher deposit growth (14% YoY in FY25 vs net advances growth of 5.4%). During 9MFY26, net advances has grown 12% YoY while deposits 11.6% and CD ratio remained at 98.7%. Management expects CD ratio for FY26 to close between 90%-96% while for FY27 the ratio would close

between 87%–90%. Besides, the management expects FY27 system credit growth to be at 12–13% while HDFC Bank could grow ~100bps above that. Deposit growth has been majorly led by retail while the bank has rundown some bulk deposits due to rate discipline.

### **Costs and Margins guidance**

HDFC Bank holds 6% market share in branch network within the country with 11% share in deposits and management guided for 500–700 branch addition going ahead, which is lower than immediately preceding years, thus cost to income ratio is unlikely to increase abruptly. The bank has estimated ~Rs 800 cr hit due to new labour codes and is a “onetime actuarial estimate”. Liquidity coverage ratio (LCR) which stood at 116% as of Q3FY26, is expected to be at the same range and not much impacted due to new guidelines. Cost of funds would gradually come down over next 5 quarters as term deposit (TD) repricing kicks in together with higher CASA and granular deposit mobilisation. Asset quality is expected to remain benign and this is a sweet phase for the industry as a whole. GNPA/NNPA ratio stood stable at 1.24%/0.42% as of Q3FY26 and is unlikely to budge much from these levels. None of the loan portfolio has witnessed any stress except for seasonality in agri-portfolio. Provision coverage ratio (PCR) stood comfortable at 66%.

### **Part-time Chairman exit, a concern however franchise remains strong**

Atanu Chakraborty (Part-time Chairman and Independent Director) resigned on March 18, 2026, citing a misalignment of “personal values” with certain internal practices, though he provided no specific evidence of operational or material issues. To ensure stability, the RBI swiftly approved Keki Mistry as interim Part-time Chairman. Management clarified that the exit was not due to regulatory or compliance lapses, noting that the speed of the RBI’s approval reflects strong regulatory confidence in the bank. The RBI has demanded audio/video recordings and minutes of HDFC Bank board meetings held on March 17–18, 2026. Management, led by Keki Mistry, in a call tried to alleviate any concerns with governance. However, investors will closely monitor appointment of a permanent Chairman and the reappointment of the MD and CEO, which is due for consideration in the next few months.

### **Risks**

- Slower than system credit growth in FY27
- High CD ratio and lower margins
- Governance issues aggravate

### Valuations & Recommendation

HDFC Bank maintains a robust retail franchise, anchoring its position as India's largest private sector bank through a massive network of over 9,600 branches. The Bank has historically outgrown the industry while maintaining strong asset quality parameters. Post-merger with HDFC Ltd, the credit deposit ratio zoomed to 110% and the bank outlined to bring it down to normalised levels of 85-90% by FY27 and the management is on track. The present row due to exit of part-time Chairman, has been a quotation mark on the ethics and governance standards of the bank. However, investor will keenly monitor developments on leadership succession, including appointment of a permanent Chairman and progress on MD & CEO re-appointment. However, the franchise remains strong on execution and in line with guidance.

At the CMP, the scrip is trading at 1.85x FY27E EPS and we advise to 'BUY' for a target of ₹1,028.

### **Financials**

	Q3FY26	Q3FY25	YoY	Q2FY26	QoQ	9MHY26	9MHY25	YoY	FY24	FY25	FY26E	FY27E
NII	32,615	30,653	6%	31,552	3%	95,604	90,604	6%	108,532	122,670	131,737	149,890
NIM%-Calc	3.35%	3.43%		3.27%		3.43%	3.53%		3.80%	3.45%	3.40%	3.50%
Operating Profit	27,098	25,000	8%	27,924	-3%	90,755	73,591	23%	94,387	100,127	111,031	124,053
Net Profit	18,654	16,736	11%	18,641	0%	55,450	49,731	11%	60,812	67,347	74,422	83,127
GNPA%	1.24%	1.42%		1.24%		1.24%	1.42%		1.24%	1.33%	1.20%	1.20%
EPS	11.91	10.69		11.90		35.41	31.76		38.83	43.01	47.53	53.08
BV	353.00	316.00		340.00		353.00	316.00		281.14	320.21	355.85	395.67

Sources: Capitaline, EFL Research

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EFL's recommendation nomenclatures (12 months investment horizon)	
BUY	>15%
Accumulate	5% to 15%
Hold	5% to -5%
Reduce	-5% to 15%
Sell	< -15%
NR (Not Rated)	No specific call on the stock
UR (Under review)	Stock being reviewed – rating may change shortly

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