

Financial health Intact even as corporate governance sparks fly

Reco/View: **BUY**

CMP: **Rs. 800**

Price Target: **Rs. 1,025**



We understand your world

STOCK UPDATE

Event update

SECTOR

Banking

COMPANY DETAILS

Market cap:	Rs. 12,30,896 cr
52-week high/low:	Rs. 1020/772
NSE volume: (No of shares)	1.7 crore
BSE code:	500180
NSE code:	HDFCBANK
Free float: (No of shares)	1,534 cr

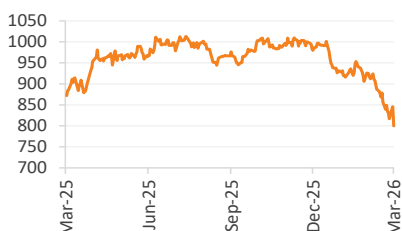
Source: NSE, BSE, Mirae Asset Sharekhan Research

SHAREHOLDING (%)

Promoters	-
FII	47.7
DII	37.0
Others	15.3

Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE CHART



Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	-12.7	-18.8	-17.3	-8.3
Relative to Sensex	-2.6	-6.2	-7.1	-6.6

Source: Mirae Asset Sharekhan Research, Bloomberg

Quick Snapshot

- HDFC Bank is currently navigating a leadership transition following the sudden resignation of its Part-time Chairman and Independent Director, Atanu Chakraborty, on March 18, 2026.
- While the exit was led by the outgoing executive's comments on lack of congruence between bank practices and personal ethics, the management maintained that governance frameworks remain robust.
- We opine that this sudden exit and restructuring of top management will weigh in on the stock in the near term, while core financials remain healthy. Investors will closely monitor the appointment of a permanent Chairman and reappointment of the MD & CEO.
- Thus, we slightly reduce our core bank multiple to ~2x FY28 BV leading to revised PT of Rs. 1,025, maintain our BUY rating.

Leadership exit and interim appointment: Atanu Chakraborty resigned citing concerns over "certain happenings and practices" that did not align with his personal values. The management explicitly stated that the exit was not triggered by regulatory concerns or compliance lapses. The board asked for specific triggers for the exit but did not get any material or specific operational issues. To ensure stability, RBI swiftly approved the appointment of Keki Mistry as interim Part-time Chairman for a quarter. The management highlighted that the speed of this approval reflects the RBI's confidence in the institution.

Management Continuity: Leadership explicitly denied rumours of a 'power struggle' at the board or executive level. CEO Sashidhar Jagdishan emphasized the cohesion of the management, noting that Deputy Managing Director Kaizad Bharucha's term was recently renewed for three years and that he will be taking on expanded responsibilities. The bank maintains that its internal oversight mechanisms, including the audit, risk, and ESG committees remain fully operational and led by experienced independent directors.

Governance and ethics framework: In response to concerns regarding the "ethics" mentioned in the resignation, Keki Mistry and other board members asserted that the bank adheres to the highest standards of transparency and integrity. They noted that any minor disagreements in board meetings were non-material and that all major resolutions during Chakraborty's tenure were unanimous. The bank utilises a well-defined process for handling whistleblower complaints and social media allegations, which are reviewed by the audit committee.

Our Call

While HDFC bank explores a potential organizational restructuring, its long-term outlook remains focused on realizing post-merger synergies and leveraging technological differentiation to return to its pre-merger growth trajectory. However in the near term, performance will be dictated by the governance discount until a permanent Chairman is appointed. Investors will closely monitor the appointment of a permanent Chairman and the reappointment of the MD and CEO, which is due for consideration in the next few months. We value the core bank at ~2x FY28E (slightly lower than 2.3x earlier) while subsidiaries at Rs125 to arrive at revised PT of Rs. 1,025, and maintain a Buy rating.

Key Risks

Slowdown in business and rise in stress due to global events could affect performance.

Valuation

Particulars	FY24	FY25	FY26E	FY27E	FY28E
Net Interest Income	1,08,532	1,22,670	1,29,221	1,47,927	1,71,665
Net profit	60,812	67,347	73,720	85,453	98,559
EPS (Rs)	40.0	44.0	47.9	55.4	63.6
P/E (x)	17.0	15.4	14.2	12.3	10.7
P/BV (x)	2.3	2.1	1.9	1.7	1.5
RoE	16.9	14.3	14.0	14.6	15.0
RoA	2.0	1.8	1.8	1.9	2.0

Source: Company; Mirae Asset Sharekhan estimates

Additional Data**Top 10 shareholders**

Sr. No.	Holder Name	Holding (%)
1	SBI Funds	5.27
2	LIC	4.13
3	Vangaurd INC	3.64
4	ICICI Pru AMC	3.02
5	Blackrock INC	3.01
6	HDFC Trust	2.49
7	HDFC asset	2.49
8	NPS Trust A/C (UTI)	2.2
9	FMR LLC	2.2
10	Republic of Singapore	1.97

Source: Bloomberg

Key management personnel

Name	Designation
Sashidhar Jagdishan	MD & CEO
Srinivasan Vaidyanathan	CFO & ED

Source: Company Website

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