




HDFC Bank Limited

BUY

Sector: Banking

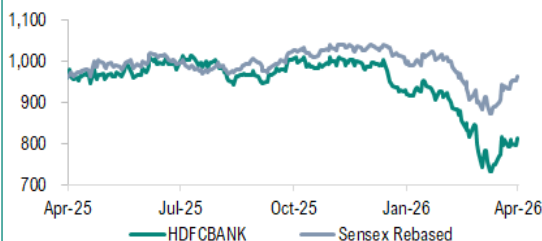
22nd April, 2026

Key Changes	Target		Rating		Earnings		Target	Rs. 896
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame	CMP		Rs. 799
Large Cap	HDFCB:IN	79,273	HDFCBANK	500180	12 Months	Return		+12%

Data as of: 22-Apr-2026, 16:00 hrs

Company Data			
Market Cap (Rs. cr)	12,31,316		
52 Week High — Low (Rs.)	1,020 - 727		
Outstanding Shares (cr)	1,539		
Free Float (%)	99.1		
Dividend Yield (%)	1.4		
6m average volume (cr.)	3.4		
Beta	0.9		
Face value (Rs.)	1.0		
Shareholding (%)	Q2FY26	Q3FY26	Q4FY26
Promoters	0.0	0.0	0.0
FII's	48.5	47.7	44.1
MFs/Insti	36.3	37.2	40.3
Public	12.8	12.4	13.0
Others	2.4	2.8	2.6
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil
Price Performance	3 Month	6 Month	1 Year
Absolute Return	-12.8%	-19.4%	-17.0%
Absolute Sensex	-3.5%	-6.1%	-0.4%
Relative Return	-9.3%	-13.3%	-16.6%

*over or under performance to benchmark index



Y.E March (cr)	FY26A	FY27E	FY28E
Net Interest Income	163,124	180,810	201,568
Growth (%)	7.0	10.8	11.5
NIM (%)	4.0	4.0	4.0
Pre-Provision Profit	128,798	134,608	143,415
Net Profit	76,026	83,342	92,526
Growth (%)	7.4	9.6	11.0
Adj. EPS	49.3	56.4	62.6
Growth (%)	6.7	14.5	11.0
BVPS	380.7	420.2	464.1
P/E	14.8	14.4	13.0
P/B	1.9	1.9	1.7
RoE (%)	13.7	13.5	13.6
RoA (%)	1.6	1.6	1.6

Strong loan book likely to ensure growth

Incorporated in August 1994, HDFC Bank provides corporate and retail banking, custodial, treasury and project advisory services, along with capital market products.

- In Q4FY26, Net interest income grew 5.5% YoY to Rs. 41,962cr, supported by the cost of funds falling to 4.4% from 4.9% on the back of a consistent dip in borrowings and strong retail deposit mobilization. However, net interest margin fell to 3.38% YoY from 3.54% in Q4FY25.
- Consolidated interest income rose 0.5% YoY to Rs. 87,183cr in Q4FY26 due to growth in gross advances and assets under management (AUM), which was partially offset by a yield compression (8.3% to 7.8%) and lower miscellaneous interest receipts.
- Pre-provisioning operating profit rose 5.9% YoY to Rs. 31,112cr due to a 5.6% dip in expenditure. The cost-to-income ratio grew to 39.9% from 39.8% in Q4FY25.
- Reported profit after tax (PAT) climbed 9.3% YoY to Rs. 21,074cr on account of higher operating profit and a 9.6% YoY drop in provisions to Rs. 3,440cr.
- The gross non-performing asset (GNPA) ratio improved to 1.15% in Q4FY26 from 1.33% in Q4FY25, while the net NPA ratio declined to 0.38% from 0.43%, indicating improvement in asset quality.

Outlook & Valuation

Despite geopolitical uncertainties, the bank's quarterly performance was flat due to diversified corporate demand from emerging sectors, sustained retail momentum, enhanced digital capabilities and a stronger distribution reach across customer segments. Growth is likely to be supported by opportunities in electronics, food processing, auto ancillaries, renewables and semiconductors, along with acquisitions and project financing. On the retail side, continued traction in auto and personal loans, and mortgages, coupled with cross-selling initiatives and technology-led efficiency gains, is expected to sustain the growth trajectory. Additionally, a strong loan book and improved asset quality are expected to aid growth. Therefore, **we upgrade our BUY rating on the stock based on 1.9x FY28E BVPS, with revised target price of Rs. 896.**

Quarterly Finance Consolidated

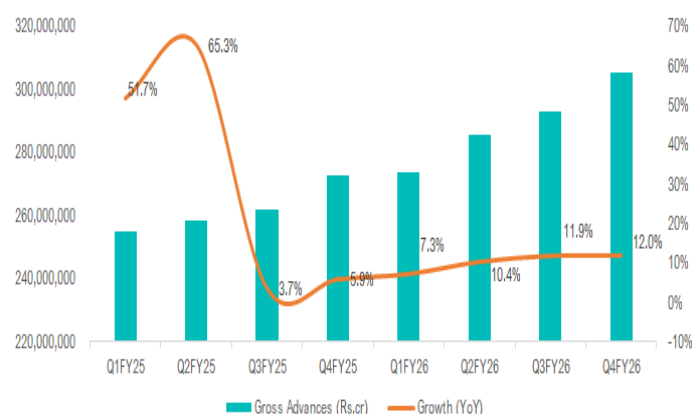
Rs. cr	Q4FY26	Q4FY25	YoY Growth (%)	Q3FY26	QoQ Growth (%)	FY26	FY25	YoY Growth (%)
Net Interest Income	41,962	39,793	5.5	41,246	1.7	163,124	152,473	7.0
Total Income	116,920	120,269	-2.8	126,927	-7.9	495,463	470,916	5.2
Total Expenditure	85,808	90,890	-5.6	96,345	-10.9	366,665	360,499	1.7
Pre-Provision Profit	31,112	29,379	5.9	30,582	1.7	128,798	110,417	16.6
PBT	27,672	25,573	8.2	26,961	2.6	102,141	96,242	6.1
Rep. PAT	21,074	19,285	9.3	20,691	1.9	79,219	73,440	7.9
Adj PAT	21,074	19,285	9.3	20,691	1.9	79,219	73,440	7.9
EPS (Rs.)	13.2	12.3	7.5	12.8	2.8	49.3	46.2	6.7



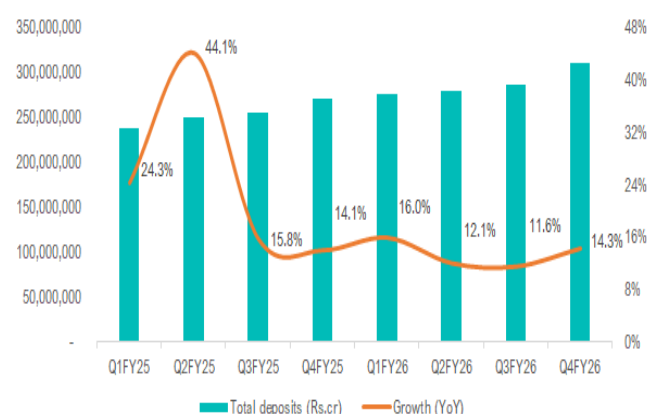
Key Concall Highlights

- The Reserve Bank of India (RBI) has granted regulatory approval for the appointment of Mr. Keki Mistry as the Interim Part-Time Chairman of the company following the resignation of Atanu Chakraborty. The RBI has stated that, based on its assessment, there are no material concerns regarding HDFC Bank's conduct or governance.
- In Q4FY26, the current account savings account (CASA) ratio was flat at 34.1%. Average deposits grew 12.8% YoY to Rs. 28,51,100cr owing to a rise in savings accounts (+11.9%), current accounts (+12.9%) and time deposits (+15.5%).
- Gross advances rose 12% YoY to Rs. 29,60,000cr as on March 31, 2026 (vs Rs. 26,43,500cr in Q4FY25). Gross advances under management grew 10.2% YoY, reflecting measured credit expansion amid calibrated risk management.
- The average liquidity coverage ratio (LCR) ratio was 114% during the quarter (vs 119% in Q4FY25) due to an improvement in asset quality.
- On a standalone basis, the return on assets (ROA) and return on equity (ROE) stood at 1.96% and 14.1%, respectively, in Q4FY26. A strong network enabled the bank to reach a customer base of more than 100mn.
- HDFC Life Insurance (50.21% stake) sold 390,000 individual policies during Q4FY26, insuring 12.2mn lives, with an individual weighted received premium market share of 15.2% for FY26.

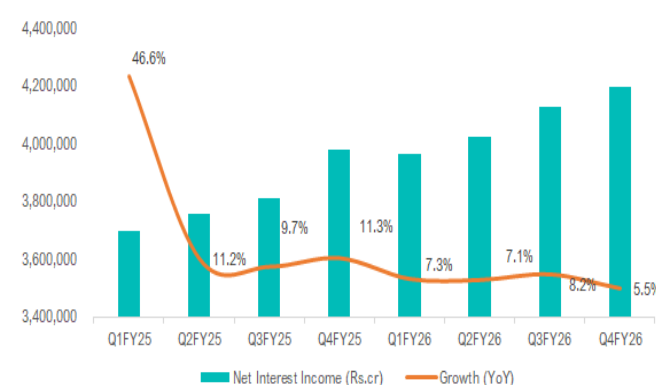
Advances



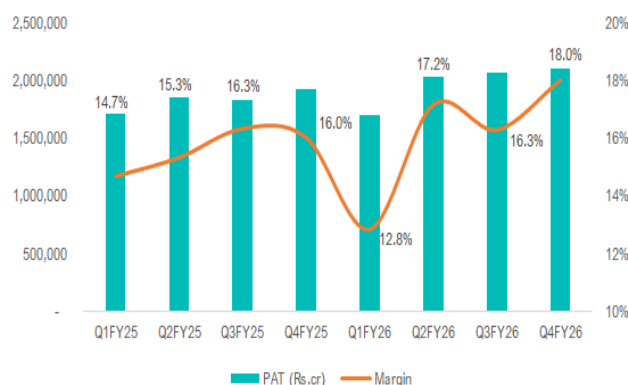
Deposits



Net Interest Income



PAT



Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change -%	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Net Interest Income	168,710	188,115	173,170	195,820	7.2	7.2
Net Interest Margin	3.7	3.7	3.8	3.9	25bps	30bps
Pre-Provision Profit	134,843	157,167	131,753	145,783	-0.2	-8.8
Net Profit	87,795	102,133	85,887	94,221	-5.1	-9.4
EPS	57.1	66.4	58.1	63.8	-1.2	-5.7



Consolidated Financials

Profit & Loss

Y.E March (Rs. cr)	FY24A	FY25A	FY26A	FY27E	FY28E
Interest Income	283,649	336,367	348,615	387,411	436,472
Interest Expense	154,139	183,894	185,491	206,601	234,904
Net Interest Income	129,510	152,473	163,124	180,810	201,568
% Change	39.3	17.7	7.0	10.8	11.5
Non-Interest Income	124,346	134,549	146,848	154,190	168,838
Net Income	253,856	287,022	309,972	335,000	370,406
Total Income	407,995	470,916	495,463	541,601	605,310
Operating Expenses	152,269	176,605	181,174	200,392	226,991
Total Expenditure	306,408	360,499	366,665	406,994	461,896
Pre-Provisioning Profit	101,587	110,417	128,798	134,608	143,415
Provisions	25,018	14,175	26,656	22,637	19,105
Profit Before Tax	76,569	96,242	102,141	111,971	124,309
Tax	11,122	22,802	22,922	25,128	27,897
Tax Rate (%)	14.5	23.7	22.4	22.4	22.4
Minority Interests	1,384	2,648	3,193	3,501	3,887
Net Profit	64,062	70,792	76,026	83,342	92,526
% Change	39.3	10.5	7.4	9.6	11.0
Adj.	-	-	-	-	-
Adj. Net Profit	64,062	70,792	76,026	83,342	92,526
No. of Shares (cr)	1417.0	1525.5	1539.3	1,539	1,539
Adj. EPS (Rs.)	45.0	46.2	49.3	56.4	62.6
% Change	9.4	2.6	6.7	14.5	11.0
DPS	9.8	11.0	15.5	16.9	18.8

Balance Sheet

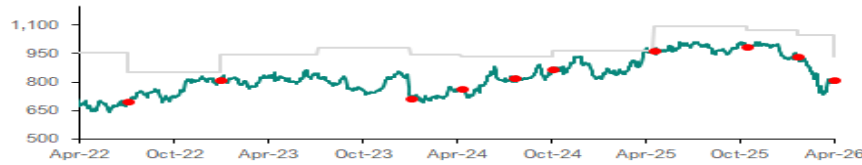
Y.E March (Rs. cr)	FY24A	FY25A	FY26A	FY27E	FY28E
Cash & Balances	228,835	249,948	311,926	303,646	336,005
Investments	1,005,682	1,186,473	1,280,216	1,385,194	1,501,550
Advances	2,571,917	2,724,938	3,050,783	3,416,877	3,792,734
Fixed Assets	12,604	15,258	16,492	20,210	22,737
Other Assets	211,158	215,801	248,624	294,619	348,829
Total Assets	4,030,194	4,392,417	4,908,041	5,420,547	6,001,855
Capital	760	765	1,539	1,539	1,539
Reserves & Surplus	455,636	521,024	584,520	645,310	712,799
Deposits	2,376,887	2,710,898	3,099,638	3,549,086	4,063,703
Borrowings	730,615	634,606	588,485	559,060	528,312
Other Liabilities	466,296	525,124	633,859	665,551	695,501
Total Liabilities	4,030,194	4,392,417	4,908,041	5,420,547	6,001,855
BVPS	322.1	342.0	380.7	420.2	464.1
Adj. BVPS	316.4	334.6	373.5	415.8	459.1
% Change	23.5	5.8	11.6	11.3	10.4

Ratio

Y.E March	FY24A	FY25A	FY26A	FY27E	FY28E
Valuation					
P/E (x)	16.1	19.8	14.8	14.4	13.0
P/BV (x)	2.2	2.7	1.9	1.9	1.7
Div. Yield (%)	1.3	1.2	2.1	2.1	2.3
Profitability & Return (%)					
Yield on Advances	10.3	9.5	8.9	9.2	9.4
Cost of Deposits	5.9	5.7	5.3	5.3	5.4
Spread	4.4	3.8	3.6	3.9	4.0
NIM (calculated)	4.5	4.1	4.0	4.0	4.0
ROE	17.2	14.5	13.7	13.5	13.6
ROA	2.0	1.7	1.6	1.6	1.6
Capital Adequacy (%)					
CAR	18.8	19.6	19.7	19.5	19.3
Tier I	16.8	17.7	17.7	17.7	17.7
Tier II	2.0	1.9	2.0	1.8	1.6
Asset Quality (%)					
GNPA	1.2	1.3	1.1	1.1	1.2
NNPA	0.3	0.4	0.5	0.2	0.2
Operating Ratios (%)					
Credit/Deposit	108.2	100.5	98.4	96.3	93.3
Cost/Income	60.0	61.5	58.4	59.8	61.3
CASA	38.2	34.8	34.2	35.3	35.8



Recommendation Summary - last 3 years



Dates	Rating	Target
23-Jan-24	BUY	942
29-Apr-24	BUY	933
08-Aug-24	BUY	935
23-Oct-24	BUY	966
06-May-25	BUY	1,096
04-Nov-25	HOLD	1,075
10-Feb-26	HOLD	1,022
22-Apr-26	BUY	896




Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%

Not rated/Neutral

Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition:  Upgrade  No Change  Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

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