




HDFC Bank Limited

Sector: Banking

06th May, 2025

BUY

Key Changes		Target		Rating		Earnings		Target	Rs. 2,192
Stock Type	Bloomberg Code	Sensex		NSE Code	BSE Code	Time Frame		CMP	Rs. 1,936
Large Cap	HDFCB:IN	80,797		HDFCBANK	500180	12 Months		Return	+13%

Data as of: 05-May-2025

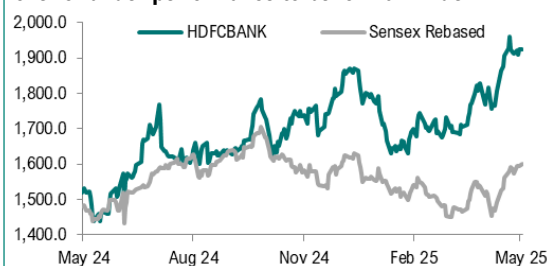
Company Data

Market Cap (Rs. cr)	1,477,568
52 Week High — Low (Rs.)	1,978 - 1,430
Outstanding Shares (cr)	765.6
Free Float (%)	99.1
Dividend Yield (%)	1.0
6m average volume (cr.)	1.4
Beta	1.0
Face value (Rs.)	1.0

Shareholding (%)	Q2FY25	Q3FY25	Q4FY25
Promoters	0.0	0.0	0.0
Fill's	48.0	49.2	48.3
MFs/Insti	35.1	34.4	35.7
Public	16.7	16.2	15.8
Others	0.2	0.2	0.2
Total	100.0	100.0	100.0
Promoter Pledge	0.0	0.0	0.0

Price Performance	3 Month	6 Month	1 Year
Absolute Return	15.5%	10.8%	27.6%
Absolute Sensex	4.7%	0.0%	8.6%
Relative Return	10.8%	10.8%	18.9%

*over or under performance to benchmark index



Y.E March (cr)	FY25A	FY26E	FY27E
Net Interest Income	152,473	155,862	176,720
<i>Growth (%)</i>	<i>17.7</i>	<i>2.2</i>	<i>13.4</i>
<i>NIM (%)</i>	<i>4.1</i>	<i>3.8</i>	<i>4.0</i>
Pre-Provision Profit	110,417	118,216	130,093
Net Profit	70,792	75,266	82,165
<i>Growth (%)</i>	<i>10.5</i>	<i>6.3</i>	<i>9.2</i>
Adj. EPS	92.4	102.0	111.4
<i>Growth (%)</i>	<i>2.6</i>	<i>10.4</i>	<i>9.2</i>
BVPS	681.9	757.9	843.1
P/E	19.8	18.8	17.3
P/B	2.7	2.5	2.3
<i>RoE (%)</i>	<i>14.5</i>	<i>13.7</i>	<i>13.4</i>
<i>RoA (%)</i>	<i>1.7</i>	<i>1.6</i>	<i>1.6</i>

Poised for Steady Growth

Incorporated in August 1994, HDFC Bank provides a range of financial services including corporate and retail banking, custodial services, treasury and capital markets, project advisory services, and capital market products.

- In Q4FY25, HDFC Bank saw a notable 9.2% YoY increase in interest income to Rs. 86,779cr. The growth was primarily fuelled by a significant rise in interest generated from lending activities that was up 4.8% YoY and substantial increases in investment-related income (+23.5% YoY) and other banking funds (+49.5% YoY).
- Net interest income (NII) rose 11.3% YoY to Rs. 39,793cr driven by strong loan growth. Net interest margin (NIM) was stable at 3.54%.
- Pre-provisioning operating profit fell 6.9% YoY to Rs. 29,379cr, primarily due to a 25.5% YoY decline in other income. Nevertheless, the bank's operational efficiency showed improvement, with a 10.6% drop in operating expenses and cost-to-income ratio improving to 39.8% (down 150bps YoY).
- Reported profit after tax (PAT) ultimately rose 6.9% YoY to Rs. 18,835cr, driven by a substantial 72.4% YoY reduction in provisions, which was largely attributed to the improvement in asset quality.

Outlook & Valuation

Going forward, HDFC Bank is well-positioned to capitalise on improving liquidity conditions, robust capital foundation, vast network and enhanced technological capabilities to drive strong loan expansion. Moreover, favourable asset composition, improvement in borrowing mix and lower funding costs should continue to support margins over the coming years. Asset quality has remained steady, with the proportion of NPA not expected to increase significantly in the future. With an efficient operating model and a robust provisioning coverage underpinned by high-quality assets, the bank is poised for sustained growth. Therefore, we **reiterate our BUY rating on the stock, based on 2.6x FY27E BVPS, with a revised target price of Rs. 2,192.**

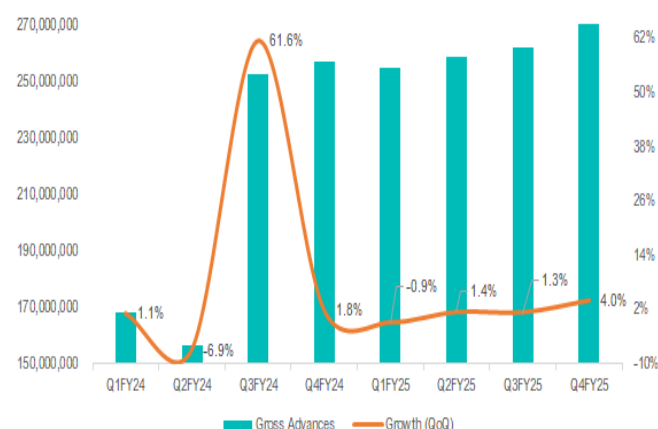
Quarterly Financials Consol.

Rs.cr	Q4FY25	Q4FY24	YoY Growth (%)	Q3FY25	QoQ Growth (%)	FY25	FY24	YoY Growth (%)
Net Interest Income	39,793	35,742	11.3	38,126	4.4	152,473	129,510	17.7
Total Income	120,269	124,391	-3.3	112,194	7.2	470,916	407,995	15.4
Total Expenditure	90,890	92,819	-2.1	84,264	7.9	360,499	306,408	17.7
Pre-Provision Profit	29,379	31,572	-6.9	27,930	5.2	110,417	101,587	8.7
PBT	25,573	17,761	44.0	23,973	6.7	96,242	76,569	25.7
Rep. PAT	18,835	17,622	6.9	17,657	6.7	70,792	64,062	10.5
Adj PAT	18,835	17,622	6.9	17,657	6.7	70,792	64,062	10.5
EPS (Rs.)	24.5	23.1	6.1	23.0	6.6	92.4	90.0	2.6

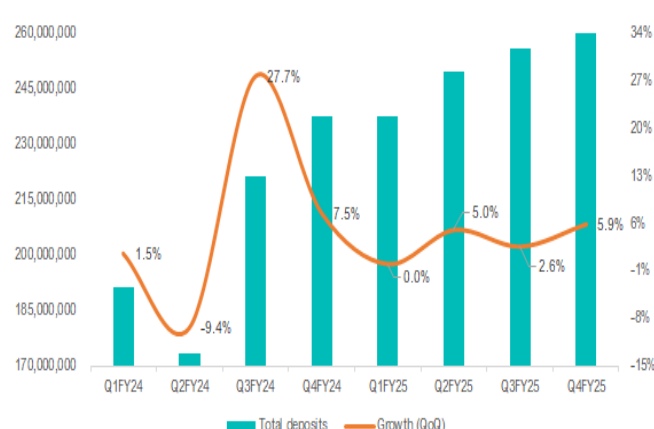
Key Concall Highlights

- HDFC Bank's deposits grew 5.9% QoQ to Rs. 27,14,700cr driven by strong increases in current accounts (+17.6% QoQ), savings deposits (+4.1% QoQ) and term deposits (+4.7% QoQ).
- Consequently, the current account and savings account (CASA) ratio was 34.8%, up from 34.1% in Q3FY25.
- The bank's loan portfolio expanded 4.0% QoQ to reach Rs. 26,43,500cr, fuelled by strong growth in key segments, including a 2.5% QoQ increase in retail lending, a 5.1% QoQ rise in commercial and rural banking loans and a 2.5% QoQ improvement in corporate advances.
- Asset quality showed a notable improvement, with gross non-performing assets (NPAs) and net NPAs declining to 1.33% and 0.4%, respectively, compared with 1.42% and 0.5% in Q3FY25. The improvement was largely driven by a decrease in new slippages and a robust recovery process.
- The bank's capital adequacy ratio was 19.6% and Tier 1 ratio stood at 17.7%, both well above the regulatory requirements.
- The loan-to-deposit ratio is expected to gradually decline to the pre-merger range of 85-90% by fiscal 2027, which would create headroom for the bank to accelerate asset growth in subsequent periods.
- The RBI's rate cuts and accommodative stance are expected to have a positive impact on the bank's loan growth and overall business.

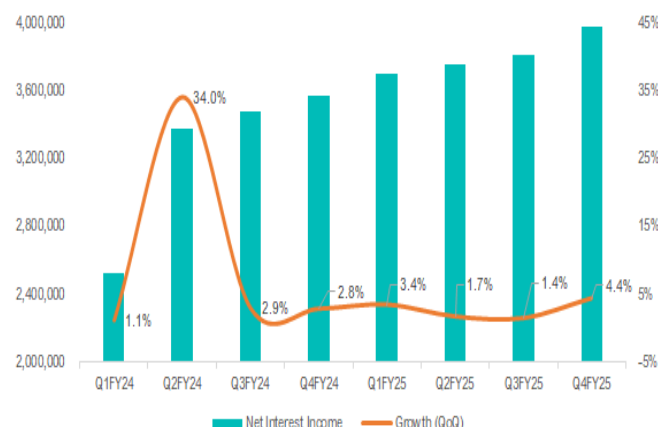
Gross Advances



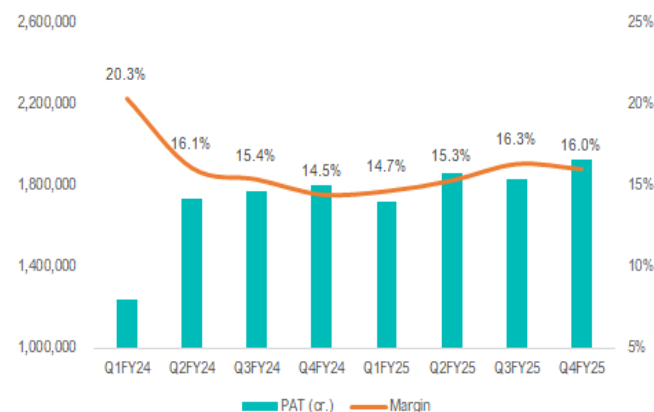
Total Deposits



Net Interest Income



PAT



Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change -%	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Net Interest Income	184,714	-	155,862	176,720	-15.6	-
Net Interest Margin	4.5	-	3.8	4.0	-70bps	-
Pre-Provision Profit	131,598	-	118,216	130,093	-10.2	-
Net Profit	84,779	-	75,266	82,165	-11.2	-
EPS	111.2	-	102.0	111.4	-8.2	-



Consolidated Financials

Profit & Loss

Y.E March (Rs. cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Interest Income	170,754	283,649	336,367	362,348	405,779
Interest Expense	77,780	154,139	183,894	206,486	229,059
Net Interest Income	92,974	129,510	152,473	155,862	176,720
% Change	20.2	39.3	17.7	2.2	13.4
Non-Interest Income	33,912	124,346	134,549	144,169	154,477
Net Income	126,886	253,856	287,022	300,031	331,196
Total Income	204,666	407,995	470,916	506,517	560,256
Operating Expenses	51,534	152,269	176,605	181,814	201,104
Total Expenditure	129,314	306,408	360,499	388,301	430,163
Pre-Provisioning Profit	75,352	101,587	110,417	118,216	130,093
Provisions	13,854	25,018	14,175	14,108	16,442
Profit Before Tax	61,498	76,569	96,242	104,108	113,651
Tax	15,350	11,122	22,802	26,027	28,413
Tax Rate (%)	25.0	14.5	23.7	25.0	25.0
Minority Interests	152	1,384	2,648	2,815	3,073
Net Profit	45,997	64,062	70,792	75,266	82,165
% Change	20.9	39.3	10.5	6.3	9.2
Adj.	-	-	-	-	-
Adj. Net Profit	45,997	64,062	70,792	75,266	82,165
No. of Shares (cr)	560.9	727.1	765.2	765.2	765.2
Adj. EPS (Rs.)	82.3	90.0	92.4	102.0	111.4
% Change	20.4	9.4	2.6	10.4	9.2
DPS	19.0	19.5	22.0	26.0	26.2

Balance Sheet

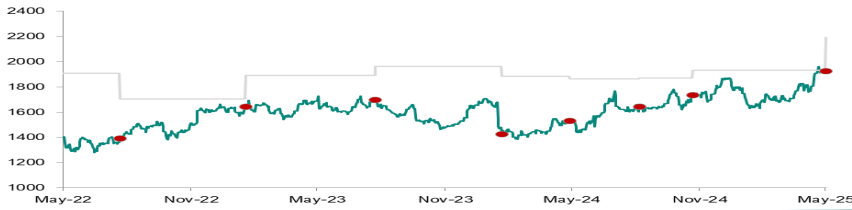
Y.E March (Rs. cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash & Balances	197,148	228,835	249,948	429,461	485,464
Investments	511,582	1,005,682	1,186,473	1,283,764	1,389,032
Advances	1,661,949	2,571,917	2,724,938	2,918,409	3,286,128
Fixed Assets	8,283	12,604	15,258	18,699	22,915
Other Assets	151,471	211,158	215,801	255,724	303,032
Total Assets	2,530,432	4,030,194	4,392,417	4,906,056	5,486,573
Capital	558	760	765	765	765
Reserves & Surplus	288,880	455,636	521,024	579,194	644,401
Deposits	1,882,663	2,376,887	2,710,898	3,158,196	3,663,508
Borrowings	256,549	730,615	634,606	616,519	598,949
Other Liabilities	101,783	466,296	525,124	551,380	578,949
Total Liabilities	2,530,432	4,030,194	4,392,417	4,906,056	5,486,573
BVPS	516.0	627.7	681.9	757.9	843.1
Adj. BVPS	508.2	616.6	681.9	750.3	834.5
% Change	16.8	21.3	10.6	10.0	11.2

Ratio

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
Valuation					
P/E (x)	19.3	16.1	19.8	18.8	17.3
P/BV (x)	3.1	2.3	2.7	2.5	2.3
Div. Yield (%)	1.2	1.3	1.2	1.4	1.4
Profitability & Return (%)					
Yield on Advances	8.8	10.3	9.5	9.5	9.3
Cost of Deposits	4.0	5.9	5.7	5.8	5.7
Spread	4.8	4.4	3.8	3.7	3.6
NIM (calculated)	4.6	4.5	4.1	3.8	4.0
ROE	17.1	17.2	14.5	13.7	13.4
ROA	2.0	2.0	1.7	1.6	1.6
Capital Adequacy (%)					
CAR	19.3	18.8	19.6	19.6	19.4
Tier I	17.1	16.8	17.7	17.9	17.9
Tier II	2.2	2.0	1.9	1.7	1.5
Asset Quality (%)					
GNPA	1.1	1.2	1.3	1.0	1.0
NNPA	0.3	0.3	0.4	0.2	0.2
Operating Ratios (%)					
Credit/Deposit	88.3	108.2	100.5	92.4	89.7
Cost/Income	40.6	60.0	61.5	60.6	60.7
CASA	44.4	38.2	34.8	36.8	36.8



Recommendation Summary - (last 3 years)



Dates	Rating	Target
22-Jul-22	BUY	1,705
19-Jan-23	BUY	1,890
25-Jul-23	BUY	1,964
23-Jan-24	BUY	1,884
29-Apr-24	BUY	1,865
08-Aug-24	BUY	1,869
23-Oct-24	BUY	1,931
06-May-25	BUY	2,192

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.

The recommendations are based on 12 month horizon, unless otherwise specified. The investment ratings are on absolute positive/negative return basis. It is possible that due to volatile price fluctuation in the near to medium term, there could be a temporary mismatch to rating. For reasons of valuations/ return/lack of clarity/event we may revisit rating at appropriate time. Please note that the stock always carries the risk of being upgraded to BUY or downgraded to a HOLD, REDUCE or SELL.

Not rated/Neutral- The analyst has no investment opinion on the stock under review.

DISCLAIMER & DISCLOSURES

Certification: I, Arun Kailasan, author of this Report, hereby certify that all the views expressed in this research report reflect our personal views about any or all of the subject issuer or securities. This report has been prepared by the Research Team of Geojit Investments Limited, hereinafter referred to as GIL.

For general disclosures and disclaimer: Please [Click here](#)

CRISIL has provided research support in preparation of this research report and the investment rational contained herein along with financial forecast. The target price and recommendation provided in the report are strictly GIL's views and are NOT PROVIDED by CRISIL. Further, CRISIL expresses no opinion on valuation and the associated recommendations. CRISIL has no financial liability whatsoever, to the subscribers / users of this report.

Regulatory Disclosures:

Group companies/ Fellow subsidiaries of Geojit Investments Ltd (GIL) are Geojit Financial Services Limited (GFSL), Geojit Technologies Private Limited (Software Solutions provider), Geojit Credits Private Limited (NBFC), Geojit Fintech Private Ltd, Geojit IFSC Ltd (a company incorporated under IFSC Regulations), Qurum Business Group Geojit Securities LLC (a subsidiary of holding company in Oman engaged in Financial Services), Barjeel Geojit Financial Services LLC (a joint venture of holding company in UAE engaged in Financial Services), and BBK Geojit Consultancy and Information KSC (C) (a joint venture in Kuwait-engaged in Financial services). In the context of the SEBI Regulations on Research Analysts (2014), GIL affirms that we are a SEBI registered Research Entity and in the course of our business as a stock market intermediary, we issue research reports /research analysis etc. that are prepared by our Research Analysts. We also affirm and undertake that no disciplinary action has been taken against us or our Analysts in connection with our business activities. In compliance with the above-mentioned SEBI Regulations, the following additional disclosures are also provided which may be considered by the reader before making an investment decision:

1. Disclosures regarding Ownership:

GIL confirms that:

(i)It/its associates have no financial interest or any other material conflict in relation to the subject company (ies) covered herein, at the time of publication of the research report.
(ii)It/its associates have no actual beneficial ownership of 1% or more in relation to the subject company (ies) covered herein, at the end of the month immediately preceding the date of publication of the research report.

Further, the Analyst confirms that:

(i) He, his associates and his relatives shall take reasonable care to ensure that they do not have any financial interest in the subject company (ies) covered herein, and they have no other material conflict in the subject company, at the time of publication of the research report.
(ii) He, his associates and his relatives have no actual/beneficial ownership of 1% or more in the subject company covered, at the end of the month immediately preceding the date of publication of the research report.

2. Disclosures regarding Compensation:

During the past 12 months, GIL or its Associates:

(a) Have not received any compensation from the subject company; (b) Have not managed or co-managed public offering of securities for the subject company (c) Have not received any compensation for investment banking or merchant banking or brokerage services from the subject company. (d) Have not received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company. e) Have not received any compensation or other benefits from the subject company or third party in connection with the research report (f) The subject company is / was not a client during twelve months preceding the date of distribution of the research report.

3. Disclosure by GIL regarding the compensation paid to its Research Analyst:

GIL hereby confirms that no part of the compensation paid to the persons employed by it as Research Analysts is based on any specific brokerage services or transactions pertaining to trading in securities of companies contained in the Research Reports.

4. Disclosure regarding the Research Analyst's connection with the subject company: It is affirmed that I, Arun Kailasan, Research Analyst (s) of GIL have not served as an officer, director or employee of the subject company.

5. Disclosure regarding Market Making activity: Neither GIL/its Analysts have engaged in market making activities for the subject company.

6. Disclosure regarding conflict of interests: GIL shall abide by the applicable regulations/ circulars/ directions specified by SEBI and Research Analyst Administration and Supervisory Body (RAASB) from time to time in relation to disclosure and mitigation of any actual or potential conflict of interest. GIL will endeavour to promptly inform the client of any conflict of interest that may affect the services being rendered to the client.

7. "Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors."

8. Clients are required to keep contact details, including email id and mobile number/s updated with the GIL at all times.

9. In the course of providing research services by GIL, GIL cannot execute/carry out any trade (purchase/sell transaction) on behalf of, the client. Thus, the clients are advised not to permit GIL to execute any trade on their behalf.

10. GIL will never ask for the client's login credentials and OTPs for the client's Trading Account Demat Account and Bank Account. The Clients are advised not to share such information with anyone including GIL.

11. Standard Warning: "Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

12. Disclosures regarding Artificial Intelligence tools: Neither Geojit Investments Limited nor its Analysts have utilized any AI tools in the preparation of the research reports.

Please ensure that you have read the "Risk Disclosure Documents for Capital Market and Derivatives Segments" as prescribed by the Securities and Exchange Board of India before investing.

Geojit Investments Ltd. Registered Office: 7th Floor 34/659-P, Civil Line Road, Padivattom, Kochi-682024, Kerala, India. Phone: +91 484-2901000, Website : www.geojit.com/GIL . For investor queries: customercare@geojit.com

GRIEVANCES

Step 1: The client should first contact the RA using the details on its website or following

contact details: Compliance officer: Ms. Indu K. Address: 7th Floor, 34/659-P, Civil Line Road, Padivattom, Ernakulam,; Phone: +91 484-2901367; Email: compliance@geojit.com. For Grievances:grievances@geojit.com. **Step 2:** If the resolution is unsatisfactory, the client can also lodge grievances through SEBI's SCORES platform at www.scores.sebi.gov.in **Step 3:** The client may also consider the Online Dispute Resolution (ODR) through the Smart ODR portal at <https://smartodr.in>

Corporate Identity Number: U66110KL2023PLC080586, SEBI Stock Broker Registration No: INH000019567; Depository Participant : IN-DP-781-2024.

ARUN

KAILASAN

Digitally signed by ARUN
KAILASAN
Date: 2025.05.06
12:06:02 +05'30'

