

## HDFC Bank Ltd

April 07, 2022

### Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating <sup>1</sup>
Infrastructure Bonds	35,000.00	CARE AAA; Stable (Triple A; Outlook: Stable)
Lower Tier-II	3,477.00	CARE AAA; Stable (Triple A; Outlook: Stable)
Tier-I Bonds	20,000.00	CARE AA+; Stable (Double A Plus; Outlook: Stable)
Tier-II Bonds	10,000.00	CARE AAA; Stable (Triple A; Outlook: Stable)
<b>Total Long-term Instruments</b>	<b>68,477.00</b> <b>(Rs. Sixty-eight thousand four hundred seventy-seven crore only)</b>	
Fixed Deposit	Ongoing	CARE AAA (FD); Stable [Triple A (Fixed Deposit); Outlook: Stable]
Certificate of Deposit	75,000.00	CARE A1+ (A One Plus)
<b>Total Short-term Instruments</b>	<b>75,000.00</b> <b>(Rs. Seventy-five thousand crore only)</b>	

### Material event update

HDFC Bank Limited (HBL) and Housing Development Finance Corporation Limited (HDFC; rated 'CARE AAA; Stable'), vide announcement to the stock exchanges on April 04, 2022, have informed that their respective Boards of Directors have approved a 'composite scheme of amalgamation' for the amalgamation of: (i) HDFC Investments Limited and HDFC Holdings Limited with and into HDFC; and (ii) HDFC into HBL; and their respective shareholders and creditors.

The amalgamation would be through exchange of share at an exchange ratio of 42 equity shares of face value of Re.1 each of HBL, for every 25 equity shares of face value of Rs.2 each of HDFC. As a result of the merger, upon the scheme becoming effective, HBL will be 100% owned by public shareholders and existing shareholders of HDFC will own 41% of HBL.

The merger is subject to approval from creditors and regulatory approvals including approval from the Reserve Bank of India (RBI), the Securities and Exchange Board of India (SEBI), the Insurance Regulatory and Development Authority of India (IRDAI), stock exchanges, the Competition Commission of India (CCI), and the National Company Law Tribunal (NCLT), and is expected to be completed by Q2/Q3 of FY24.

HBL is the second-largest bank in the country, with advances of over Rs.12.7 lakh crore as on December 31, 2021. The merged entity will have combined advances of over Rs.18 lakh crore and net worth of over Rs.3 lakh crore on a pro forma basis. HDFC is the largest housing finance company in India, with a pan-India distribution network comprising 651 outlets with 79% of the portfolio (as on December 31, 2021) constituting individual home loans. The merger will increase the geographical reach of the bank, improve the proportion of secured loans, and make the advances profile more granular and diversified. HBL has the advantage of low-cost funding due to a strong Current Asset Savings Account (CASA) deposit base, which on merger, will help become more competitive in the home loan segment.

CARE Ratings Limited has taken cognisance of the above developments and does not expect any negative impact on the credit profile of both the entities.

HBL reported a profit-after-tax (PAT) of Rs.26,906 crore on a total income of Rs.1,16,177 crore for the nine months ended December 31, 2021, as against a PAT of Rs.22,930 crore on a total income of Rs.1,08,046 crore in the corresponding period of the previous year, registering a PAT growth of 17.34%. The bank's return on total assets (ROTA) for 9MFY22 was 1.95%. The bank reported a capital adequacy ratio (CAR) of 19.53% (Tier-I CAR: 18.37%) and CET-I ratio of 17.10%, as on December 31, 2021. The gross NPA ratio stood at 1.26% and net NPA ratio stood at 0.37%, as on December 31, 2021.

Both, HBL and HDFC, continue to report strong financial performance, in terms of growth in business as well as overall profitability. The solvency positions also remain comfortable, as the total CAR and Tier-I CAR continue to be well above the respective regulatory requirements.

For the detailed press release of HBL, please [click here](#).

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Ltd.'s publications

### About the Company

The Housing Development Finance Corporation Limited (HDFC) was among the first to receive an 'in principle' approval from the RBI to set up a bank in the private sector, as part of the RBI's liberalisation of the Indian banking industry in 1994. The bank was incorporated in August 1994, in the name of 'HDFC Bank Limited' (HBL), with its registered office in Mumbai, India. HBL is promoted by HDFC Limited, which has a 19.15% stake, as on December 31, 2021. At present, HBL is the largest private sector bank in India. As on December 31, 2021, the bank's total balance sheet size stood at Rs.19,38,286 crore. HBL continues to be identified as a Domestic Systemically Important Bank (D-SIB) as per the RBI.

Brief Financials (Rs. crore)	FY20 (A)	FY21 (A)	9MFY22 (UA)
TOI	1,38,073	1,46,063	1,16,177
PAT	26,257	31,117	26,906
Total Assets	15,26,676	17,41,933	19,38,286
Net NPA (%)	0.36	0.40	0.37
ROTA (%)	1.90	1.90	1.95

A: Audited; UA: Unaudited

Note: All Analytical ratios are as per CARE Ratings Limited's calculations.

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#### About CARE Ratings Limited:

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