

Gainers & Losers

Tue Jan 17 2023 15:29:59

TOP GAINERS TOP LOSERS

IIFL Finance	516	9.5%
Minda Corporation	241.45	6.74%
Macrotech Developers	1,088.75	6.08%
Sterlite Technologies	179.65	5.03%
PTC India	95.9	4.98%

52 Week Low & High

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52 WEEK HIGH 52 WEEK LOW

Larsen & Toubro	₹2213.15	3.51%
IDFC	₹86.7	-1.42%
Mahindra Cie Automotive	₹376.3	-0.38%
Jindal Stainless (Hisar)	₹461.1	-0.21%

Active Stocks

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Vodafone Idea	₹7.29	0.97%
Suzlon Energy	₹9.99	-0.2%
Yes Bank	₹20.1	-0.25%
Indian Overseas Bank	₹31.45	-2.48%
Punjab National Bank	₹57.7	-2.04%

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HDFC Bank to miss quarterly deposit target of ₹1 trillion

2 min read . Updated: 17 Jan 2023, 06:34 AM IST

Gopika Gopakumar



HDFC Bank added 684 branches in Q3

SYNOPSIS

The private sector lender, which is in a merger process with its parent HDFC Ltd, had set the target during a roadshow in September

HDFC Bank's plan to ramp up its deposit mobilization to ₹1 trillion per quarter may hit a wall, as the pricing war over deposits heats up, analysts said.

The private sector lender, which is in a merger process with its parent HDFC Ltd, had set the target during a roadshow in September. The management sought to mop up ₹4 trillion, or roughly 25% of its current deposit base, per year.

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However, the third quarter earnings reveal that it fell short of its expectations. At the end of December, the bank posted an incremental deposit growth of ₹59,796 crore, compared to ₹68,648 crore in the previous quarter. Its total deposit book stood at ₹17.3 trillion as of 31 December.

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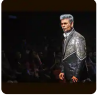
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PREMIUM

Trending Stocks

IIFL Finance	516.00	+44.75 (9.50%)
Minda Corporation	241.45	+15.25 (6.74%)
Macrotech Developers	1088.75	+62.45 (6.08%)
Bank Of India	93.35	-4.45 (-4.55%)
PNB Housing Finance	545.45	-23.50 (-4.13%)

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“There is a mad scramble for deposits. In the near term to garner such a large amount is a difficult task. The requirement is a 20% incremental market share. To sustain that every quarter is difficult. This quarter had high deposit rates and a price war in the system. Its market share is 10% but its incremental market share should be 20%,” said Suresh Ganpathy, head of financials research (equity), Macquarie Capital.

In an analysts’ call on Saturday, HDFC Bank’s chief financial officer Srinivasan Vaidyanathan said it did not meet its ambitious targets for deposit mobilization due to high consumption spending. “Objective was to have ₹60,000 crore to ₹68,000 crore to ₹80,000 crore to ₹1 trillion. Our retail deposits was at ₹67,000 crore. We had expected it would be ₹80,000 crore or above. We had put in an ambitious goal to achieve it. But mindset, drive, distribution network, leveraging of existing relationships, and more consumer spending has happened in this quarter. Retail card spends grew 27%,” Vaidyanathan added.

HDFC Bank has been trying to scale distribution and low-cost deposits to fund its current credit growth and meet future requirement. It added 684 branches in Q3 and 840 branches so far in FY23. With the merger likely to be completed by Q2 of FY24, it must raise ₹2-3 trillion via deposits and bonds.

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“Raising retail deposits will be a challenge due to increasing competition. But it has the options to raise funds through other sources like bulk deposits, affordable housing bonds, and overseas bonds. This may lead to a rise in cost of funds, impacting margin in the near-medium term. But this will be offset by the benefits from the merger,” said Anand Dama, vice president, B&K Securities.