

HDFC Bank group gets nod to hold 9.5% in six lenders

ABHIJIT LELE,

Mumbai, 6 February

The Reserve Bank of India (RBI) has permitted HDFC Bank and its group entities, including mutual funds and insurance companies, to acquire an “aggregate holding” of up to 9.5 per cent in six lenders.

HDFC Bank, the country’s largest private lender, will acquire stakes in Axis Bank, ICICI Bank, YES Bank Suryoday Small Finance Bank, IndusInd Bank, and Bandhan Bank.

HDFC Bank told BSE the approvals were issued following applications it submitted to the RBI as a promoter/sponsor of the group on December 18, 2023.

The RBI’s approval is valid for one year, February 4, 2025, and was conveyed through a letter dated February 5, 2024.

According to RBI’s guidelines “aggregate

holding” includes shareholdings by HDFC Bank, entities under the same management/control, mutual funds, trustees, and the promoter group. The investments are

part of the normal business activities of respective group entities. The RBI has permitted the bank and its group entities, including HDFC Mutual Fund, HDFC Life Insurance Co Ltd, HDFC ERGO General Insurance Co Ltd, and others, to acquire an “aggregate holding” of up to 9.5 per cent of the share capital or voting rights.

HDFC Bank will have to ensure that the “aggregate holding” in the banks does not exceed 9.5 per cent of the paid-up share capital or voting rights of the respective banks at any time.

While HDFC Bank does not plan to invest in these banks directly, the “aggregate holding” of the group was anticipated to surpass the prescribed limit of five per cent, prompting it to seek RBI’s approval for an increase in investment limits.



HDFC Bank will have to ensure that the “aggregate holding” in the banks does not exceed 9.5% of the paid-up share capital