



HDFC Bank Chairman's Exit: Governance Signal or a Clash of Perspectives?

BACKGROUND

Mr. Atanu Chakraborty tendered his resignation on 18th March, 2026 as the Part-time Chairman and Independent Director of the Bank with immediate effect. Further, based on an application made by the Bank in this regard, the Reserve Bank of India on 18th March, 2026, has granted its approval for the appointment of Mr. Keki Mistry as an interim Part-time Chairman of the Bank with effect from 19th March, 2026, for a period of 3 months.

Extract from the Resignation Letter (dated 17th March, 2026): ([Click here](#))

"...Certain happenings and practices within the bank, that I have observed over last two years, are not in congruence with my personal Values and Ethics. This is the basis of my aforementioned decision. I confirm that there are no other material reasons for my resignation other than those stated above."

The resignation of Mr. Atanu Chakraborty has sparked a debate far beyond a routine boardroom change. Words used in the resignation have naturally raised concerns; but do they point to systemic governance issues, or something more nuanced?

Statement dated 19th March, 2026 issued by the RBI: ([Click Here](#))

The Reserve Bank has taken note of the recent developments in HDFC Bank. A transition arrangement as requested by the Bank has been approved by Reserve Bank as regards the position of Part Time Chairman of the Bank. HDFC Bank is a Domestic Systemically Important Bank (D-SIB) with sound financials, professionally run board and competent management team. Basis our periodical assessment, there are no material concerns on record as regards its conduct or governance. The bank remains well-capitalized and the financial position of the bank remains satisfactory with sufficient liquidity. Reserve Bank will continue to engage with the Board and management on the way forward.

THE EVENT HAS TRIGGERED THE FOLLOWING QUESTIONS

Heavy Words, Empty Answers: Shareholders Left in the Dark

The resignation letter cannot be considered fully transparent. A one-liner citing heavy words like "values" and "ethics" provides no clarity to shareholders about the core concerns in the Bank. Offering such half-baked disclosure is not digestible for investors. A proper, transparent disclosure supported with context or evidence would have better served shareholder interests and upheld good governance standards.

Concerns Spanning a Two-Year Period; Towards the end of the tenure: A Prolonged Silence?

Mr. Atanu Chakraborty was appointed as a Part-time Non-Executive Chairman and Independent Director of the Bank for a period of 3 years commencing from 5th May, 2021.

Mr. Chakraborty was subsequently re-appointed as an Independent Director and Part-Time Chairman of the Bank for a second term of 3 (three) consecutive years w.e.f. 5th May, 2024 to 4th May, 2027.

The Chairman had already completed nearly five years on the Board, with about one year left in his last term (ending 2027). Further, the resignation letter cites concerns observed over the last two years, raising a critical governance dilemma: why did the Chairman remain silent for such an extended period? If the ethical issues were serious, one would expect them to be raised promptly rather than accumulating over time. This raises the question of whether ethical concerns are like a "stop-loss trigger," gradually building until a tipping point is reached. While it is true that



ethical discomfort can evolve over time, prolonged silence from an Independent Director inevitably raises accountability questions and invites scrutiny from shareholders, regulators, and the broader market.

Who Leads Whom: Chairman or the Board?

In principle, the Chairman leads the Board, but does not override it. While the Board functions collectively, with Independent Directors (IDs) acting as custodians of governance and shareholder interests, yet the buck stops at chairman, who is the leader. This raises a key question: if ethical concerns existed, were they personal disagreements or reflective of a broader board-level issue and what constrained chairman for two years?

Did the Chairman Fail Shareholders?

Under the Companies Act and the code governing Independent Directors, there is a clear expectation that directors must raise red flags, protect minority shareholders, and ensure transparency in Board proceedings. If serious concerns existed but were not escalated or disclosed, one must reasonably ask: has the Chairman fulfilled his fiduciary duty? Failure to act in such situations raises uncomfortable questions about the effectiveness of independent oversight and whether the chairman of the Board as a leader was truly performing his responsibilities especially governance related.

A Lone Voice or a Collective Silence?

If the Chairman's concerns were truly significant, was he a lone dissenter? And if so, why did no other Independent Director publicly echo similar reservations? Were any dissenting opinions formally recorded in the Board minutes, or were the concerns escalated through proper governance channels? The absence of visible dissent from other Board members suggests one of two possibilities: either the issue was not widely shared among the directors, or it remained internal and unresolved, leaving shareholders and observers in the dark about the true nature of the concerns.

What Does the Regulator Say?

The response from the Reserve Bank of India provides some reassurance, as the regulator has indicated that no material governance concerns exist at the bank. For shareholders, this acts as a stabilizing signal, suggesting there is no systemic risk and no indication of financial misreporting. At the same time, however, regulatory comfort does not automatically eliminate all governance questions, and the broader issues raised by the Chairman's resignation still warrant careful scrutiny.

Management Reaction Offers Limited Clarity:

The Bank's clarification indicates that the resignation was not anticipated. However, this raises a pertinent question as to how the Board remained unaware of concerns that reportedly existed over a two-year period or is it a case that concerns were never raised. It is difficult to reconcile the position that such issues were never raised during tenure. As a result, the clarification does little to improve transparency for investors and instead leaves the matter open to further uncertainty.

What Should Other Independent Directors Do Now?

Silence or Vague Answers are no longer an option for the remaining Independent Directors. In the wake of the Chairman's resignation, they have a responsibility to step forward and provide clear guidance on the Bank's governance standards. This includes reassuring shareholders that Board processes are robust, transparent, and capable of addressing any concerns in a timely manner. The Directors should also confirm whether any dissenting opinions or ethical concerns were formally recorded and properly escalated within the Board over the past two years. Proactive and detailed communication from the Board can prevent speculation from taking root, strengthen investor confidence, and demonstrate that independent oversight is functioning effectively rather than merely



existing on paper. By taking these steps, the Independent Directors can not only safeguard shareholder interests but also reinforce the credibility and integrity of the Bank's governance framework. This is extremely important and relevant as chairman by citing his ethical standards has indirectly placed himself above other directors.

Was There More Beneath the Surface?

One uncomfortable possibility remains: if there were serious governance lapses, the Chairman had both, the time and the authority to escalate them, either internally through proper Board channels or externally to regulators. The absence of any such escalation suggests one of the two possibilities: either no major governance issues actually existed, or the disagreement was more situational than systemic. Without independent corroboration, the likelihood of large-scale concealment by management appears low, leaving observers to question whether the resignation reflects genuine governance concerns or a clash of perspectives at the top.

Financial Stability Remains Intact

A review of the recent financial performance of HDFC Bank provides no indication of material stress. While there are signs of moderation in certain parameters, the bank's fundamentals remain sound, with financials reflecting stability and sustained strength in underlying business performance.

The recent market reactions appear to be driven more by sentiment and speculation rather than any underlying weakness. It can be concluded that while governance questions have captured attention, the bank's core operations and overall financial stability remain intact.

Standalone	FY2024	FY2025	Standalone	FY2024	FY2025
Interest earned (₹' Cr)	2,58,340	3,00,517	Provision Coverage Ratio	74.04%	67.86%
Net Profit (₹' Cr)	60,812	67,347	Liquidity Coverage Ratio	114.73%	118.96%
Deposits (₹' Cr)	23,79,786.28	27,14,714.90	Return on Assets	1.98%	1.91%
CRAR	18.80%	19.55%	Return on Equity	16.09%	14.56%
Tier 1 capital ratio	16.79%	17.69%	Net Interest Margin	3.53%	3.48%
Gross Non-Performing Assets	1.24%	1.33%	Net Non-Performing Assets	0.33%	0.43%

CONCLUSION: SIGNAL, NOT CRISIS

The Chairman's resignation is best viewed as a governance signal rather than a financial crisis. It underscores the complexity of post-merger integration, the critical importance of transparent and accountable boardroom dynamics, and the need for Independent Directors to act and be seen acting in real time. While the reassurance provided by the Reserve Bank of India offers comfort to shareholders, the ultimate responsibility rests with the ID and the Board to close the trust gap and provide clarity before unanswered questions turn into damaging narratives.



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