Soneji v. HDFC Bank Limited

COURT: United States District Court for the Southern District of New York
CASE NUMBER: 26-cv-06943
CLASS PERIOD: 07/17/2023 - 05/26/2026
CASE LEADERS: John Rizio-Hamilton, James A. Harrod, Scott R. Foglietta
CASE TEAM: Alexander Noble, Gabriel Cohen

This is a securities fraud class action brought on behalf of a class of all persons and entities who purchased or otherwise acquired the securities of HDFC Bank Limited ("HDFC" or the "Bank"), including its American Depositary Shares ("ADS") traded on the New York Stock Exchange under the ticker "HDB," between July 17, 2023, and May 26, 2026, inclusive (the "Class Period"). The action, filed in the Southern District of New York, asserts claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 against HDFC, its former Chief Executive Officer Sashidhar Jagdishan, and its Chief Financial Officer Srinivasan Vaidyanathan (collectively, "Defendants").

HDFC's Alleged Fraud

HDFC is India's largest private sector bank, headquartered in Mumbai, and provides a wide range of commercial and retail banking services, mortgages, and financial products. As an Indian bank, HDFC is subject to the rules and regulations of the Reserve Bank of India ("RBI"), which expressly prohibits banks from offering individually negotiated interest rates or differential payments to individual depositors that deviate from the bank's published, board-approved interest rate terms.

This action arises from Defendants' misreporting of HDFC's interest expenses and false assurances that the Bank complied with applicable RBI regulations and maintained effective internal controls. For example, Defendants stated that "management has concluded that our internal control over financial reporting was effective," and "for the quarter ended June 30, 2024," Defendants reported a "[c]ore net interest margin" of "3.47% on total assets, and 3.66% based on interest earning assets."

In reality, HDFC had secretly agreed to pay the Maharashtra State Road Development Corporation ("MSRDC"), a government-owned infrastructure agency, a 6.01% interest rate to secure its deposits, well above the 3.5% rate available to the Bank's other customers. To conceal payment of this differential from regulators and investors, HDFC routed the additional payments through its marketing department, falsely describing them as sponsorship contributions to an MSRDC "Road Safety Awareness Campaign." Between 2023 and 2025, HDFC made payments to MSRDC totaling approximately Rs 45 crore, or approximately $4.7 million. These payments enabled HDFC to secure up to Rs 3,000 crore (approximately $323 million) in deposits from MSRDC.

As a result of Defendants' misrepresentations, HDFC securities traded at artificially inflated prices during the Class Period, with HDFC ADS reaching a Class Period high of $39.47 on July 23, 2025.

The truth began to emerge on March 18, 2026, when HDFC disclosed the abrupt resignation of Atanu Chakraborty, Independent Director and part-time Chairman of the Bank's Board of Directors. In his resignation letter, Mr. Chakraborty stated that "[c]ertain happenings and practices within the bank, that I have observed over last two years, are not in congruence with my personal Values and Ethics." On this news, the price of HDFC ADS declined by $2.09 per ADS, or 7.3%, to close at $26.62 per ADS. During an investor call the next day, HDFC continued to make

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misrepresentations, assuring investors that there were "no material matters" and that "there has never been anything from a governance standpoint . . . which has come to the attention of the board."

Then, on May 27, 2026, *The Indian Express* published an article revealing the details of HDFC's illicit scheme to secure MSRDC's deposits. Citing internal Bank records, the article disclosed that on March 12, 2026, shortly before Mr. Chakraborty's resignation, HDFC's Audit Committee had ordered an "Internal Vigilance Investigation" into the MSRDC payments. The resulting investigation found that the scheme violated the RBI's rules on deposit interest rates and the Bank's own anti-bribery and anti-corruption policy. The investigation concluded that more than 10 top officials bore responsibility, including CEO Jagdishan and CFO Vaidyanathan. On this news, the price of HDFC ADS declined by an additional $1.02 per ADS, or 4.1%, to close at $23.78 per ADS. Collectively, these disclosures erased more than $2 billion in shareholder value.

Case Status

On August 13, 2026, an initial complaint was filed in the U.S. District Court for the Southern District of New York. On October 13, 2026, BLB&G, on behalf of its client Stichting juridisch eigenaar Achmea IM Active Equity Emerging Markets Global Fund ("Achmea"), filed a motion for the appointment of Achmea as Lead Plaintiff and for the approval of Achmea's selection of BLB&G as Lead Counsel for the Class. The Court has not yet ruled on the Lead Plaintiff motions, which are fully briefed.

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