Dated: 31 Aug 2026

HDFC Bank (HDFCB) - BUY

Company Update

Current Market Price (CMP)	Fair Value (FV)
Rs.720	**Rs.1050**

Rationale:

- HDFC Bank has accelerated its MD and CEO succession process following Mr Sashidhar Jagdishan's decision to retire in October 2026.
- While the merger with HDFC Ltd has strengthened the franchise, the key operating metrics remain below its best-in-class peers.
- We believe that the next CEO must combine strong execution capabilities with a credible roadmap to improve margins and profitability.
- In our view, only a modest strategic course correction is needed to rebuild investor confidence.
- We maintain BUY with an unchanged FV of Rs1,050, as fundamentals remain sound, though uncertainty around the leadership transition is likely to keep valuation multiples below historical levels in the near term.

Positives:

- The underlying fundamentals remain intact.
- The liability franchise, while weaker than best-in-class peers, continues to grow at a healthy pace relative to most Indian banks.

Negatives:

- While the merger has created strategic benefits, the operating metrics have yet to normalize even after three years.
- The Net Interest margin gap versus key peers is wider than historical levels despite a significant replacement of wholesale liabilities with deposits.

Holding Period: 12 months

RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

BUY – We expect the stock to deliver more than 15% returns over the next 12 months

ADD – We expect the stock to deliver 5% - 15% returns over the next 12 months

REDUCE – We expect the stock to deliver -5% - +5% returns over the next 12 months

SELL – We expect the stock to deliver < -5% returns over the next 12 months

NR – **Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.

SUBSCRIBE – We advise investor to subscribe to the IPO.

RS – **Rating Suspended.** Kotak Securities has suspended the investment rating and price target for this stock, either because there is not a sufficient fundamental basis for determining, or there are legal, regulatory or policy constraints around publishing, an investment rating or target. The previous investment rating and price target, if any, are no longer in effect for this stock and should not be relied upon.

NA – **Not Available or Not Applicable.** The information is not available for display or is not applicable

NM – **Not Meaningful.** The information is not meaningful and is therefore excluded.

NOTE – Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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