

HDFC Bank (HDFCB)-BUY

Result Update

Current Market Price (CMP)

Rs.1,616

Target Price

Rs.1,850

Rationale:

- HDFC Bank reported a largely unchanged sequential operating profit.
- NIM (Net Interest Margin) expansion remains the key thesis but there was no progress to show this quarter.
- Overall results were not surprising as we expect only a steady improvement.
- We maintain BUY rating with FV at Rs1,850 (from Rs1,750)
- We value the bank at 2.3X book for RoEs at ~16% level but highlight that this path to re-rate is likely to be slow.

Result update:

Positives:

- NIM was flat qoq at ~3.5%.
- Asset quality metrics was stable with gross NPLs at 1.3% and net NPLs at 0.4%
- Slippages were lower at ~1.3% and credit cost stood at ~40 bps.
- RoA was 1.8% and RoE was ~14%.

Negatives:

- Loan growth was sluggish (down ~1% qoq) led by decline in corporate and agri portfolios.
- Sluggish trend in deposits during the quarter.
- Non-interest income was up ~16% yoy, but down ~41% qoq.

[Click here](#)

For detailed report dated 22nd July 2024. Note: CMP & valuation may differ due to difference in dates.



This is a synopsis of the Research report issued by Kotak Securities Limited. This is not a comprehensive report and before taking any investment decision we request you to refer the detailed report including disclaimers by clicking here: <https://www.kotaksecurities.com/ksweb/ResearchCall/Fundamental>. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 months / Disclaimer: <https://bit.ly/research-v2>