

HDFC Bank (HDFCB) - BUY

Company Update

Current Market Price (CMP)

Rs. 843

Target Price

Rs. 1050

Rationale:

- HDFC Bank has announced the resignation of Mr Atanu Chakraborty as Part-time Chairman and Independent Director with immediate effect, along with the appointment of Mr Keki Mistry as Interim Chairman for a three-month period.
- The bank's valuation multiples have already de-rated meaningfully, and this development is likely to prolong the recovery, making normalization slower than previously anticipated.
- While we retain a BUY rating (FV unchanged at Rs. 1050) anchored on inexpensive valuations, we remain skeptical about an imminent re-rating.
- The valuation upside is unlikely to materialize until the current issues are decisively resolved and the news-flow becomes materially less concerning.

👍 Positives:

- We recently upgraded HDFC Bank to BUY (March 9, 2026), anchored on compelling valuations (multiples near global financial crisis lows), where much of the downside appears priced in.

👎 Negatives:

- In his resignation letter, he has cited certain practices and developments observed in the past two years as not being aligned with his personal values and ethical standards.
- While he acknowledges the successful execution of the HDFC-HDFC Bank merger, the premature exit introduces governance and board-level alignment concerns.
- An abrupt exit elevates concerns and creates uncertainty that could undermine investor confidence.



The content of this document has been derived from KIE research report. "Kotak's PCG Research summarizes the report Research Team (Shrikant.Chouhan@kotak.com)." Readers who wish to access the complete report are kindly requested to contact their respective Relationship Manager. Further, the recipient of this material should take their own professional advice before investing.

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.
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- 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.

FUNDAMENTAL RESEARCH TEAM (PRIVATE CLIENT GROUP)

Shrikant Chouhan
Head of Research
shrikant.chouhan@kotak.com
+91 22 6218 5408

Arun Agarwal
Auto & Auto Ancillary, Building Material,
Cement, Consumer Durable
arun.agarwal@kotak.com
+91 22 6218 6443

Amit Agarwal, CFA
Transportation, Paints, FMCG
agarwal.amit@kotak.com
+91 22 6218 6439

Rini Mehta
Research Analyst
rini.mehta@kotak.com
+91 22 6218 6433

Sumit Pokharna
Oil and Gas, Information Tech
sumit.pokharna@kotak.com
+91 22 6218 6438

Pankaj Kumar
Construction, Capital Goods & Midcaps
pankajr.kumar@kotak.com
+91 22 6218 5498

Amarjeet Maurya
Internet Software & Services
amarjeet.maurya@kotak.com
+91 22 6218 6427

Veer Trivedi
BFSI
veer.trivedi@kotak.com
+91 22 6218 6432

TECHNICAL RESEARCH TEAM (PRIVATE CLIENT GROUP)

Shrikant Chouhan
shrikant.chouhan@kotak.com
+91 22 6218 5408

Amol Athawale
amol.athawale@kotak.com
+91 20 6620 3350 +91 22 62185458

Sayed Haider
sayed.haider@kotak.com

DERIVATIVES RESEARCH TEAM (PRIVATE CLIENT GROUP)

Sahaj Agrawal
sahaj.agrawal@kotak.com
+91 79 66041701

Prasenjit Biswas, CMT, CFTe
prasenjit.biswas@kotak.com
+91 33 6638 8331

Karan Kulkarni
karan.kulkarni@kotak.com
+91 20 66203350

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