kotak Securities

Dated: 19th January 2026

HDFC Bank (HDFCB) - ADD

Result Update Q3FY26

Current Market Price (CMP)	Fair Value (FV)
Rs.931	**Rs.1050**

Rationale:

- HDFC Bank reported 12% yoy earnings growth in Q3FY26.
- Loan growth was at 12% yoy, while Net Interest Margin (NIM) improved 10 bps qoq.
- Management's guidance for above-industry growth in FY27 underscores the need for a stronger deposit mobilization.
- Return on Assets (RoA) was 1.8% and Return o Equity (RoE) was 14%.
- Retain ADD with an FV of 1,050 (Rs1,100 earlier).

Positives:

- Loan growth at 12% yoy, led by business banking and retail gold loans.
- The gross NPL ratio remained flat in the quarter at 1.2%, while the net NPL ratio was 10 bps below at 0.4%.
- Management clarified that all asset quality metrics (NPA ratios, slippages and credit cost) are quite stable across segments.
- Net Interest Margin (reported) was up 8 bps qoq to 3.4%.
- Non-interest income showed strong growth of 25% yoy, supported by healthy fee income.

Negatives:

- CASA ratio declined 40 bps yoy to 34%.
- The Credit Deposit (CD) ratio in the quarter moved up to 99%.

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.

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