

HDFC Bank

Refer to important disclosures at the end of this report

Strong credit growth, but sub-par core profitability remains a drag

- Despite sector-leading credit growth (~21% yoy), HDFCB reported a slight miss on PAT at Rs100bn (est.: Rs103bn) due to continued weak core profitability (up 10% yoy), which was dragged by weak margins/fees and additional contingent provisions of Rs10bn. Asset quality trended well, with GNPA ratio down 9bps qoq to 1.2%; for HDB Fin, it was down by 200bps qoq to 5%.
- Retail credit growth (15% yoy/4% qoq) lagged overall credit growth (21% yoy/9% qoq on corporate/commercial credit growth), with the share of retail down to 45%, thus weighing on core margins (~4.1-4.2% down from 4.2-4.3% range). Management argues that the focus is on risk-adjusted margins, which have improved qoq to 3.5% from 3.1%. It expects retail growth to improve, driven by unsecured loans, providing some support to margins. However, we believe that the rising share of mortgages/higher fixed-rate loan book could keep margins in check in the near term.
- The bank plans to issue 100mn RSUs (Restricted Stock Units) at a deep discount instead of ESOPs to contain equity dilution/employee retention. Given the aggressive retail franchise ramp-up, the bank has guided for elevated near-term opex. Factoring in lower NIMs/higher opex, we cut FY23-24E earnings by 2-3% and expect average sustainable RoE to moderate to ~17% from ~17.6% earlier. Further, factoring in a slightly higher CoE (12.3%), we cut standalone bank TP multiple to 3.2x on FY24E ABV (3.5x on 9MFY24E ABV earlier) and value the bank at Rs1,950 (Rs2,050 earlier), including subsidiaries at Rs78.
- In our view, lifting of the RBI's restrictions on card/digital initiatives, management's guidance to re-accelerate retail credit growth and focus on risk-adjusted margins should be long-term positives. As far as the merger is concerned, the bank/HDFCL will have time (2-3 yrs) to moderate regulatory drag by building buffers in both entities. We expect pro forma average RoE for HDFCB (merged) at ~16.6% over FY24-25E, which will still be reasonable vs. large peers. Retain long-term Buy on the stock given recent correction, with it trading at 2.4x standalone FY24E ABV (stripping subs value of Rs78 per share).

Strong credit growth, but falling share of retail portfolio continues to weigh on NIMs/fees: HDFC Bank has reported sector-leading credit growth of 21% yoy/9% qoq, mainly driven by corporate/commercial banking. Retail credit growth was reasonable at 15% yoy/4% qoq vs. peers, but higher corporate credit growth has led to a continued decline in the share of retail to a low of 45% from 50-55% a few years ago, weighing partly on core margins (now stand at ~4.1-4.2% - down from 4.2-4.3% range earlier) and retail fees. The bank expects retail credit growth to improve, led by unsecured loans with restrictions on cards being lifted and PL growth too picking up as the Covid-induced disruption is behind us. That said, the rising share of low-margin mortgages in the retail portfolio (~14%) and the bank's relatively higher share of fixed-rate loan book in a rising interest scenario could have some adverse impact on margins in the near term.

Asset quality trending well for bank/subsidiary, but continues to build contingent provisions: HDFCB's GNPA ratio improved by 9bps qoq to 1.17% due to lower slippages, while for the NBFC subsidiary HDB Fin, it was down by 200bps qoq to 5%. The restructuring pool also further moderated qoq by Rs41bn to Rs134bn/1% of loans from 1.4% of loans in Q3. However, as a continued prudent strategy, the bank carries a healthy specific PCR of 73% and made additional contingent provisions of Rs10bn in Q4, taking the overall contingent + floating buffer to Rs110bn (0.8% of loans).

Outlook and valuations: In our view, lifting of the RBI's restrictions on card/digital initiatives, plans to re-accelerate retail credit growth and focus on risk-adjusted margins should be long-term positives. As far as the merger is concerned, the bank/HDFCL will have time (2-3 yrs) to moderate regulatory drag by building buffers in both entities, but at the cost of margins in the interim. Factoring in lower NIMs/higher opex, we cut FY23-24E earnings by 2-3% and expect average sustainable RoE to moderate to ~17% from ~17.6% earlier. Further, factoring in slightly higher CoE (12.3%), we cut the standalone bank TP multiple to 3.2x on FY24E ABV and value the bank at Rs1,950 (Rs2,050 earlier), including subsidiaries at Rs78. Retain long-term Buy on the stock given the recent correction, with it trading at 2.5x standalone FY24E ABV (stripping subs value of Rs78). **Key risks:** Slower-than-expected credit growth amid weakening macros due to the Ukraine-Russia conflict; further softness in margins due to slower retail credit growth/regulatory buffer built-up in the run-up to the merger; and delay in getting regulatory approval for the proposed merger of HDFCL.

Please see our sector model portfolio (Emkay Alpha Portfolio): [BFSI-Banks \(Page 8\)](#)

Financial Snapshot (Standalone)

(Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Net income	9,00,843	10,15,195	11,95,291	14,23,241	16,97,334
Net profit	3,11,165	3,69,613	4,36,810	5,19,622	6,19,406
EPS (Rs)	56.6	66.8	78.8	93.7	111.7
ABV (Rs)	364.3	428.3	497.7	581.7	682.9
RoA (%)	1.9	1.9	1.9	1.9	1.9
RoE (%)	16.6	16.7	16.8	17.1	17.4
PE (x)	24.7	20.8	17.6	14.8	12.4
P/ABV	3.8	3.2	2.8	2.4	2.0

Source: Company, Emkay Research

CMP	Target Price
Rs 1,465 as of (April 18, 2022)	Rs 1,950 (▼) 12 months
Rating	Upside
BUY (■)	33.1 %

Change in Estimates

EPS Chg FY23E/FY24E (%)	-/
Target Price change (%)	(4.9%)
Target Period (Months)	12
Previous Reco	BUY

Emkay vs Consensus

EPS Estimates		
	FY23E	FY24E
Emkay	78.8	93.7
Consensus	79.5	93.2
Mean Consensus TP (12M)	Rs 1,965	

Stock Details

Bloomberg Code	HDFCB IN
Face Value (Rs)	1
Shares outstanding (mn)	5,546
52 Week H/L	1,725 / 1,292
M Cap (Rs bn/USD bn)	8,124 / 106.64
Daily Avg Volume (nos.)	103,22,970
Daily Avg Turnover (US\$ mn)	201.2

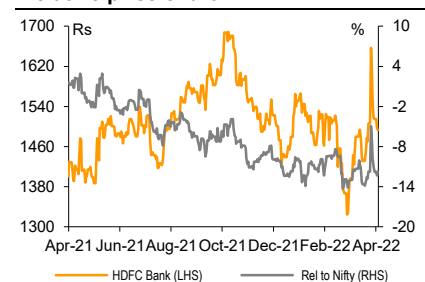
Shareholding Pattern Mar '22

Promoters	21.0%
FIIs	29.0%
DIIIs	20.0%
Public and Others	30.0%

Price Performance

(%)	1M	3M	6M	12M
Absolute	5	(4)	(11)	5
Rel. to Nifty	-	-	(7)	(13)

Relative price chart



Source: Bloomberg

This report is solely produced by Emkay Global. The following person(s) are responsible for the production of the recommendation:

Anand Dama

anand.dama@emkayglobal.com
+91 22 6624 2480

Heet Khimawat

heet.khimawat@emkayglobal.com
+91 22 6612 1275

Dixit Sankharva

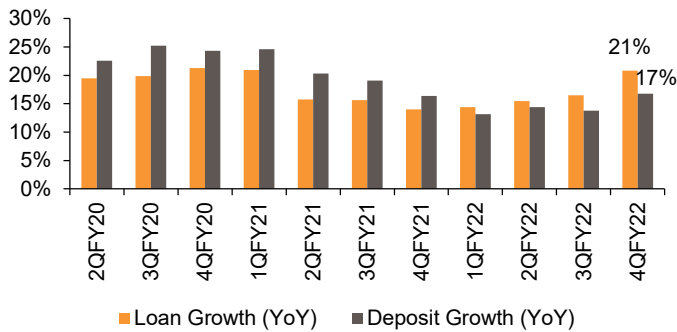
dixit.sankharva@emkayglobal.com
+91 22 6612 1281

Soumya Jain

soumya.jain@emkayglobal.com
+91 22 6612 1262

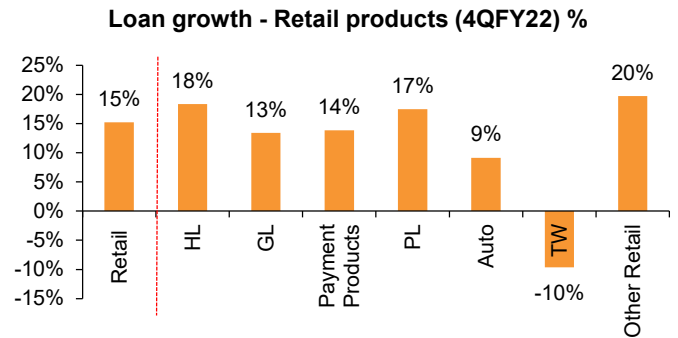
Story in charts

Exhibit 1: Strong credit growth, but mainly led by corporate and commercial banking and thus fall in retail share to ~45%



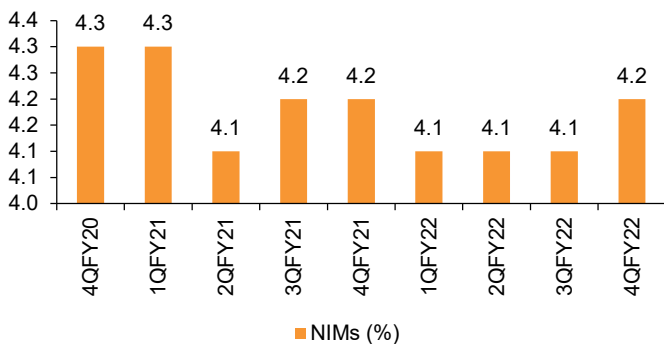
Source: Company, Emkay Research

Exhibit 2: Within retail, VF growth continues to remain lackluster



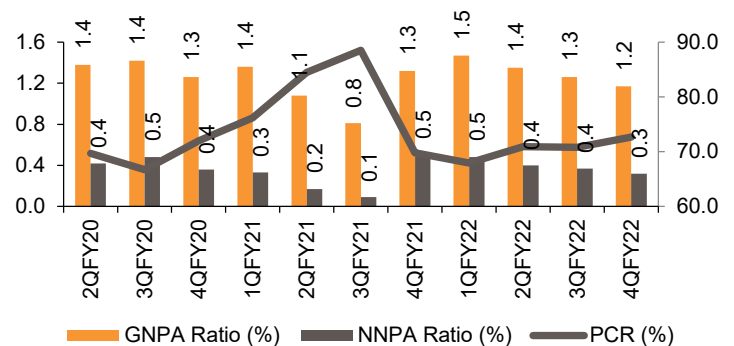
Source: Company, Emkay Research

Exhibit 3: Core NIMs remain soft at 4.2%, but bank claims that focus in on risk adjusted NIMs which improved to 3.5%



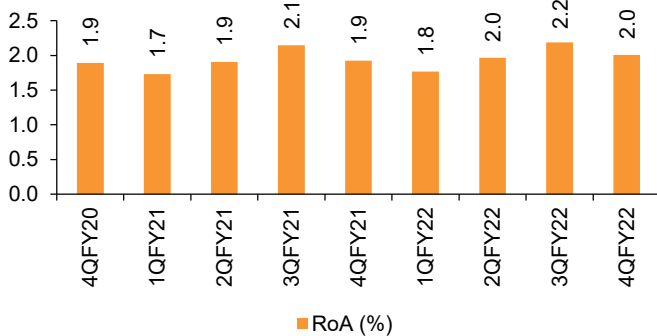
Source: Company, Emkay Research

Exhibit 4: Asset quality continues to trend well, but bank ramps up contingent provision buffer to 0.8% of loans



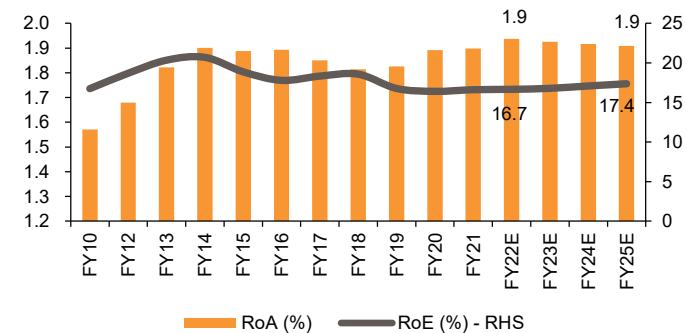
Source: Company, Emkay Research

Exhibit 5: Bank reports healthy RoA led by better cost control and lower LLP, despite softness in margins/fees



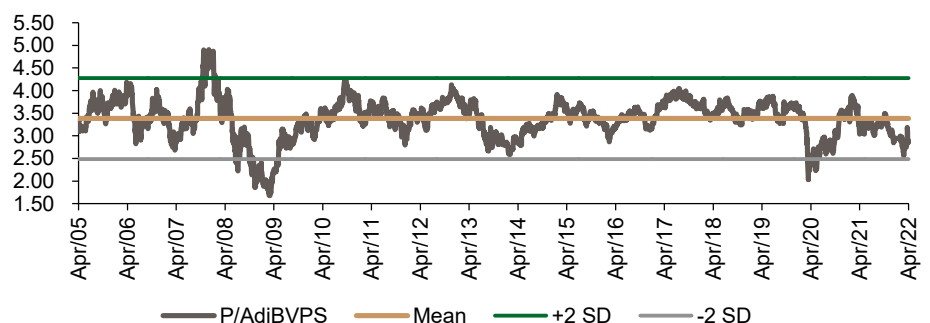
Source: Company, Emkay Research

Exhibit 6: Bank has guided for some improvement in NIM, but to incur higher opex in the attempt to ramp-up retail franchise



Source: Company, Emkay Research

Exhibit 7: Bank has largely shed the initial gains post announcement of merger with HDFCL and trades at below mean valuations



Source: Bloomberg, Emkay Research

This report is intended for team.emkay@whitemarquesolutions.com use and downloaded at 04/18/2022 01:31 PM

Emkay Research is also available on www.emkayglobal.com and Bloomberg EMKAY<GO>. Please refer to the last page of the report on Restrictions on Distribution. In Singapore, this research report or research analyses may only be distributed to Institutional Investors, Expert Investors or Accredited Investors as defined in the Securities and Futures Act, Chapter 289 of Singapore.

Exhibit 8: Actual vs. Estimates (Q4FY22)

Rs mn	Actual	Estimates		% Variation		Comments
		Emkay	Consensus	Emkay	Consensus	
Net Interest income	1,88,727	1,93,355	1,81,649	-2%	4%	Margin pressure led to a miss
PPOP	1,63,570	1,66,992	1,55,286	-2%	5%	Slightly higher opex led to a miss
PAT	1,00,552	1,03,104	1,02,696	-2%	-2%	Lower core profits and addln contingent provisions led to a miss

Source: Emkay Research

Exhibit 9: Quarterly summary

Rs (mn)	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	YoY (%)	QoQ (%)	FY22A	FY23E	YoY (%)
Interest Earned	3,04,236	3,04,830	3,13,534	3,24,681	3,34,487	10	3	12,77,531	15,55,781	22
Interest Exp	1,33,034	1,34,740	1,36,690	1,40,246	1,45,760	10	4	5,57,435	7,13,543	28
Net Interest Income	1,71,202	1,70,090	1,76,844	1,84,435	1,88,727	10	2	7,20,096	8,42,238	17
Global NIMs (reported)	4.20	4.10	4.10	4.10	4.20	0bps	10bps	3.93	3.91	-2bps
Non-interest Income	75,939	62,885	74,008	81,836	76,371	1	-7	2,95,099	3,53,052	20
Operating Expenses	91,813	81,604	92,779	98,511	1,01,528	11	3	3,74,422	4,49,554	20
Pre Provisioning Profit	1,55,328	1,51,370	1,58,073	1,67,760	1,63,570	5	-2	6,40,773	7,45,736	16
Provision & Contingencies	46,937	48,308	39,247	29,940	33,124	-29	11	1,50,618	1,61,766	7
PBT	1,08,391	1,03,062	1,18,826	1,37,820	1,30,447	20	-5	4,90,155	5,83,970	19
Income Tax Expense (Gain)	26,526	25,766	30,483	34,398	29,895	13	-13	1,20,541	1,47,160	22
Net Profit/(Loss)	81,865	77,296	88,343	1,03,422	1,00,552	23	-3	3,69,613	4,36,810	18
Gross NPA (%)	1.32	1.47	1.35	1.26	1.17	-15bps	-9bps	1.17	1.19	2bps
Net NPA (%)	0.50	0.48	0.40	0.37	0.32	-18bps	-5bps	0.32	0.36	4bps
Deposits (Rs in bn)	13,351	13,458	14,063	14,459	15,592	17	8	15,592	18,558	19
Net Advances (Rs in bn)	11,328	11,477	11,988	12,609	13,688	21	9	13,688	16,428	20

Source: Company, Emkay Research

Exhibit 10: Revision in estimates

Y/E Mar (Rs mn)	FY23E			FY24E			FY25E
	Earlier	Revised	% change	Earlier	Revised	% change	Introduced
Net income	12,07,447	11,95,291	-1.0%	14,34,240	14,23,241	-0.8%	16,97,334
PPOP	7,66,254	7,45,736	-2.7%	9,10,547	8,85,337	-2.8%	10,57,734
PAT	4,43,824	4,36,810	-1.6%	5,35,075	5,19,622	-2.9%	6,19,406
EPS (Rs)	80.1	78.8	-1.6%	96.5	93.7	-2.9%	111.7
BV (Rs)	503.8	505.7	0.4%	592.3	591.4	-0.2%	695.1

Source: Emkay Research

Exhibit 11: Key assumptions

	FY22A	FY23E	FY24E	FY25E
Loan Growth %	20.8	20.0	20.0	20.0
Deposit Growth %	16.8	19.0	19.5	19.6
NIM %	3.9	3.9	4.0	4.0
GNPA %	1.2	1.2	1.2	1.3
Credit Cost %	1.2	1.0	1.0	1.0

Source: Emkay Research

Exhibit 12: Key ratios and trends

	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22
Loans Rs bn	9,937	10,033	10,383	10,823	11,328	11,477	11,988	12,609	13,688
YoY growth (%)	21.3	20.9	15.8	15.6	14.0	14.4	15.5	16.5	20.8
Loans QoQ	6.2	1.0	3.5	4.2	4.7	1.3	4.5	5.2	8.6
Composition %									
- Corporate	46.9	49.7	50.3	49.0	50.0	51.4	50.8	49.9	52.1
- Retail	49.8	47.3	46.7	48.0	47.0	45.6	45.7	46.7	44.8
- Overseas	3.3	3.0	3.0	3.0	3.0	3.0	3.5	3.4	3.1
QoQ growth (%)	6.2	1.0	3.5	4.2	4.7	1.3	4.5	5.2	8.6
Liability Profile & Margins									
Deposits (Rs bn)	11,475	11,894	12,293	12,711	13,351	13,458	14,063	14,459	15,592
YoY growth (%)	24.3	24.6	20.3	19.1	16.3	13.2	14.4	13.8	16.8
QoQ growth (%)	7.5	3.7	3.4	3.4	5.0	0.8	4.5	2.8	7.8
CA (Rs bn)	1742	1501	1630	1721	2122	1857	2059	2102	2393
SA (Rs bn)	3104	3274	3484	3746	4035	4261	4524	4710	5117
CASA %	42.2	40.1	41.6	43.0	46.1	45.5	46.8	47.1	48.2
CA %	15.2	12.6	13.3	13.5	15.9	13.8	14.6	14.5	15.3
SA %	27.0	27.5	28.3	29.5	30.2	31.7	32.2	32.6	32.8
NIM %	4.3	4.3	4.1	4.2	4.2	4.1	4.1	4.1	4.2
Branches	5,416	5,326	5,430	5,485	5,608	5,653	5,686	5,779	6,342
Asset Quality & Capital Adequacy (%)									
GNPA	1.26	1.36	1.08	0.81	1.32	1.47	1.35	1.26	1.17
NNPA	0.36	0.33	0.17	0.09	0.50	0.48	0.40	0.37	0.32
PCR	71.4	75.7	84.3	88.9	62.1	67.3	70.4	70.6	72.6
CAR	18.5	18.9	19.1	18.9	18.8	19.1	20.0	19.5	18.9
Tier I	17.2	17.5	17.7	17.6	17.6	17.9	18.7	18.4	17.9
ROE Decomposition (%)									
NII	4.2	4.1	4.0	4.0	4.0	3.9	3.9	3.9	3.8
Other Income (Ex Treasury)	1.5	0.8	1.3	1.6	1.6	1.3	1.5	1.5	1.5
Opex	2.3	1.8	2.0	2.1	2.2	1.9	2.1	2.1	2.0
PPOP	3.5	3.3	3.5	3.7	3.7	3.5	3.5	3.5	3.3
Provisioning Cost	1.0	1.0	0.9	0.8	1.1	1.1	0.9	0.6	0.7
PBT	2.5	2.3	2.6	2.9	2.5	2.4	2.6	2.9	2.6
ROA	1.9	1.7	1.9	2.1	1.9	1.8	2.0	2.2	2.0
Leverage (x)	8.6	8.6	8.5	8.4	8.3	8.2	8.2	8.2	8.3
ROE	16.2	15.0	16.1	18.0	16.1	14.6	16.2	18.0	16.8

Source: Company, Emkay Research

Key Financials (Standalone)**Income Statement**

Y/E Mar (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Net interest income	6,48,795	7,20,096	8,42,238	10,10,563	12,10,857
Other income	2,52,048	2,95,099	3,53,052	4,12,678	4,86,477
Fee income	1,61,693	1,95,067	2,34,080	2,80,896	3,37,076
Net income	9,00,843	10,15,195	11,95,291	14,23,241	16,97,334
Operating expenses	3,27,225	3,74,422	4,49,554	5,37,904	6,39,600
Pre provision profit	5,73,619	6,40,773	7,45,736	8,85,337	10,57,734
PPP excl treasury	5,34,949	6,17,946	7,26,333	8,68,844	10,42,066
Provisions	1,57,029	1,50,618	1,61,766	1,90,655	2,29,652
Profit before tax	4,16,590	4,90,155	5,83,970	6,94,682	8,28,083
Tax	1,05,425	1,20,541	1,47,160	1,75,060	2,08,677
Tax rate	25	25	25	25	25
Profit after tax	3,11,165	3,69,613	4,36,810	5,19,622	6,19,406

Balance Sheet

Y/E Year End (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Equity	5,513	5,546	5,546	5,546	5,546
Reserves	20,31,695	23,95,384	27,98,920	32,74,178	38,49,220
Net worth	20,37,208	24,00,929	28,04,466	32,79,724	38,54,766
Deposits	133,50,601	155,92,174	185,57,999	221,85,601	265,24,443
Borrowings	11,83,602	16,14,544	18,56,725	21,35,234	24,55,519
Total liabilities	174,68,704	206,85,351	246,94,933	295,24,944	353,91,455
Cash and bank	9,73,407	12,99,956	13,64,954	14,33,202	15,04,862
Investments	44,37,282	45,55,357	52,92,054	62,27,144	74,15,482
Loans	113,28,366	136,88,209	164,28,441	197,11,504	236,43,915
Others	4,59,260	8,57,678	12,51,131	15,34,039	18,88,179
Total assets	174,68,704	206,85,351	246,94,933	295,24,944	353,91,455

Key Ratios (%)

Y/E Year End	FY21	FY22	FY23E	FY24E	FY25E
NIM	4.1	3.9	3.9	4.0	4.0
Non-ll/avg assets	1.5	1.5	1.6	1.5	1.5
Fee income/avg assets	1.0	1.0	1.0	1.0	1.0
Opex/avg assets	2.0	2.0	2.0	2.0	2.0
Provisions/avg assets	1.0	0.8	0.7	0.7	0.7
PBT/avg assets	2.5	2.6	2.6	2.6	2.6
Tax/avg assets	0.6	0.6	0.6	0.6	0.6
RoA	1.9	1.9	1.9	1.9	1.9
RoAE	16.6	16.7	16.8	17.1	17.4
GNPA (%)	1.3	1.2	1.2	1.2	1.3
NNPA (%)	0.4	0.3	0.4	0.4	0.4

Per Share Data (Rs)	FY21	FY22	FY23E	FY24E	FY25E
EPS	56.6	66.8	78.8	93.7	111.7
BVPS	370.5	434.2	505.7	591.4	695.1
ABVPS	364.3	428.3	497.7	581.7	682.9
DPS	6.5	5.0	6.0	8.0	8.0

Valuations (x)	FY21	FY22	FY23E	FY24E	FY25E
PER	24.7	20.8	17.6	14.8	12.4
P/BV	3.8	3.2	2.7	2.3	2.0
P/ABV	3.8	3.2	2.8	2.4	2.0
P/PPOP	13.5	12.1	10.4	8.8	7.4
Dividend Yield (%)	0.4	0.3	0.4	0.5	0.5

Source: Company, Emkay Research

This report is intended for team.emkay@whitemarquesolutions.com use and downloaded at 04/18/2022 01:31 PM

Emkay Research is also available on www.emkayglobal.com and Bloomberg EMKAY<GO>. Please refer to the last page of the report on Restrictions on Distribution. In Singapore, this research report or research analyses may only be distributed to Institutional Investors, Expert Investors or Accredited Investors as defined in the Securities and Futures Act, Chapter 289 of Singapore.

Growth (%)	FY21	FY22	FY23E	FY24E	FY25E
NII	15.5	11.0	17.0	20.0	19.8
PPOP	17.7	11.7	16.4	18.7	19.5
PAT	18.5	18.8	18.2	19.0	19.2
Loans	14.0	20.8	20.0	20.0	19.9

Quarterly (Rs mn)	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22
NII	1,71,202	1,70,090	1,76,844	1,84,435	1,88,727
NIM(%)	4.2	4.1	4.1	4.1	4.2
PPOP	1,55,328	1,51,370	1,58,073	1,67,760	1,63,570
PAT	81,865	77,296	88,343	1,03,422	1,00,552
EPS (Rs)	14.85	13.99	15.95	18.68	18.16

Source: Company, Emkay Research

Shareholding Pattern (%)	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Promoters	21.1	21.1	21.0	21.0	21.0
FIIIs	32.4	32.1	31.1	30.5	29.0
DIIIs	17.1	17.5	18.4	18.7	20.0
Public and Others	29.4	29.4	29.5	29.8	30.0

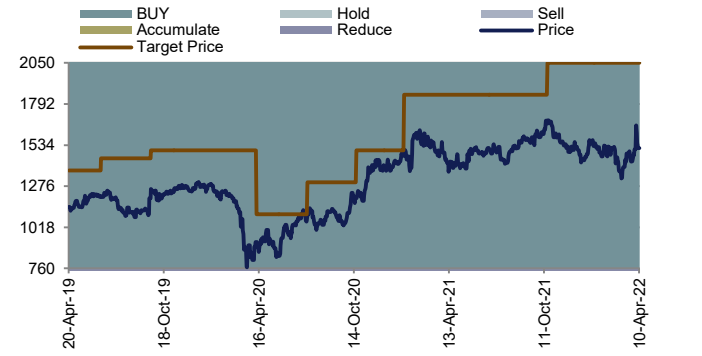
Source: Capitaline

RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
05-Apr-22	1,608	2,050	12m	Buy	Anand Dama
04-Apr-22	1,657	2,050	12m	Buy	Anand Dama
16-Jan-22	1,545	2,050	12m	Buy	Anand Dama
04-Jan-22	1,529	2,050	12m	Buy	Anand Dama
17-Oct-21	1,687	2,050	12m	Buy	Anand Dama
05-Oct-21	1,595	1,850	12m	Buy	Anand Dama
18-Jul-21	1,522	1,850	12m	Buy	Anand Dama
18-Apr-21	1,429	1,850	12m	Buy	Anand Dama
05-Apr-21	1,450	1,850	12m	Buy	Anand Dama
20-Jan-21	1,492	1,850	12m	Buy	Anand Dama
17-Jan-21	1,467	1,850	12m	Buy	Anand Dama
06-Jan-21	1,421	1,500	12m	Buy	Anand Dama
18-Oct-20	1,199	1,500	12m	Buy	Anand Dama
05-Oct-20	1,114	1,300	12m	Buy	Anand Dama
27-Aug-20	1,112	1,300	12m	Buy	Anand Dama
17-Jul-20	1,098	1,300	12m	Buy	Anand Dama
18-Apr-20	910	1,100	12m	Buy	Anand Dama
11-Apr-20	925	1,100	12m	Buy	Anand Dama
19-Jan-20	1,278	1,500	12m	Buy	Anand Dama
20-Oct-19	1,229	1,500	12m	Buy	Anand Dama
09-Oct-19	1,228	1,500	12m	Buy	Anand Dama
23-Sep-19	1,257	1,500	12m	Buy	Anand Dama
19-Jul-19	1,188	1,450	12m	Buy	Anand Dama
20-Jun-19	1,213	1,450	12m	Buy	Anand Dama
20-Apr-19	1,147	1,375	12m	Buy	Anand Dama

Source: Company, Emkay Research

RECOMMENDATION HISTORY CHART



Source: Bloomberg, Company, Emkay Research

Emkay Alpha Portfolio – BFSI-Banks



Analyst: Anand Dama

Contact Details

anand.dama@emkayglobal.com
+91 22 6624 2480

Sector

Banks

Analyst bio

Anand Dama is a CA, CPM (ICFAI) with total 13 years of research experience, in addition to 3 years in the finance/rating industry. His team currently covers 21 banks and 15 stocks in the NBFC/Insurance space.

EAP sector portfolio

Company Name	BSE200 Weight	EAP Weight	OW/UW (%)	OW/UW (bps)	EAP Weight based on Current NAV	Change vs last published EAP (bps)
BFSI-Banks	19.32	19.32	0.0%	0	100.00	
Axis Bank	2.05	2.16	5%	11	11.17	0
AU Small Finance Bank	0.30	0.23	-23%	-7	1.20	0
Bandhan Bank	0.21	0.21	0%	0	1.08	0
Bank of Baroda	0.21	0.21	-3%	-1	1.08	0
Canara Bank	0.13	0.06	-55%	-7	0.31	0
City Union Bank	0.00	0.00	NA	0	0.00	0
DCB Bank	0.00	0.00	NA	0	0.00	0
Equitas Small Finance Bank	0.00	0.00	NA	0	0.00	0
Federal Bank	0.19	0.27	43%	8	1.41	0
HDFC Bank	6.27	6.47	3%	20	33.48	0
ICICI Bank	5.05	5.10	1%	5	26.40	0
Indian Bank	0.00	0.00	NA	0	0.00	0
Indusind Bank	0.57	0.57	0%	0	2.93	0
Karur Vysya Bank	0.00	0.00	NA	0	0.00	0
Kotak Mahindra Bank	2.23	2.01	-10%	-22	10.42	0
Punjab National Bank	0.11	0.00	-100%	-11	0.00	0
RBL Bank	0.00	0.00	NA	0	0.00	0
State Bank of India	1.89	2.03	7%	14	10.50	0
Ujjivan Small Finance Bank	0.00	0.00	NA	0	0.00	0
Union Bank of India	0.05	0.00	-100%	-5	0.00	0
Yes Bank	0.05	0.00	-100%	-5	0.00	0
Cash	0.00	0.00	NA	0	0.00	0

Source: Emkay Research

■ High Conviction/Strong Over Weight ■ High Conviction/Strong Under Weight

Sector portfolio NAV

	Base 1-Apr-19	12-Apr-21	12-Oct-21	12-Jan-22	11-Mar-22	Latest 12-Apr-22
EAP - BFSI-Banks	100.0	105.5	131.8	133.3	118.2	127.4
BSE200 Neutral Weighted Portfolio (ETF)	100.0	103.6	129.0	130.6	115.9	124.9

*Performance measurement base date 1st April 2019

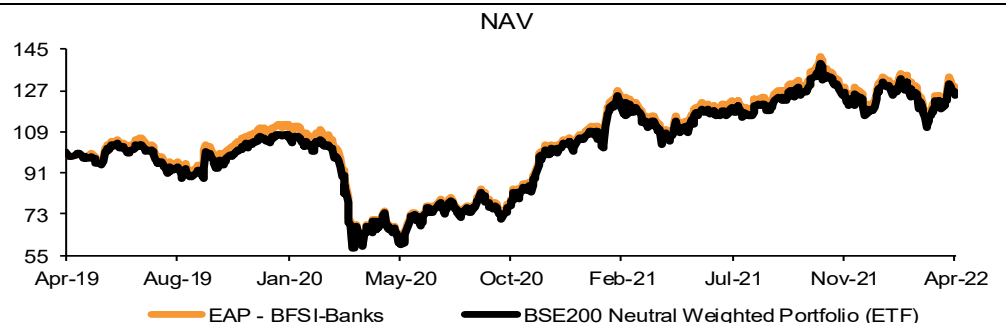
Source: Emkay Research

Price Performance (%)

	1m	3m	6m	12m
EAP - BFSI-Banks	7.8%	-4.4%	-3.3%	20.8%
BSE200 Neutral Weighted Portfolio (ETF)	7.7%	-4.4%	-3.2%	20.5%

Source: Emkay Research

NAV chart



Source: Emkay Research

Please see our model portfolio (Emkay Alpha Portfolio): [Nifty](#)

Please see our model portfolio (Emkay Alpha Portfolio): [SMID](#)

“Emkay Alpha Portfolio – SMID and Nifty are a supporting document to the Emkay Alpha Portfolios Report and is updated on regular intervals”

This report is intended for team.emkay@whitemarquesolutions.com use and downloaded at 04/18/2022 01:31 PM

Emkay Research is also available on www.emkayglobal.com and Bloomberg EMKAY<GO>. Please refer to the last page of the report on Restrictions on Distribution. In Singapore, this research report or research analyses may only be distributed to Institutional Investors, Expert Investors or Accredited Investors as defined in the Securities and Futures Act, Chapter 289 of Singapore.

Emkay Rating Distribution

Ratings	Expected Return within the next 12-18 months.
BUY	Over 15%
HOLD	Between -5% to 15%
SELL	Below -5%

Completed Date: 18 Apr 2022 09:07:44 (SGT)

Dissemination Date: 18 Apr 2022 09:08:44 (SGT)

Sources for all charts and tables are Emkay Research unless otherwise specified.

GENERAL DISCLOSURE/DISCLAIMER BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):

Emkay Global Financial Services Limited (CIN-L67120MH1995PLC084899) and its affiliates are a full-service, brokerage, investment banking, investment management and financing group. Emkay Global Financial Services Limited (EGFSL) along with its affiliates are participants in virtually all securities trading markets in India. EGFSL was established in 1995 and is one of India's leading brokerage and distribution house. EGFSL is a corporate trading member of Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE), MCX Stock Exchange Limited (MCX-SX). EGFSL along with its subsidiaries offers the most comprehensive avenues for investments and is engaged in the businesses including stock broking (Institutional and retail), merchant banking, commodity broking, depository participant, portfolio management, insurance broking and services rendered in connection with distribution of primary market issues and financial products like mutual funds, fixed deposits. Details of associates are available on our website i.e. www.emkayglobal.com

EGFSL is registered as Research Analyst with SEBI bearing registration Number INH000000354 as per SEBI (Research Analysts) Regulations, 2014. EGFSL hereby declares that it has not defaulted with any stock exchange nor its activities were suspended by any stock exchange with whom it is registered in last five years, except that NSE had disabled EGFSL from trading on October 05, October 08 and October 09, 2012 for a manifest error resulting into a bonafide erroneous trade on October 05, 2012. However, SEBI and Stock Exchanges have conducted the routine inspection and based on their observations have issued advice letters or levied minor penalty on EGFSL for certain operational deviations in ordinary/routine course of business. EGFSL has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has its certificate of registration been cancelled by SEBI at any point of time.

EGFSL offers research services to clients as well as prospects. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

Other disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report

EGFSL and/or its affiliates may seek investment banking or other business from the company or companies that are the subject of this material. Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that may be inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest including but not limited to those stated herein. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject EGFSL or its group companies to any registration or licensing requirement within such jurisdiction. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person. Unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be used by private customers in United Kingdom. All material presented in this report, unless specifically indicated otherwise, is under copyright to Emkay. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of EGFSL. All trademarks, service marks and logos used in this report are trademarks or registered trademarks of EGFSL or its Group Companies. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

- This publication has not been reviewed or authorized by any regulatory authority. There is no planned schedule or frequency for updating research publication relating to any issuer.

- Please contact the primary analyst for valuation methodologies and assumptions associated with the covered companies or price targets

Disclaimer for U.S. persons only: This research report is a product of Emkay Global Financial Services Limited (Emkay), which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of Financial Institutions Regulatory Authority (FINRA) or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account. This report is intended for distribution to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a-6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor. In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors.

ANALYST CERTIFICATION BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL)

The research analyst(s) primarily responsible for the content of this research report, in part or in whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The analyst(s) also certifies that no part of his/her compensation was, is, or will be, directly or indirectly, related to specific recommendations or views expressed in the report. The research analyst (s) primarily responsible of the content of this research report, in part or in whole, certifies that he or his associate¹ does not serve as an officer, director or employee of the issuer or the new listing applicant (which includes in the case of a real estate investment trust, an officer of the management company of the real estate investment trust; and in the case of any other entity, an officer or its equivalent counterparty of the entity who is responsible for the management of the issuer or the new listing applicant). The research analyst(s) primarily responsible for the content of this research report or his associate does not have financial interests² in relation to an issuer or a new listing applicant that the analyst reviews. EGFSL has procedures in place to eliminate, avoid and manage any potential conflicts of interests that may arise in connection with the production of research reports. The research analyst(s) responsible for this report operates as part of a separate and independent team to the investment banking function of the EGFSL and procedures are in place to ensure that confidential information held by either the research or investment banking function is handled appropriately. There is no direct link of EGFSL compensation to any specific investment banking function of the EGFSL.

¹ An associate is defined as (i) the spouse, or any minor child (natural or adopted) or minor step-child, of the analyst; (ii) the trustee of a trust of which the analyst, his spouse, minor child (natural or adopted) or minor step-child, is a beneficiary or discretionary object; or (iii) another person accustomed or obliged to act in accordance with the directions or instructions of the analyst.

² Financial interest is defined as interest that are commonly known financial interest, such as investment in the securities in respect of an issuer or a new listing applicant, or financial accommodation arrangement between the issuer or the new listing applicant and the firm or analysis. This term does not include commercial lending conducted at the arm's length, or investments in any collective investment scheme other than an issuer or new listing applicant notwithstanding the fact that the scheme has investments in securities in respect of an issuer or a new listing applicant.

COMPANY-SPECIFIC / REGULATORY DISCLOSURES BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):

Disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report:-

1. EGFSL, its subsidiaries and/or other affiliates do not have a proprietary position in the securities recommended in this report as of April 18, 2022
2. EGFSL, and/or Research Analyst does not market make in equity securities of the issuer(s) or company(ies) mentioned in this Research Report
- Disclosure of previous investment recommendation produced:**
3. EGFSL may have published other investment recommendations in respect of the same securities / instruments recommended in this research report during the preceding 12 months. Please contact the primary analyst listed in the first page of this report to view previous investment recommendations published by EGFSL in the preceding 12 months.
4. EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her relative's does not have any material conflict of interest in the securities recommended in this report as of April 18, 2022.
5. EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her relative's does not have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the April 18, 2022
6. EGFSL, its subsidiaries and/or other affiliates and Research Analyst have not received any compensation in whatever form including compensation for investment banking or merchant banking or brokerage services or for products or services other than investment banking or merchant banking or brokerage services from securities recommended in this report (subject company) in the past 12 months.
7. EGFSL, its subsidiaries and/or other affiliates and/or and Research Analyst have not received any compensation or other benefits from securities recommended in this report (subject company) or third party in connection with the research report.
8. Securities recommended in this report (Subject Company) has not been client of EGFSL, its subsidiaries and/or other affiliates and/or and Research Analyst during twelve months preceding the April 18, 2022

RESTRICTIONS ON DISTRIBUTION

General	This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation.
Australia	This report is not for distribution into Australia.
Hong Kong	This report is not for distribution into Hong Kong.
Indonesia	This report is being distributed in Indonesia by PT DBS Vickers Sekuritas Indonesia.
Malaysia	This report is not for distribution into Malaysia.
Singapore	This report is distributed in Singapore by DBS Bank Ltd (Company Regn. No. 16800306E) or DBSVS (Company Regn. No. 1860024G) both of which are Exempt Financial Advisers as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. DBS Bank Ltd and/or DBSVS, may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an agreement under Regulation 32C of the financial Advisers Regulations. Singapore recipients should contact DBS Bank Ltd at 6327 2288 for matters arising from, or in connection with the report.
Thailand	This report is being distributed in Thailand by DBS Vickers Securities (Thailand) Co Ltd.
United Kingdom	This report is disseminated in the United Kingdom by DBS Vickers Securities (UK) Ltd, ("DBSVUK"). DBSVUK is authorised and regulated by the Financial Conduct Authority in the United Kingdom. In respect of the United Kingdom, this report is solely intended for the clients of DBSVUK, its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBSVUK. This communication is directed at persons having professional experience in matters relating to investments. Any investment activity following from this communication will only be engaged in with such persons. Persons who do not have professional experience in matters relating to investments should not rely on this communication.
Dubai International Financial Centre	This research report is being distributed by DBS Bank Ltd., (DIFC Branch) having its office at units 608-610, 6 th Floor, Gate Precinct Building 5, PO Box 506538, Dubai International Financial Centre (DIFC), Dubai, United Arab Emirates. DBS Bank Ltd., (DIFC Branch) is regulated by The Dubai Financial Services Authority. This research report is intended only for professional clients (as defined in the DFSA rulebook) and no other person may act upon it.
United Arab Emirates	This report is provided by DBS Bank Ltd (Company Regn. No. 196800306E) which is an Exempt Financial Adviser as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. This report is for information purposes only and should not be relied upon or acted on by the recipient or considered as a solicitation or inducement to buy or sell any financial product. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situation, or needs of individual clients. You should contact your relationship manager or investment adviser if you need advice on the merits of buying, selling or holding a particular investment. You should note that the information in this report may be out of date and it is not represented or warranted to be accurate, timely or complete. This report or any portion thereof may not be reprinted, sold or redistributed without our written consent.
United States	DBSVUSA did not participate in its preparation. The research analyst(s) named on this report are not registered as research analysts with FINRA and are not associated persons of DBSVUSA. The research analyst(s) are not subject to FINRA Rule 2241 restrictions on analyst compensation, communications with a subject company, public appearances and trading securities held by a research analyst. This report is being distributed in the United States by DBSVUSA, which accepts responsibility for its contents. This report may only be distributed to Major U.S. Institutional Investors (as defined in SEC Rule 15a-6) and to such other institutional investors and qualified persons as DBSVUSA may authorize. Any U.S. person receiving this report who wishes to effect transactions in any securities referred to herein should contact DBSVUSA directly and not its affiliate.
Other jurisdictions	In any other jurisdictions, except if otherwise restricted by laws or regulations, this report is intended only for qualified, professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.

Emkay Global Financial Services Ltd.**CIN - L67120MH1995PLC084899**

7th Floor, The Ruby, Senapati Bapat Marg, Dadar - West, Mumbai - 400028. India

Tel: +91 22 66121212 Fax: +91 22 66121299 Web: www.emkayglobal.com