HDFC Bank

Emkay©
Your success is our success

Refer to important disclosures at the end of this report

Regulatory drag to hurt near-term RoEs; deal structure hinges on RBI approval

CMP	Target Price
Rs 1,321 as of (May 22, 2022)	Rs 1,800 (▼) 12 months
Rating	**Upside**
BUY (■)	36.3 %

The key takeaways and our views post meeting with HDFC Bank to understand their plan to reduce regulatory cost drag from the proposed merger:

- **Merger to meet regulatory ask, remain competitive; regulatory approval on deal structure could be a hurdle:** HDFCL management has been vocal that the regulator has clearly indicated that large NBFCs/HFCs need to either operate with bank-like rules or convert into a bank, while housing business at a scale is best done now under a bank given their cost advantage (see Exhibit 11) and potential cross-selling benefits. That said, HDFCL shareholders' may be apprehensive about selling housing/other businesses at valuations inclusive of holdco discount. For HDFCB, the merger of the housing portfolio could be RoE dilutive in the near term due to regulatory costs, but brings scale, security and higher portfolio tenure with better long-term RoEs, factoring in cross-selling/leverage benefits. We believe the RBI may have reservations in approving the proposed merger deal structure with non-lending businesses (mainly insurance with current stakes >30%) under the bank, as it will challenge its longstanding stance to ring-fence banks and avoid regulatory overlap. Allowing NBFCs HDB Fin/HDFC Credila as subsidiaries under a bank could also be difficult given the RBI's insistence to undertake lending business primarily under the bank.
- **CRR, SLR drag manageable, but PSL build-up and eventual liability replacement could be challenging:** We believe the merged entity will be largely complied on CRR in FY24, while additional requirement in FY25E will be minimal at Rs217bn (assuming 6% CRR maintenance). On the SLR front, the additional requirement for FY24/25E on expanded B/S (adjusted for higher SLR on HDFCB's B/S) will be ~Rs1.7trn, which looks manageable, and, in fact, could lead to a positive impact given rising G-sec yields. However, the additional PSL requirement of ~Rs2.1trn in FY25 (on expanded ANBC) remains a key regulatory drag. Overall, factoring in the regulatory requirements (CRR+SLR+PSL) and assuming 20% of high-cost HDFCL borrowing are replaced, our workings suggest that the bank will have to mobilize deposits to the tune of Rs5.5trn over FY24-25E, which need to be met through a combination of growing vintage of branches and accelerated growth via some rate tinkering. However, the deposit ask can be reduced by slowing down HDFCL growth, increasing affordable housing/PSL compliant loan growth, phased grandfathering of HDFCL's bank borrowings, and even raising relatively cheap overseas bonds. Based on our assumptions, the RoE for the merged entity works out to 15.9%/16.5% in FY24/25E vs. standalone bank RoE of ~17.1%/17.4% and would potentially converge by FY26E.
- **HDFCB exuberates confidence of healthy credit growth trajectory even after merger:** HDFCB has allayed concerns on growth on the large B/S post-merger, as it believes that the bank + HDFCL - on a combined basis - have grown at a healthy pace (~18-20%) in the past (pre-Covid) and could see continued momentum with better opportunities to grow the housing portfolio as then most branches will be able to offer housing loans based on the bank's template. The bank would also not shy away from continuing developer loans, if it fits its risk-return profile. The bank believes that 18-20% credit growth after merger in a BAU scenario looks sustainable, subject to macro support. It claims that globally larger banks have also grown at a healthy pace, and thus size should not be a constraint for growth, particularly in India amid gross credit under-penetration.
- **We reduce TP but maintain Buy as valuations remain comfortable; top-picks are ICICI, SBI:** Based on the Gordon growth model for the merged entity and factoring in a slightly higher CoE, we work out fair value at 2.7x FY24E ABV for the merged bank (10% discount to FV basis merger overhang), or implied 3.0x ABV of standalone bank (pre-merger) vs. earlier 3.2x ABV of standalone bank. Add to that the subsidiaries' valuation of Rs172/share for the merged bank (Rs78 for standalone bank pre-merger), we arrive at a TP of Rs1800 (Rs1,950 earlier). The stock has seen a sharp correction due to sub-par core profitability performance, which in turn was driven by lower margins/fees and merger overhang, thereby trading at near-trough valuations (trading at 2.1x FY24 standalone ABV/1.9x merged ABV). Given the reasonable upside to our TP, we retain Buy on HDFC Bank. That said, ICICI Bank has been consistently delivering healthy operating performance and could be an early entrant after HDFCB into the 17% RoE club among large banks, hopefully without any disruption, and thus remains our top pick in the banking space. Among PSBs, SBI could also be an entrant into the 17% RoE club by FY25E, without factoring in any capital raise, and it remains our second top pick after ICICI.

Please see our sector model portfolio (Emkay Alpha Portfolio): BFSI-Banks (Page 18)

Change in Estimates	
EPS Chg FY23E/FY24E (%)	-/
Target Price change (%)	(7.7)
Target Period (Months)	12
Previous Reco	BUY

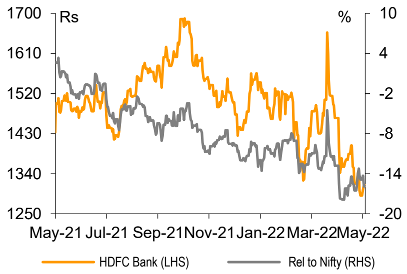
Emkay vs Consensus		
EPS Estimates		
	FY23E	**FY24E**
Emkay	78.8	93.7
Consensus	78.7	92.7
Mean Consensus TP (12M)		Rs 1,832

Stock Details	
Bloomberg Code	HDFCB IN
Face Value (Rs)	1
Shares outstanding (mn)	5,551
52 Week H/L	1,725 / 1,278
M Cap (Rs bn/USD bn)	7,333 / 94.56
Daily Avg Volume (nos.)	128,71,130
Daily Avg Turnover (US$ mn)	236.2

Shareholding Pattern Mar '22	
Promoters	21.0%
FIIs	47.6%
DIIs	20.0%
Public and Others	11.4%

Price Performance				
(%)	**1M**	**3M**	**6M**	**12M**
Absolute	(2)	(13)	(14)	(8)
Rel. to Nifty	3	(7)	(6)	(16)

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

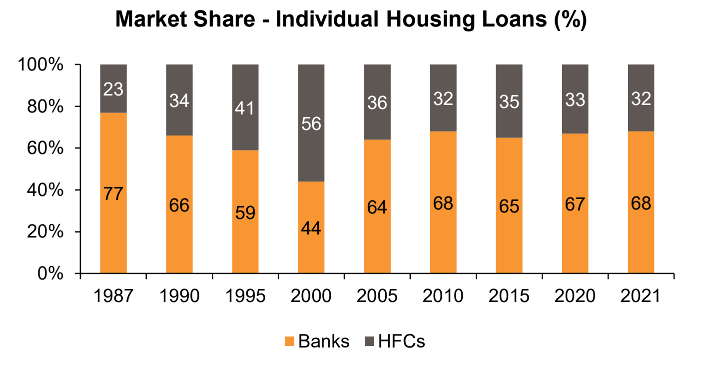
Heet Khimawat
heet.khimawat@emkayglobal.com
+91 22 6612 1275

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

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

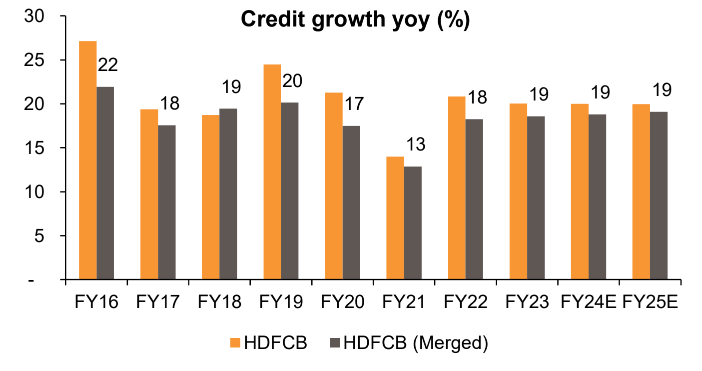
Story in Charts

Exhibit 1: Housing loan share drifting back toward banks given cost advantage and better cross-selling opportunities



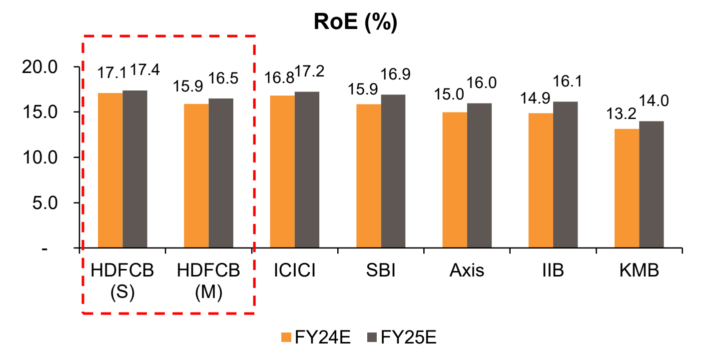
Source: RBI, NHB, Emkay Research

Exhibit 2: Credit growth trajectory for combined entity has remained healthy around 18-20%



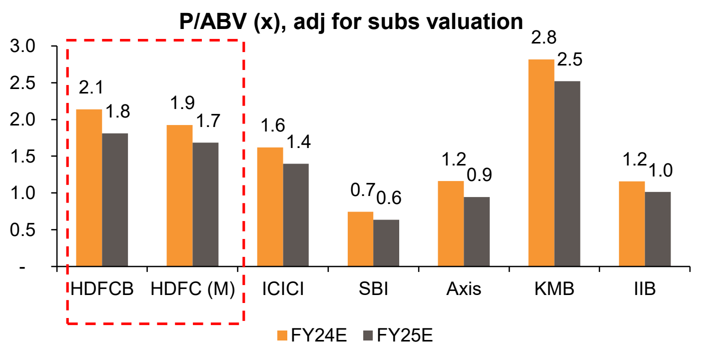
Source: Emkay Research

Exhibit 3: RoE trajectory on a merged basis could normalize only by FY26/27E to 17%... ICICI/SBI to reach 17% RoE by FY25E



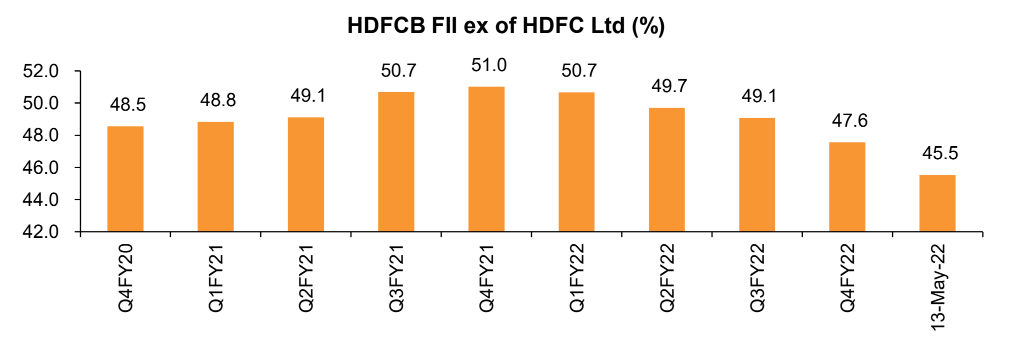
Source: Emkay Research

Exhibit 4: Valuation gap for HDFCB-ICICI contracted due to former's weak core performance/merge concern



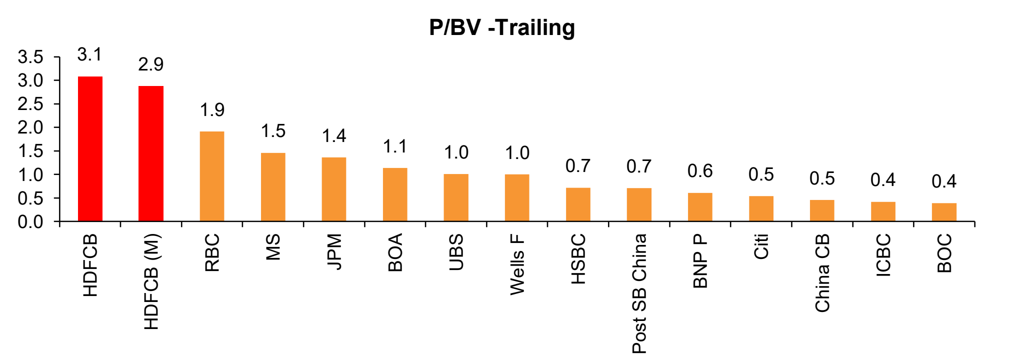
Source: Emkay Research

Exhibit 5: HDFCB has seen a sharp reduction in FII holding, being one of the key reasons for sharp correction in stock price



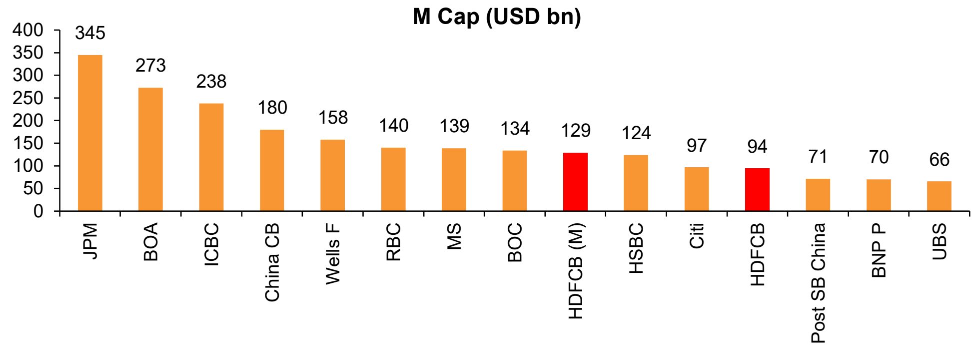
Source: Company, BSE, Emkay Research

Exhibit 6: HDFCB trades at premium valuations compared to global peers



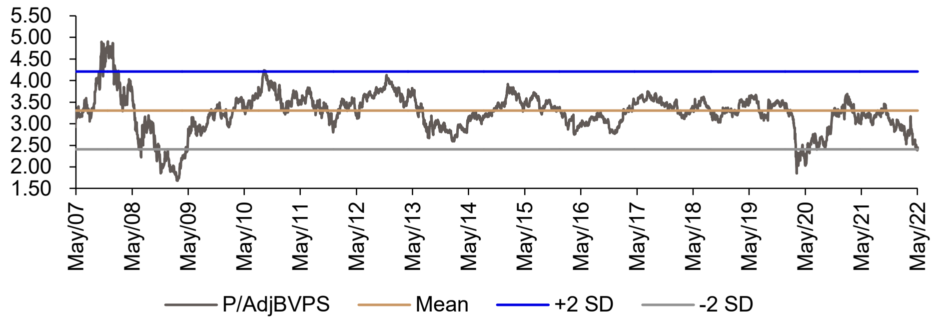
Source: Bloomberg, Emkay Research

Exhibit 7: Merger will push HDFCB market cap higher than banks like Citi and HSBC



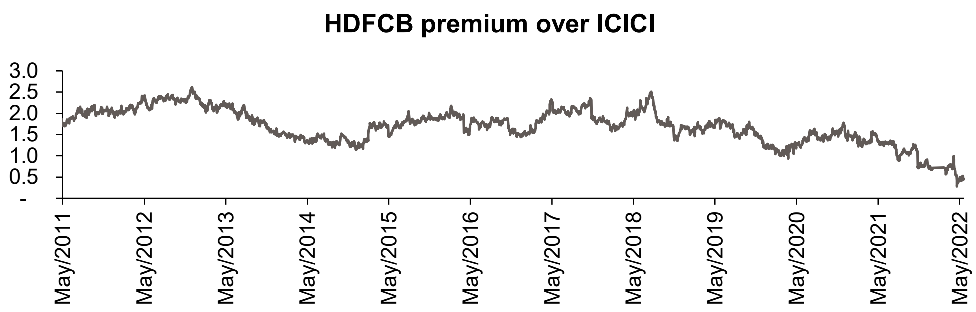
Source: Bloomberg, Emkay Research

Exhibit 8: Stock is currently trading at near trough valuations post post-merger announcement



Source: Bloomberg, Emkay Research

Exhibit 9: HDFCB's P/B difference versus ICICI is currently the lowest (0.4x) in past 10 years



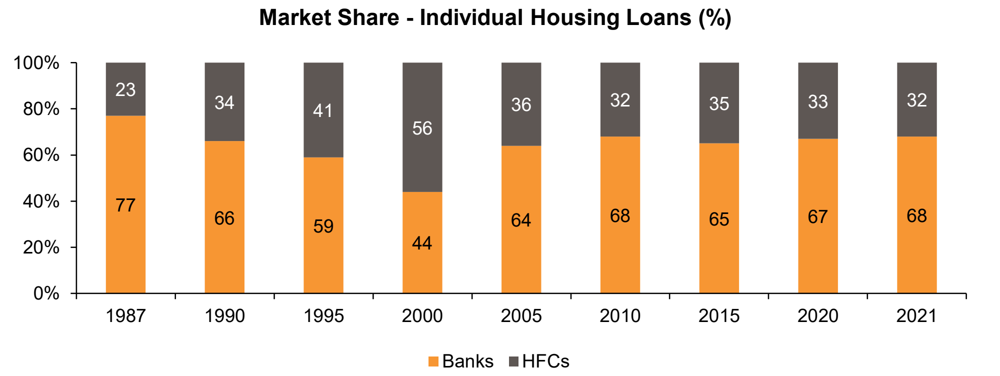
Source: Bloomberg, Emkay Research

HDFCL merger mainly to meet regulatory ask, remain competitive in an increasingly bank-dominated market

HDFCL management has been vocal that the regulator has clearly indicated that large NBFCs/HFCs need to either operate with bank-like rules or convert into a bank, while it believes that a housing business with scale is best done now under a bank given their cost advantage and potential cross-selling benefits (see Exhibit 11). This is reflecting in the rising share of banks in mortgage finance, since past few years, and this is likely to accelerate, more so in a rising interest rate scenario as banks use their cost advantage to remain competitive on the pricing front. Thus, HDFCL management claims that merging the housing business with India's largest bank with best CoF and opex ratio with reduced regulatory drag over the years is the best option. That said, HDFCL shareholders may have some reservations around the deal as their interest may not be aligned with the regulator and possibly could be apprehensive about the housing/other business being offloaded at discounted valuations.

For HDFCB, the housing portfolio brings scale with security, PSL portfolio and increases overall portfolio tenure with reasonable RoE factoring in cross-selling benefits and brings on board other non-lending business at discounted valuations. That said, the bank will have to bear the regulatory cost post-merger and also prepare for heavy deposit mobilization leading to potentially higher costs in the interim.

Exhibit 10: Housing loan share drifting back toward banks given cost advantage and better cross-selling opportunity



Source: RBI, NHB, Emkay Research

Exhibit 11: Illustration of a housing business in a bank vs. HFC suggests higher RoE potential in a bank led by lower funding cost, better fee opportunity (asset/liability fees + treasury) and leverage

Dupont (%)	Assumptions	Bank	Assumptions	HFC
YoL	7.0%	5.6	7.0%	6.9
YoI	6.5%	1.0	6.5%	0.1
CoF	3.3%	2.9	5.3%	4.6
NII		**3.6**		**2.4**
Fees (HL + Liability + Treasury + TPD + Other fees)		1.0		0.5
Net Income		**4.6**		**2.9**
Opex		2.0		0.3
PPoP		**2.6**		**2.6**
LLP		0.4		0.5
PBT		**2.2**		**2.1**
Tax		0.6		0.5
RoA		**1.7**		**1.6**
Leverage (x)		10.0		8.1
RoE		**16.6**		**12.6**

Source: Emkay Research, Note: Above working is based on assets/liability being Rs100, CRR 4.5%, SLR 18% and bank being PSL compliant

Exhibit 12: Simple illustrative balance sheet of a bank and a HFC

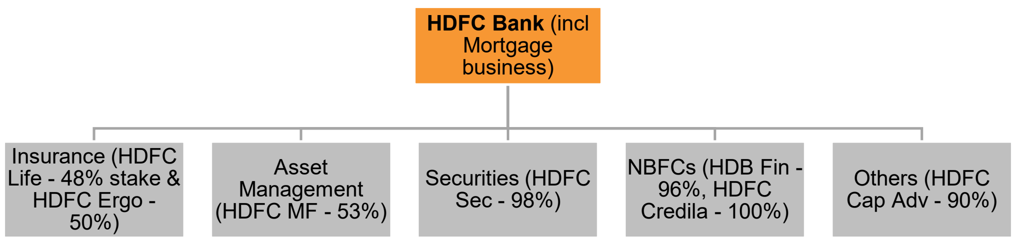
Balance Sheet (Rs)	Bank	HFC
Loans	80	91
SLR	16	1
CRR	4	0
Assets	**100**	**100**
Optimal Networth	10	12
- CAR on HL (based on 35% RWA)	3	5
Deposits	90	9
Borrowings	0	79
Liabilities	**100**	**100**

Source: Emkay Research

Regulatory approval for proposed deal structure, regulatory forbearances could be a challenge

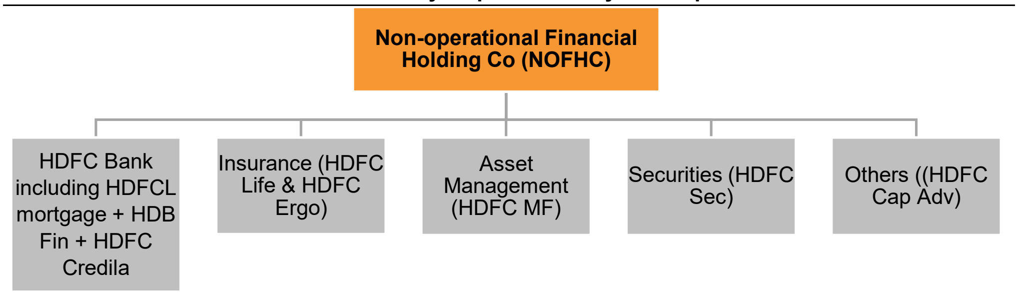
We believe the RBI may have reservations in approving the proposed merger structure with non-lending businesses (mainly insurance with stakes >30%) under the bank as it will challenge its longstanding stance to ring-fence banks and avoid regulatory overlap. Allowing NBFCs-HDB Fin/HDFC Credila as subsidiaries under a bank could also be difficult given the RBI's insistence to undertake lending business primarily under the bank. Thus, the RBI may ask the bank to rework the proposed merger structure. The bank has asked for other regulatory forbearances including relief on PSL compliance and grand-fathering of inter-bank borrowings (could be allowed). The relief on PSL looks unlikely, except that it may allow some relief on meeting sub-targets.

Exhibit 13: Current proposed structure by HDFC



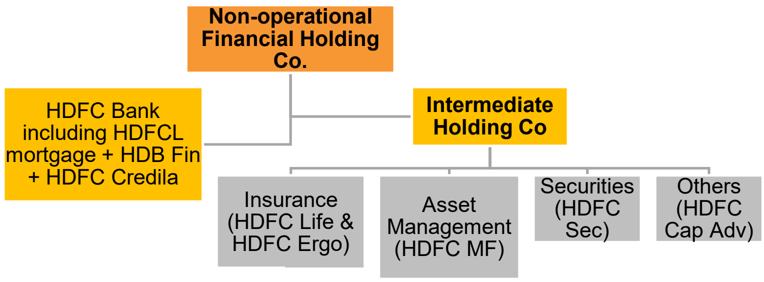
Source: Emkay Research

Exhibit 14: Possible structure 1 which may be prescribed by RBI as per our view



Source: Emkay Research

Exhibit 15: Possible structure 2 which may be prescribed by RBI as per our view



Source: Emkay Research

CRR, SLR drag manageable, but PSL build-up and borrowing replacement could be challenging

Our discussion with the bank as well as internal workings suggests that factoring in higher cash on HDFCB's B/S, the merged entity will be largely complied on CRR in FY24, while the additional requirement in FY25E will be minimal at Rs217bn. On the SLR front, the additional cumulative requirement for FY24/25E on expanded B/S adjusted for higher SLR on HDFCB's B/S will be ~Rs1.7trn, which looks manageable. However, the PSL requirement of ~Rs2.1trn in FY25 will be a challenge, mainly in terms of mobilizing deposits/funds for PSL deployment. Add to that, if we assume 20% of borrowings to be replaced by deposits, then the overall additional cumulative ask for deposits including for CRR, SLR, PSL and replacement of maturing borrowings will be at ~Rs5.5trn, and thus will be a key regulatory drag in a rising interest rate scenario. Based on our assumptions (including replacement of 20% borrowings with deposits, 25bps incremental rate on additional deposits), RoE for the merged entity works out to 15.9%/16.5% in FY24/25E (see Exhibit 17) vs. standalone bank RoE of ~17.1%/17.4% and would potentially converge by FY26E.

Exhibit 16: Overall regulatory hit due to proposed merger

Regulatory Requirement based on new NDTL/ANBC (Rs bn)	FY24E	FY25E
CRR (assuming optimal CRR of 6%)	0	217
SLR (assuming optimal SLR of 21%)	687	1,085
PSL (assuming 40% of ANBC)	0	2,074
Assumed replacement of borrowings (20% of borrowings)	144	1,335
Overall regulatory cost (interest) – Rs bn	**FY24E**	**FY25E**
CRR + SLR	(4.7)	(19.2)
PSL	-	41.6
Regulatory cost on CRR, SLR and PSL	**(4.7)**	**22.4**
Net Saving on replacing 20% of borrowings	-	(10.6)
Loss of dividend income	9.3	10.5
Incremental tax due to increase in ETR to 25%	9.1	6.1
Cumulative Gross Impact	**13.7**	**28.4**
Base Combined Profit	700.0	835.4
Impact of merger on Base Combined Profit	**2.0%**	**3.4%**

Source: Emkay Research; Note: Figures in bracket denotes positive impact

Exhibit 17: Merged entity will take at least 2 years (i.e., in FY26E) factoring benefit of replacement of 20% borrowings to reach pre-merger standalone bank RoE of ~17% (FY24E), factoring in replacement of 20% of high cost borrowings with deposits over FY25-26E

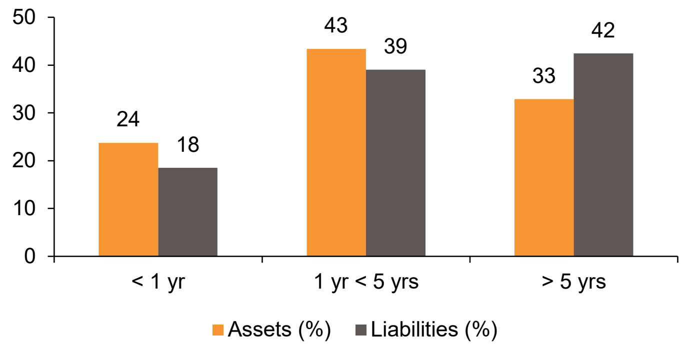
Du Pont (%)	HDFCB (Merged) without replacing 20% borrowings each in 25E/26E and balance in FY27E				HDFCB (Merged) with replacing 20% borrowings each in 25E/26E and balance in FY27E				HDFCB Standalone (Pre-Merger)	
	FY24E	FY25E	FY26E	FY27E	FY24E	FY25E	FY26E	FY27E	FY24E	FY25E
Interest income	7.3	7.4	7.5	7.7	7.3	7.4	7.5	7.7	7.3	7.5
Interest expense	-3.7	-4.1	-4.1	-4.1	-3.7	-4.1	-4.1	-4.0	-3.5	-3.8
NII	**3.5**	**3.4**	**3.4**	**3.5**	**3.5**	**3.4**	**3.5**	**3.6**	**3.7**	**3.7**
Non-interest income	1.3	1.2	1.2	1.2	1.3	1.2	1.2	1.2	1.5	1.5
Net Income	**4.8**	**4.6**	**4.6**	**4.8**	**4.8**	**4.6**	**4.7**	**4.9**	**5.2**	**5.2**
Opex	-1.6	-1.5	-1.5	-1.6	-1.6	-1.5	-1.5	-1.6	-2.0	-2.0
PPoP	**3.2**	**3.0**	**3.1**	**3.2**	**3.2**	**3.1**	**3.1**	**3.3**	**3.3**	**3.3**
Provisions	-0.6	-0.6	-0.7	-0.7	-0.6	-0.6	-0.7	-0.7	-0.7	-0.7
PBT	**2.6**	**2.4**	**2.4**	**2.4**	**2.6**	**2.5**	**2.4**	**2.5**	**2.6**	**2.6**
Tax	-0.7	-0.6	-0.6	-0.6	-0.7	-0.6	-0.6	-0.6	-0.6	-0.6
RoA	**2.0**	**1.8**	**1.8**	**1.8**	**2.0**	**1.9**	**1.8**	**1.9**	**1.9**	**1.9**
Leverage (x)	8.1	8.9	9.4	9.3	8.1	8.9	9.3	9.2	8.9	9.1
RoE	**15.9**	**16.3**	**16.7**	**17.0**	**15.9**	**16.5**	**17.0**	**17.6**	**17.1**	**17.4**

Source: Emkay Research; Note: We have assumed 20% HDFCL borrowing replacement by deposits and also 25bps higher cost of deposits on incremental deposits, as higher deposit mobilization without branch additions would call for higher rate offering

Deposit mobilization could be a challenge – thus the bank could look at gradual replacement of liability, slow growth in HDFCL and even raise overseas bonds

Overall, factoring in the regulatory requirement (CRR+SLR+PSL) and assuming replacement of 20% of high-cost HDFCL borrowing, the bank will need to mobilize deposits to the tune of Rs5.5trn over FY24-25E, which will be a tall ask. Management believes that the ask can be reduced by slowing down HDFCL's growth, accelerating affordable housing/PSL compliant loan growth, grandfathering of HDFCL's borrowings and even raising relatively low-cost long term overseas bonds. Thus, the bank believes that the deposit mobilization ask will be far lower than market estimates as the HDFCL borrowings will be replaced with deposits as per maturity. Management has guided that it would potentially grow branches at a rate of say 10% with focus around opening low-cost SuRu branches to manage costs. The heavy-lifting in terms of deposits mobilization will have to be thus done by vintage branches, mainly in metro/urban centers and accelerated deposit growth via some rate tinkering. We believe the bank can also resort to bulk deposit market, where it has been relatively less active in the past.

Exhibit 18: HDFCL's asset/liability profile (FY22) seems to be more long term in nature

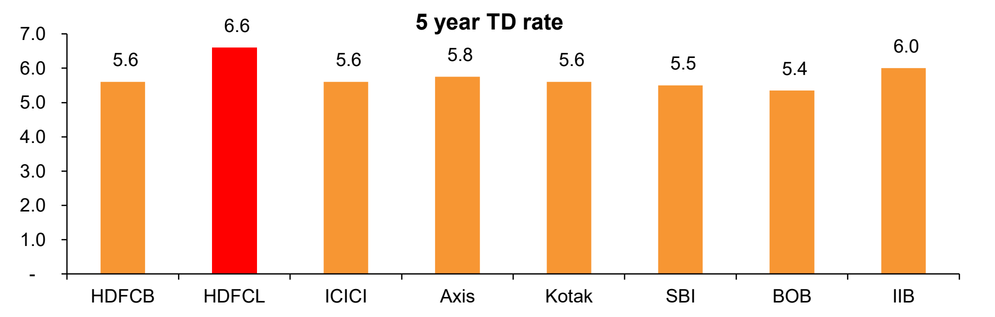


Source: Emkay Research; Above ALM is for FY22

Exhibit 19: HDFCL's deposits seems to be more short term in nature, but borrowings including NCDs, housing bonds have longer tenure

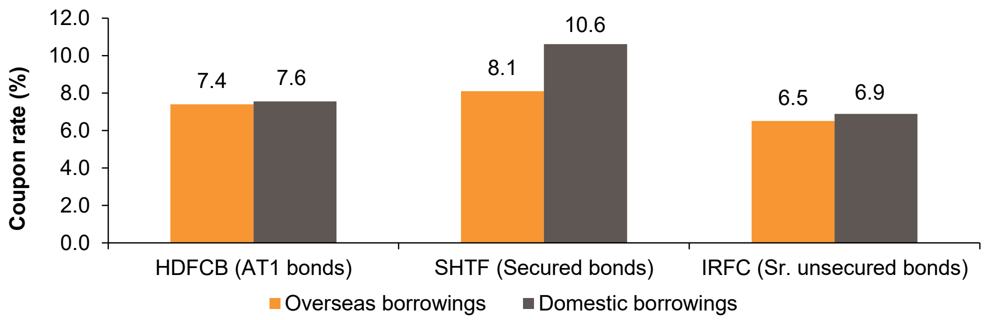
Source: Emkay Research; Above ALM is for FY21

Exhibit 20: HDFCB's deposit rates are lower by 100bps, and thus the bank would look to replace HDFCLs high-cost public deposits/borrowings



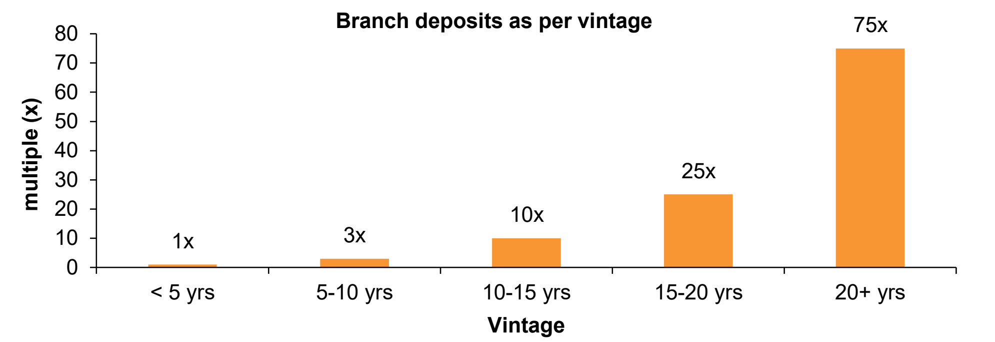
Source: Company, Emkay Research

Exhibit 21: Long-term overseas bonds (even after factoring in hedging costs) could be a one of the cheaper options to replace local borrowings for a better-rated corporate, amid rising rates



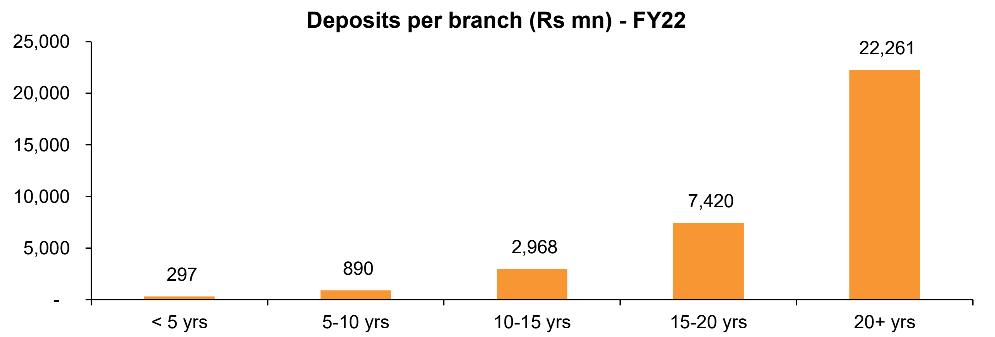
Source: Company, Emkay Research

Exhibit 22: High-vintage branches (+20 yrs) generate nearly 75x deposits than a new branch



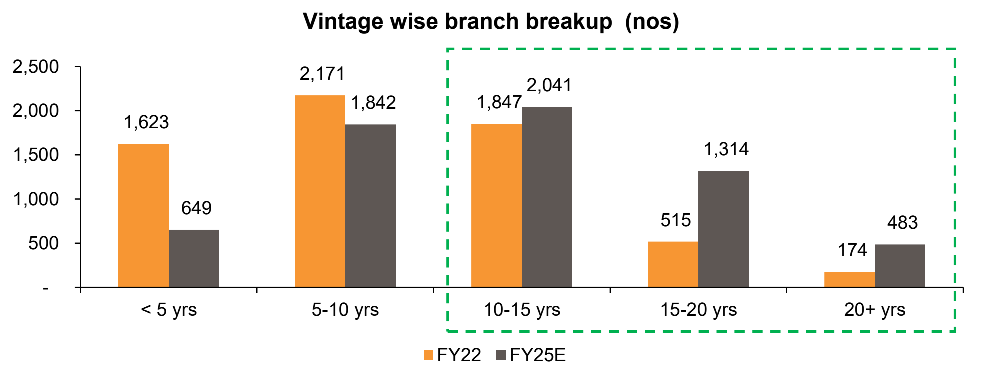
Source: Company, Emkay Research

Exhibit 23: Deposits per branch for FY22 calculated based on vintage break-down



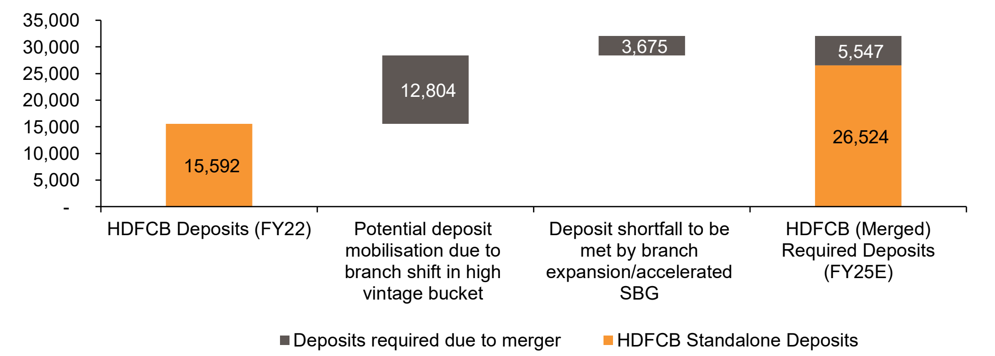
Source: Emkay Research

Exhibit 24: Share of high-vintage branches (>10 yrs) could shift from 40% to 61% in 3 yrs (over FY22-25E)



Source: Emkay Research

Exhibit 25: We believe the bank will have fully utilize the potential of vintage branches as well as increase the deposit per branch by 4% to meet the overall deposit ask for merged back by FY25E



Source: Emkay Research; Note: SBG – Stands for Same Branch Growth @4% in addition to vintage based growth

Exhibit 26: Sensitivity analysis – Higher share of affordable housing bonds/loans could reduce the regulatory drag

Particulars (Rs bn)	Base case - AHB @~27% of HDFCL borrowings		Case 1 - Higher share of AHB @~40% of HDFCL borrowings	
	FY24E	FY25E	FY24E	FY25E
Merged Adjusted net bank credit (ANBC)	21,083	24,912	20,564	24,314
- Affordable housing bonds (AHB) - Assumed	1,027	1,182	1,546	1,779
% of ANBC	5%	5%	8%	7%
	FY24E	FY25E	FY24E	FY25E
Merged NDTL (Rs Bn)	31,216	37,689	31,216	37,543
- Lower of Affordable housing loans (AHL) or Affordable Housing Bonds	1,027	1,182	1,546	1,779
- Inter Bank Borrowings (excluded)	1,836	2,138	1,836	2,138
Net NDTL	28,353	34,369	27,833	33,626
+ Additional Deposits to be raised	831	4,712	655	4,346
+ Short of SLR	687	1,085	541	1,007
+ Short of CRR/(Excess CRR)	-	217	-	192
+ Short of PSL	-	2,074	-	1,835
+ Excess Deposits to replace borrowings	144	1,335	114	1,311
New NDTL	29,184	39,081	28,488	37,971
Regulatory + other cost of merger (Rs bn)	**FY24E (for 1 qtr)**	**FY25E**	**FY24E (for 1 qtr)**	**FY25E**
Interest cost on incremental deposits	9	224	7	207
Interest income on SLR Investment	(12)	(78)	(9)	(72)
Interest saving on NCDs replaced	(2)	(77)	(2)	(76)
Interest income on PSL (RIDF)	-	(57)	-	(50)
Net Impact/(Benefit)	(4.7)	11.8	(3.7)	8.0
Combined Profit before merger	700	835	700	835
Impact/(benefit) (%)	-0.7%	1.4%	-0.5%	1.0%

Source: Emkay Research

HDFCB exuberates confidence about sustaining healthy credit growth trajectory, even post-merger

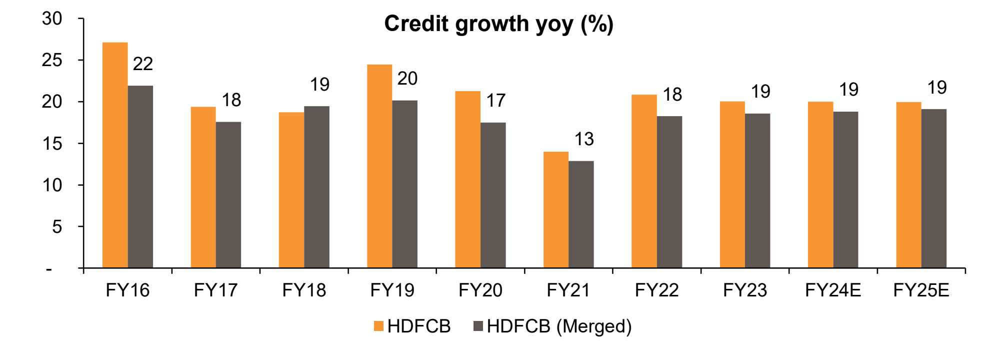
HDFCB has allayed concerns about growth on the large B/S post-merger, as it believes that bank + HDFCL on a combined basis have grown at a healthy pace in the past (pre-Covid) at 18-20% and should see continued momentum with better opportunity to grow the housing portfolio as then most branches will be able to offer housing loans based on the bank's template. The bank believes that 18-20% credit growth post-merger in a BAU scenario looks sustainable, subject to macro support. It claims that globally larger banks too have grown at healthy pace and thus size should not be a constraint for growth, particularly in India amid gross under-credit penetration.

Exhibit 27: Pro-forma merged loan book – FY22

Loan Book - FY22 (Rs bn)	HDFCB	HDFCL	Merged
Corporate	**3,559**	**1,165**	**4,724**
% of loan book	*26%*	*21%*	*25%*
- Construction finance		499	499
% of loan book		*9%*	*3%*
- LRD		388	388
% of loan book		*7%*	*2%*
Retail	**5,338**	**4,383**	**9,722**
% of loan book	*39%*	*79%*	*50%*
- Mortgages	1,506	4,383	5,889
% of loan book	*11%*	*79%*	*31%*
- Non-Housing Retail	3,833		3,833
% of loan book	*28%*		*20%*
Commercial & Rural	**4,791**		**4,791**
% of loan book	*35%*		*25%*
Total Loan book	**13,688**	**5,549**	**19,237**

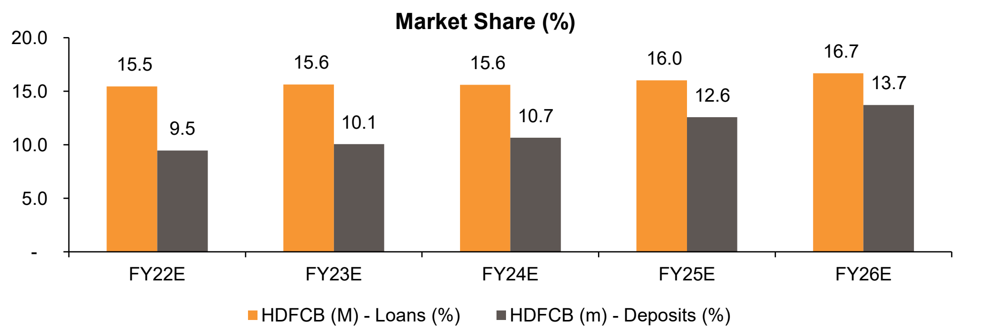
Source: Emkay Research

Exhibit 28: Credit growth trajectory for combined entity has remained healthy around 18-20%



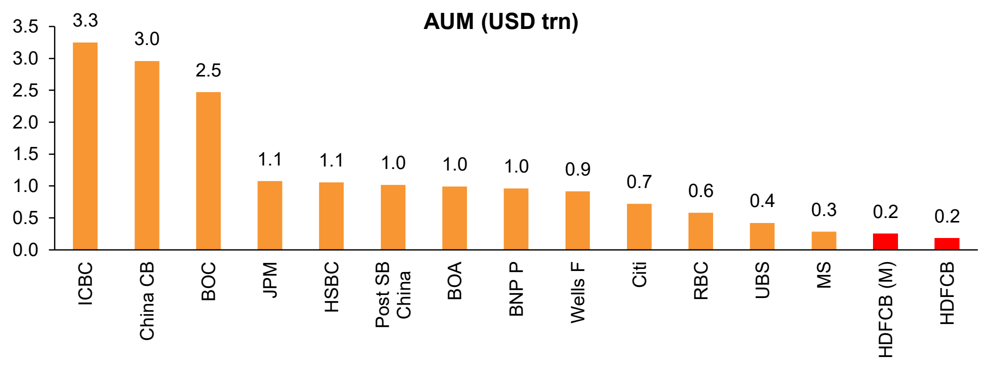
Source: Emkay Research

Exhibit 29: Market share of deposits could go up to ~16% based on our assumptions of deposit mobilization



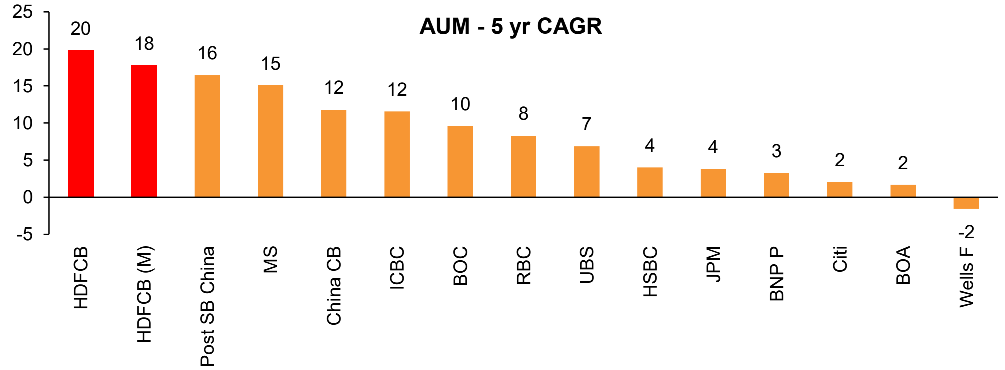
Source: Emkay Research; Note: For credit, we have included HDFCL credit in the banking industry credit

Exhibit 30: HDFC (M) AUM is lower compared to global banks and thus leaves enough scope for growth in India with gross under-penetration …



Source: Company, Bloomberg, Emkay Research

Exhibit 31: … while HDFCB(M) has grown fastest among global peers and remains confident of growing at a faster pace without the size being a constraint

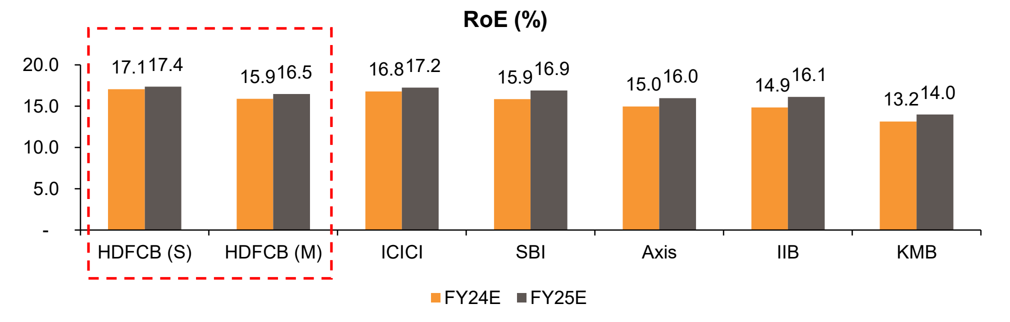


Source: Company, Bloomberg, Emkay Research

Retain Buy on HDFCB (with a cut in TP) as valuation comfort remains high, but ICICI, SBI remain our top picks

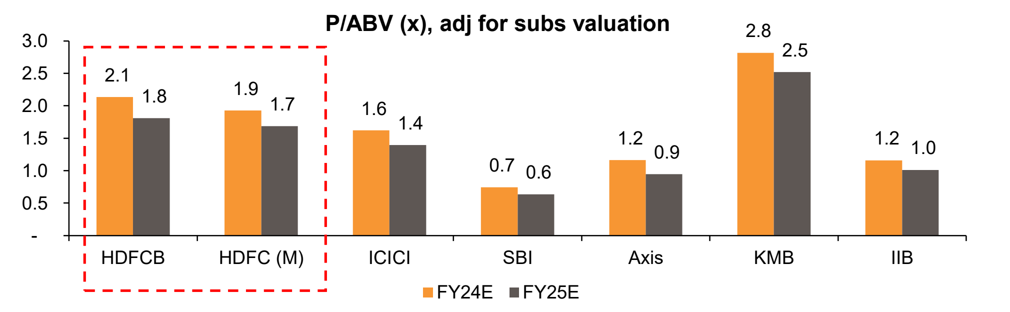
Based on the Gordon growth model for the merged entity and factoring in a slightly higher CoE, we work out fair value at 2.7x FY24E ABV for the merged bank (10% discount to FV basis merger overhang), or implied 3.0x ABV of standalone bank (pre-merger) vs. earlier 3.2x ABV of standalone bank. Add to that the subsidiaries' valuation of Rs172/share for the merged bank (Rs78 for standalone bank pre-merger), we arrive at a TP of Rs1800 (Rs1,950 earlier). The stock has seen a sharp correction due to sub-par core profitability performance, which in turn was driven by lower margins/fees and concerns around the merger (including regulatory approval), thereby trading at near-trough valuations (trading at 2.1x FY24 standalone ABV/1.9x merged ABV). Given the reasonable upside to our TP, we retain Buy on HDFC Bank. That said, ICICI Bank has been consistently delivering healthy operating performance and could be an early entrant after HDFCB into the 17% RoE club among large banks, hopefully without any disruption, and thus remains our top pick in the banking space. Among PSBs, SBI could also be an entrant into the 17% RoE club by FY25E, without factoring in any capital raise, and it remains our second top pick after ICICI.

Exhibit 32: RoE trajectory for HDFCB on merged basis could normalize only by FY26/27E to 17%... ICICI/SBI to reach 17% RoE by FY25E



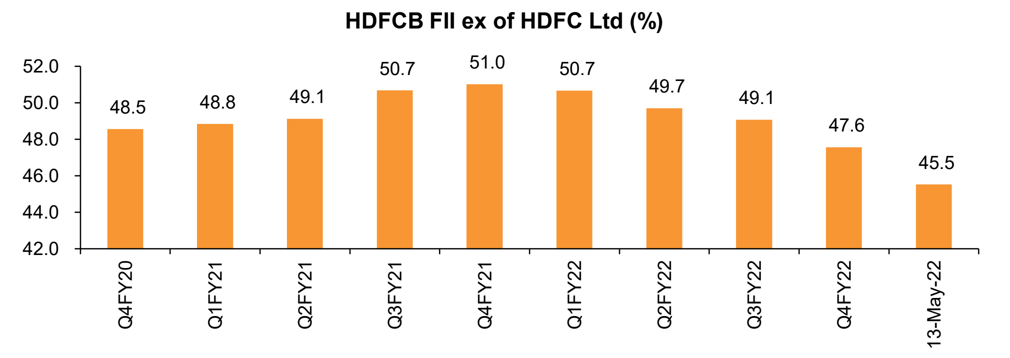
Source: Emkay Research

Exhibit 33: Valuation gap for HDFCB-ICICI contracted due to former's weak core performance/merge concern



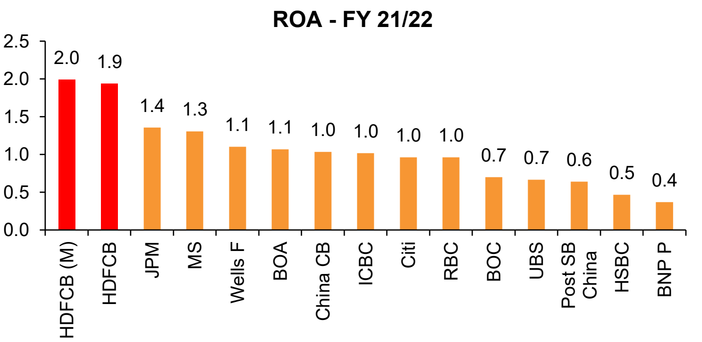
Source: Emkay Research

Exhibit 34: HDFCB has seen sharp reduction in FII holding, being one of the key reasons for sharp correction in stock price



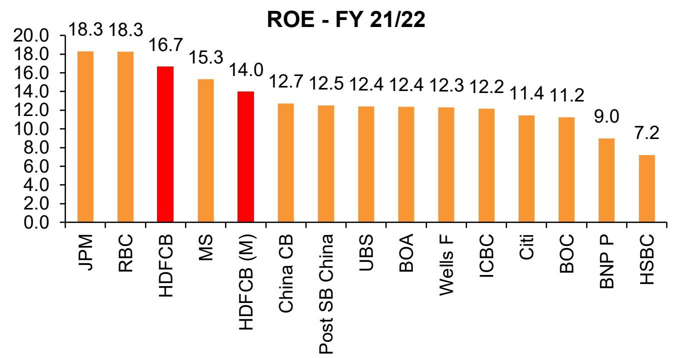
Source: Company, BSE, Emkay Research

Exhibit 35: HDFCB (M) has better ROA compared with global peers



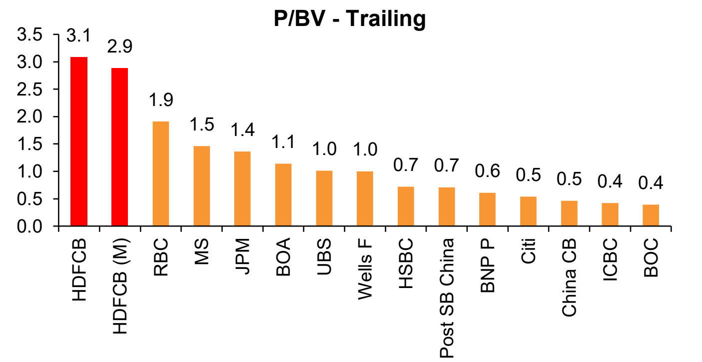
Source: Bloomberg, Emkay Research, Note: RoA for foreign companies is as on CY2021, for HDFCB and HDFCB(M) is as on FY2022

Exhibit 36: HDFCB (M) has better ROE among top global banks, except for JPM, RBC and MS



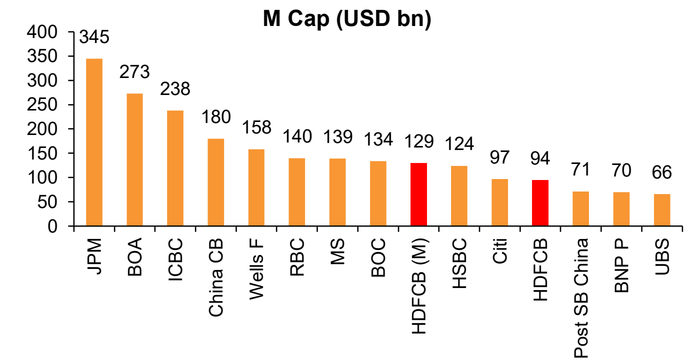
Source: Bloomberg, Emkay Research, Note: RoE for foreign companies is as on CY2021, for HDFCB and HDFCB(M) is as on FY2022

Exhibit 37: HDFCB trades at premium valuations compared to global peers



Source: Bloomberg, Emkay Research

Exhibit 38: Merger will push HDFCB market cap higher than banks like Citi and HSBC



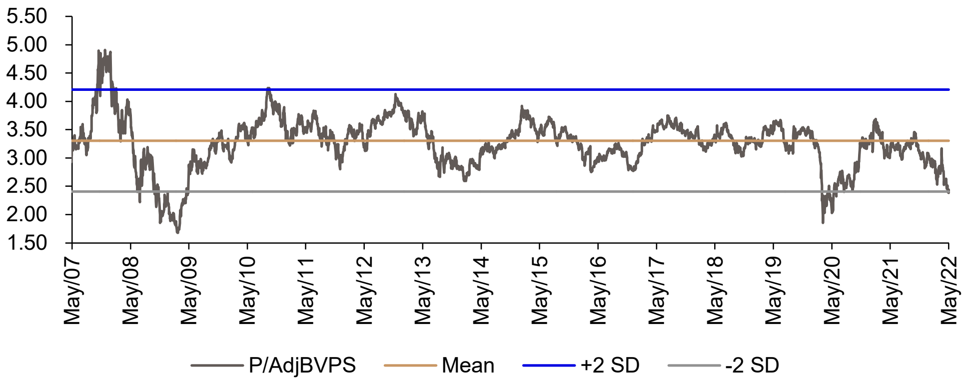
Source: Bloomberg, Emkay Research

Exhibit 39: SOTP for merged entity

Subsidiaries/ Associates	Stake Post-Merger (%)	Rationale	Value (Rs bn)	Value per share (Rs)	% of total (post Hold co discount)
HDFC Securities	98%	15x FY24E Earnings	184	24	1.1%
HDB Financials	96%	2.5x FY24 ABV	244	32	1.4%
HDFC Standard Life	48%	3.5x FY24 EV	697	92	4.1%
HDFC General Insurance	50%	45x FY22 Earnings	112	15	0.7%
HDFC AMC	53%	10% of FY24 AUM	285	38	1.7%
HDFC Capital Advisors	90%	Last deal	17	2	0.1%
Bandhan Bank	5%	2.2x FY24 ABV	26	3	0.2%
HDFC Credila	100%	30x FY22 Earnings	62	8	0.4%
Current value of Subs/Investments			**1,627**	**215**	
Less: 20% holding discount			325	43	
Value of Subsidiaries / Associates (post hold. co. discount)			**1,301**	**172**	
Standalone value of HDFC Bank (Post merger) (Rs Bn)	100%	2.7x FY24 ABV	12.332	1,628	90%
Total Value based on SOTP (Rs)			**13,633**	**1,800**	**100%**

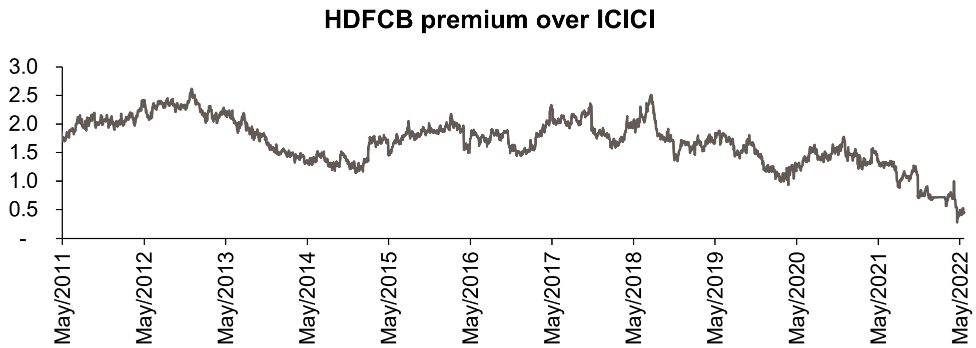
Source: Emkay Research; We assign 10% merger uncertainty related discount on P/ABV for merged bank of 3x arrived based on 2 stage Gordon growth model (including assuming higher CoE)

Exhibit 40: Stock is currently trading at near trough valuations post post-merger announcement



Source: Bloomberg, Emkay Research

Exhibit 41: HDFCB P/BV difference over ICICI is currently the lowest (0.4x) in past 10 years



Source: Bloomberg, Emkay Research

Exhibit 42: Proforma Financial statements for HDFC (Merged)

Profit and Loss (Rs Bn)	FY22	FY23E	FY24E	FY25E	FY26E
NII	891	1,041	1,243	1,470	1,818
Non-interest income	328	387	451	527	622
Net Income	**1,219**	**1,428**	**1,694**	**1,997**	**2,440**
Opex	(392)	(467)	(561)	(666)	(799)
PPoP	**827**	**961**	**1,133**	**1,332**	**1,641**
Provisions	(170)	(184)	(215)	(256)	(371)
PBT	**657**	**777**	**918**	**1,076**	**1,270**
Tax	(162)	(196)	(231)	(269)	(318)
Net profit	**495**	**581**	**686**	**807**	**953**

Balance Sheet (Rs Bn)	FY22	FY23E	FY24E	FY25E	FY26E
Cash and balance with RBI/Banks	1,482	1,612	1,924	2,442	2,549
Investments	5,241	5,978	7,604	11,958	12,556
Advances	19,237	22,800	27,079	32,243	38,626
Fixed assets	72	78	91	107	119
Other assets	1,001	1,393	1,676	2,002	2,202
Total assets	**27,033**	**31,861**	**38,375**	**48,752**	**56,053**
Deposits	17,201	20,393	25,130	34,527	43,366
Other interest bearing liabilities	5,236	6,005	6,773	6,538	5,295
Other liabilities and provisions	1,053	1,433	1,868	2,497	1,344
Shareholders' funds	3,542	4,030	4,604	5,190	6,048
Total equity & liabilities	**27,033**	**31,861**	**38,375**	**48,752**	**56,053**

Source: 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**	**11,95,290**	**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**	**10,42,067**
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**	**4,36,809**	**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	38,43,674
Net worth	**20,37,208**	**24,00,929**	**28,04,465**	**32,79,723**	**38,49,220**
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**	**295,24,943**	**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**	**295,24,943**	**353,91,455**

Key Ratios (%)

Y/E Year End	FY21	FY22	FY23E	FY24E	FY25E
NII/avg assets	4.1	3.9	3.9	4.0	4.0
Non-II/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	694.1
ABVPS	364.3	428.3	497.7	581.7	681.9
DPS	6.5	5.0	6.0	8.0	9.0

Valuations (x)	FY21	FY22	FY23E	FY24E	FY25E
PER	22.2	18.6	15.8	13.3	11.0
P/BV	3.4	2.9	2.5	2.1	1.8
P/ABV	3.4	2.9	2.5	2.1	1.8
P/PPOP	12.1	10.9	9.4	7.9	6.6
Dividend Yield (%)	0.5	0.4	0.5	0.6	0.7

Source: Company, Emkay Research

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
FIIs	51.0	50.7	49.7	49.1	47.6
DIIs	17.1	17.5	18.4	18.7	20.0
Public and Others	10.9	10.8	10.9	11.2	11.4

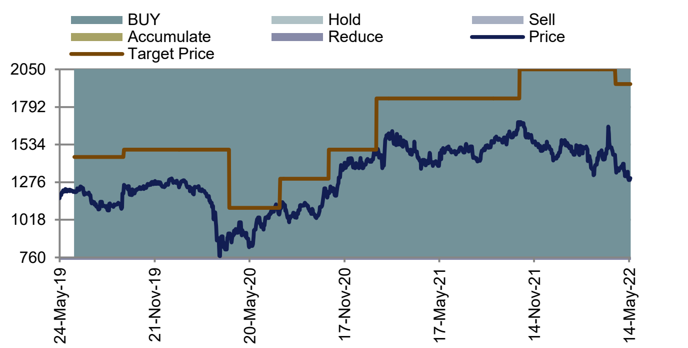
Source: Capitaline

RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
18-Apr-22	1,395	1,950	12m	Buy	Anand Dama
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

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	**19.35**	**19.35**	**0.0%**	**0**	**100.00**	
Axis Bank	1.93	1.97	2%	4	10.19	0
AU Small Finance Bank	0.31	0.26	-17%	-5	1.33	0
Bandhan Bank	0.23	0.26	15%	3	1.34	0
Bank of Baroda	0.19	0.19	0%	0	1.00	0
Canara Bank	0.11	0.05	-54%	-6	0.27	0
City Union Bank	0.00	0.04	NA	4	0.19	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	0.18	0.22	21%	4	1.12	0
HDFC Bank	6.08	6.14	1%	7	31.75	0
ICICI Bank	5.18	5.31	3%	13	27.46	0
Indian Bank	0.00	0.00	NA	0	0.00	0
Indusind Bank	0.57	0.67	18%	10	3.46	0
Karur Vysya Bank	0.00	0.00	NA	0	0.00	0
Kotak Mahindra Bank	2.52	2.24	-11%	-27	11.60	0
Punjab National Bank	0.09	0.00	-100%	-9	0.00	0
RBL Bank	0.00	0.00	NA	0	0.00	0
State Bank of India	1.87	1.99	7%	12	10.28	0
Ujjivan Small Finance Bank	0.00	0.00	NA	0	0.00	0
Union Bank of India	0.04	0.00	-100%	-4	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					Latest
	1-Apr-19	20-May-21	18-Nov-21	18-Feb-22	20-Apr-22	20-May-22
EAP - BFSI-Banks	100.0	114.3	130.1	128.7	124.0	117.4
BSE200 Neutral Weighted Portfolio (ETF)	100.0	111.9	127.7	126.2	121.5	115.2

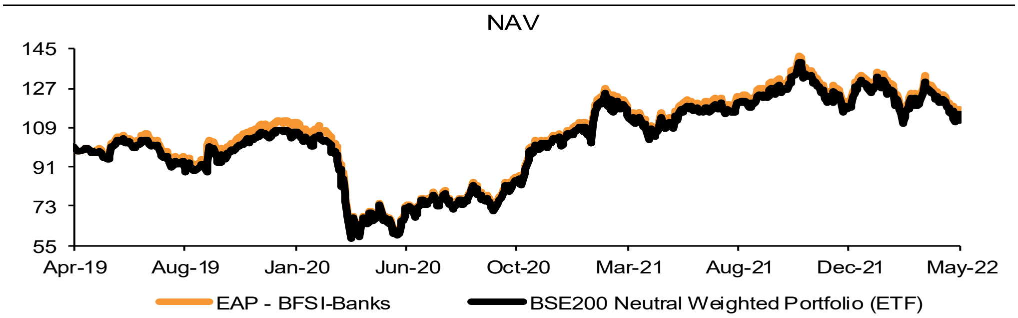
**Performance measurement base date 1st April 2019*
Source: Emkay Research

Price Performance (%)

	1m	3m	6m	12m
EAP - BFSI-Banks	-5.3%	-8.8%	-9.8%	2.8%
BSE200 Neutral Weighted Portfolio (ETF)	-5.2%	-8.7%	-9.8%	3.0%

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”

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: 23 May 2022 17:48:38 (SGT)
Dissemination Date: 23 May 2022 17:49:38 (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 associate[1] 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 interests[2] 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 May 23, 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 May 23, 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 May 23, 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 May 23, 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, 6th 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

NAVAL SETH

Digitally signed by NAVAL SETH
DN: c=IN, o=EMKAY GLOBAL FINANCIAL SERVICES LTD, ou=INSTITUTIONAL EQUITIES, cn=NAVAL SETH, serialNumber=5486859566404ade1c4ed187e19b0fbd0bc6ded66804bd4a1fa0708c90aeeb5f, postalCode=400028, 2.5.4.20=abda4ce9ac067602590d86cf238501fd6c297f83ac23daf73ed9a76df274942b, st=Maharashtra
Date: 2022.05.23 15:19:34 +05'30'