

# Pick of the week

## HDFC Ltd

Recommendation: **BUY**

Current Price: ₹2,218

Potential Upside: **53.3%**

Date: **7th March 2022**

Time Period: **12 Months**

Target Price: ₹3,400

### Why invest?

- HDFC reported strong performance across most parameters in 3QFY22.
- HDFC remains well placed to capture growth in the real estate upcycle - individual disbursements are already close to peak, high-yield construction finance will likely pick up with launch of new projects.
- With most NBFCs slowing down in real estate lending, we expect pricing power for HDFC to remain strong.
- A combination of high momentum in retail business, pick up in high-yield non-individual loan book will support core earnings.
- Faster rate transmission in this cycle and limited competition in non-individual book will augur well.
- We retain BUY on HDFC with SOTP-based FV of Rs. 3,400; at our FV for core business, HDFC will trade at 2.9X FY2024E core book.