



Pick of the week

HDFC Ltd. (HDFC)

Recommendation: **BUY**

Current Price: ₹2,379

Potential Upside: **25.7%**

Date: **18th April 2022**

Time Period: **12 Months**

Target Price: ₹2,990

Why invest?

- 🌱 HDFC Bank and HDFC Ltd announced that they have secured board approval for an amalgamation into the bank.
- 🌱 Shareholders of HDFC Ltd will receive 42 shares of HDFC Bank in lieu of 25 shares of HDFC Ltd.
- 🌱 We believe it will benefit in building a long-duration mortgage book – another lever for secured growth.
- 🌱 A long-duration book is a key positive outcome from this deal. It brings stability to the loan book and also significantly reduces the pressure during periods of economic slowdown.
- 🌱 The near-term outlook would be to manage the liability transition.
- 🌱 However, the medium-term outlook post this acquisition is likely to be favorable.