Annexure 3A

Valuation Report

Harsh Chandrakant Ruparelia Registered Valuer – Securities or Financial Assets (IBBI Registration No. IBBI/RV/05/2019/11106 and Membership No. ICMAI RVO/S&FA/00054) B/702, Jyoti Tower, Opp. Anand Ashram, S.V. Road, Kandivali (West), Mumbai – 400 067	**Drushti Desai** Registered Valuer Registration No. IBBI/RV/06/2019/10666 Bansi S. Mehta & Co. Chartered Accountants 3rd Floor, Metro House, Dhobi Talao, M.G. Road, Marine Lines, Mumbai – 400 020

Dated: April 04, 2022

To,

The Audit Committee and the Board of Directors **HDFC Bank Limited** HDFC Bank House, Senapati Bapat Marg, Lower Parel (West), **Mumbai – 400 013**	**The Audit Committee and the Board of Directors** **Housing Development Finance Corporation Limited** HDFC House, H T Parekh Marg, 165-166, Backbay Reclamation, Churchgate, **Mumbai- 400 020**

Sub: Recommendation of fair equity share exchange ratio for the proposed amalgamation of Housing Development Finance Corporation Limited ("HDFC") with HDFC Bank Limited ("HDFC Bank")

Dear Sir / Madam,

We refer to engagement letters dated 30 March 2022 of Harsh Chandrakant Ruparelia (hereinafter referred to as "HCR") and dated 31 March 2022 of Drushti Desai (hereinafter referred to as "DD"), whereby HCR and DD are appointed by HDFC Bank Limited (hereinafter referred to as "HDFC Bank") and Housing Development Finance Corporation Limited (hereinafter referred to as "HDFC") respectively, for recommendation of fair equity share exchange ratio for the proposed amalgamation of HDFC with HDFC Bank on a going concern basis with effect from the Appointed Date (i.e. Effective Date) ("Proposed Amalgamation"), as more particularly provided for in the composite scheme of amalgamation among HDFC Investments Limited, HDFC Holdings Limited, HDFC Bank and HDFC and their respective shareholders and creditors under Sections 230 to 232 of the Companies Act, 2013 ("Scheme").

HDFC Bank and HDFC are hereinafter jointly referred to as "Companies" or "Clients" or "Valuation Subjects" and individually referred to as "Company", as the context may require.

HCR and DD are hereinafter jointly referred to as "Valuers" or "we" or "us" in this report.

The fair equity share exchange ratio for this report refers to number of equity shares of HDFC Bank, which would be issued to the equity shareholders of HDFC pursuant to the Proposed Amalgamation.

For the purpose of this report, we have considered the Valuation Date as April 01, 2022 ("Valuation Date")

HARSH C. RUPARELIA RV REGN. NO. IBBI/RV/05/2019/11106 (Securities or Financial Assets) REGISTERED VALUER

HDFC Bank Limited MUMBAI

DRUSHTI RAHUL DESAI REGISTERED VALUER

SCOPE AND PURPOSE OF THIS REPORT

HDFC Bank incorporated in Mumbai, India under the Companies Act, 1956, and registered with the Reserve Bank of India as a banking company in terms of the Banking Regulation Act, 1949, is engaged in providing a range of banking and financial services including retail banking, wholesale banking and treasury operations. The Bank caters to a range of banking services covering commercial and investment banking on the wholesale side and transactional/ branch banking on the retail side. The other banking operations segment includes income from para banking activities, such as credit cards, debit cards and third-party product distribution, among others. The equity shares of HDFC Bank are listed on BSE Limited ('BSE') and the National Stock Exchange of India Limited ('NSE'). Further, American Depository Shares ('ADS') of HDFC Bank are listed on New York Stock Exchange.

HDFC was incorporated in 1977 as the first specialised mortgage company domiciled in India as a limited company. The principal business is providing finance to individuals, corporates and developers for the purchase, construction, development and repair of houses, apartments and commercial properties in India. The Company's segments include loans, life insurance, general insurance and asset management. HDFC is the holding company for investments in its associates and subsidiary companies. The equity shares of HDFC are listed on BSE and NSE.

We understand that the management of the Companies (hereinafter referred to as "the Management") is contemplating the Proposed Amalgamation pursuant to the Scheme. The Scheme also provides for the amalgamation of HDFC Investments Limited, HDFC Holdings Limited, two wholly owned subsidiaries of HDFC with and into HDFC for which no equity shares shall be issued and the shares shall be cancelled.

The aforesaid restructuring is proposed under the Scheme under the provisions of Sections 230-232 and the other applicable provisions of the Companies Act, 2013 (including any statutory modifications, re-enactment or amendments thereof) and other capital market laws and other statutory enactments framed in this regard, as may be required to be complied.

In this connection, HDFC Bank and HDFC have appointed HCR and DD respectively, Registered Valuers – Securities or Financial Assets, to submit a joint share exchange ratio report for recommending the fair equity share exchange ratio to Audit Committee / Board of Directors / any other committee formulated by the respective Companies in this regard, for issue of HDFC Bank's equity shares to the equity shareholders of HDFC, as consideration for the Proposed Amalgamation (hereinafter referred to as "Report").

The scope of our services is to conduct a relative (and not absolute) valuation of equity shares of the Valuation Subjects and report a fair equity share exchange ratio for the Proposed Amalgamation in accordance with ICAI Valuation Standards 2018 issued by the Institute of Chartered Accountants of India.

The Valuers have worked independently in their analysis. The Valuers have independently arrived at different values per share of the Valuation Subjects. However, to arrive at the consensus on the fair equity share exchange ratio for the Proposed Amalgamation, appropriate minor adjustments, rounding-off has been done in the values arrived at by the Valuers.

We have been provided with the unaudited limited reviewed financials of HDFC Bank and HDFC for the nine months ended 31 December 2021. We have taken into consideration the current market parameters in our analysis and have made adjustments for additional facts made known to us till the date of our Report. The Management has informed us that there are no unusual/abnormal events in the Companies materially impacting their operating/financial performance after 31 December 2021 till the Report Date. Further, we have been informed by the Company that to the best of their knowledge, material information regarding the business of each of the Valuation Subjects has been disclosed to us.

We have relied on the above while arriving at the fair equity share exchange ratio for the Proposed Amalgamation.

We have been informed that till the Proposed Amalgamation becomes effective, neither Companies would declare any substantial dividends having materially different yields as compared to past few years.

We have been informed that, in the event that either of the Companies restructure their equity share capital by way of share split / consolidation / issue of bonus shares / merger / demerger / reduction of share capital before the Proposed Amalgamation becomes effective, the issue of shares pursuant to the fair equity share exchange ratio recommended in this Report shall be adjusted accordingly to take into account the effect of any such corporate actions.

This Report is our deliverable for the above engagement.

This Report is subject to the scope, assumptions, qualifications, exclusions, limitations and disclaimers detailed hereinafter. As such, the Report is to be read in totality and not in parts.

SOURCES OF INFORMATION

In connection with this exercise, we have received/obtained the following information about the Valuation Subjects from the Management of the respective Company:

- Annual Reports for the year ended 31 March 2021 and earlier years for HDFC Bank and HDFC;
- Unaudited limited reviewed financials for nine months ended 31 December 2021 and 31 December 2020 for HDFC Bank and HDFC;
- Details as to warrants, ESOPs and other dilutive instruments issued by the respective Company;
- Draft Scheme;
- Discussions with the Management to obtain requisite explanation and clarification of data provided, to inter-alia understand their perception of historical and expected future performance of the Companies;
- Other relevant information and documents for the purpose of this engagement.

During the discussions with the Management, we have also obtained explanations, information and representations, which we believed were reasonably necessary and relevant for our exercise. Besides the above information and documents, there may be other information provided by the respective Company which may not have been perused by me in any detail, if not considered relevant for the defined scope. The Clients have been provided with the opportunity to review the draft report (excluding the recommended fair equity share exchange ratio) as part of our standard practice to make sure that factual inaccuracy/omissions are avoided in our Report.

HDFC Bank and HDFC have informed us that Morgan Stanley India Company Private Limited and BofA Securities India Limited have been appointed by them respectively to provide fairness opinion on the fair equity share exchange ratio for the purpose of the Proposed Amalgamation. Further, at the request of HDFC Bank and HDFC, we have had discussions with the respective fairness opinion providers mentioned above in respect of our respective valuation analysis.

Further, in connection with this exercise, we have also relied upon the market data as to market prices, volumes, comparable and other relevant information of the Company and its peers, deemed necessary, as available in the public domain.

PROCEDURES ADOPTED AND VALUATION METHODS FOLLOWED

In connection with this exercise, we have adopted the following procedures to carry out the valuation:

- Requested and received financial and qualitative information
- Used data available in public domain related to the Companies and its peers

HARSH C. RUPARELIA RV REGN NO. IBBI/RV/05/2018/00008 (Securities or Financial Assets) REGISTERED VALUER

HDFC Bank Limited MUMBAI

DRUSHTI RAHUL DESAI REGISTERED VALUER

- Discussions (physical/over call) with the Management to:
  - Understand the business and fundamental factors that affect its earning-generating capability including strengths, weaknesses, opportunity and threats analysis and historical financial performance.
- Undertook Industry Analysis:
  - Research publicly available market data including economic factors and industry trends that may impact the valuation
  - Analysis of key trends and valuation multiples of comparable companies/comparable transactions using: Proprietary databases subscribed by us or our network firms
- Obtained and analysed market prices, volume data and other relevant information for HDFC Bank and HDFC
- Obtained and analysed data of peers available in public domain, as deemed relevant by us for the purpose of the present exercise
- Selection of internationally accepted valuation methodology/(ies), as considered appropriate by us.
- Arriving at relative valuation of Valuation Subjects in order to determine the fair equity share exchange ratio for the Proposed Amalgamation

SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

This Report is subject to the limitations detailed in respective engagement letters. As such, the Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein and in the context of the purpose for which it is made.

This Report, its contents and the results herein are specific to (i) the purpose of valuation agreed as per the terms of our engagement; (ii) the date of this Report ("Report Date"); (iii) Unaudited limited reviewed financials of HDFC Bank, HDFC for the nine months ended 31 December 2021 and (iv) other information obtained by us from time to time. We have been informed that the business activities of the Valuation Subjects have been carried out in the normal and ordinary course between 31 December 2021 and the Report Date and that no material changes have occurred in their respective operations and financial position between 31 December 2021 and the Report Date.

Valuation analysis and results are specific to the purpose of valuation and as per the agreed terms of the respective engagements. It may not be valid for any other purpose or as of any other date. Also, it may not be valid if done on behalf of any other entity.

A valuation of this nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on and the information made available to us as of, the date hereof. This Report is issued on the understanding that the Management has drawn our attention to all the matters, which they are aware of concerning the financial position of the Companies and any other matter, which may have an impact on our opinion, on the fair equity share exchange ratio for the Proposed Amalgamation. Events occurring after the date hereof may affect this Report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Report.

The recommendation rendered in this Report only represent our recommendation based upon information furnished by the Companies and gathered from public domain (and analysis thereon) and the said recommendation shall be considered to be in the nature of non-binding advice. Our recommendation should not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors.

The decision to carry out the transaction (including consideration thereof) lies entirely with the Management / Board of Directors of the respective Company and the work and the finding shall not constitute

HARSH C. RUPARELIA RV REGN. NO. IBBI/RV/05/2019/11166 (Securities or Financial Assets) REGISTERED VALUER

HDFC Bank Limited MUMBAI

DRUSHTI RAHUL DESAI REGISTERED VALUER

recommendation as to whether or not the Management / the Board of Directors of the Company should carry out the transaction.

In the course of the valuation, we were provided with both written and verbal information, including market, financial and operating data. In accordance with the terms of our respective engagements, we have carried out relevant analysis and evaluations through discussions, calculations and such other means, as may be applicable and available, we have assumed and relied upon, without independently verifying (i) the accuracy of the information that was publicly available, sourced from subscribed databases and formed a substantial basis for this Report and (ii) the accuracy of information made available to us by the Companies. While information obtained from the public domain or external sources have not been verified for authenticity, accuracy or completeness, we have obtained information, as far as possible, from sources generally considered to be reliable. We assume no responsibility for such information. Our valuation does not constitute an audit or review in accordance with the auditing standards applicable in India, accounting / financial / commercial / legal / tax / environmental due diligence or forensic / investigation services and does not include verification or validation work. In accordance with the terms of our engagement / appointment letters and in accordance with the customary approach adopted in valuation exercises, we have not audited, reviewed, certified, carried out a due diligence, or otherwise investigated the historical financials / financial information or individual assets or liabilities, provided to us regarding the Companies / subsidiary / associates / joint ventures / investee companies. Accordingly, we do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in such historical financials / financial statements. Also, with respect to explanations and information sought from the Companies, we have been given to understand by the Companies that they have not omitted any relevant and material factors and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. Our conclusion is based on the assumptions and information given by / on behalf of the Companies. The Management has indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our valuation analysis / results.

The Report assumes that the Companies comply fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that the Companies will be managed in a competent and responsible manner. This Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not disclosed in the audited / unaudited balance sheets of the Companies / subsidiary / associates / joint ventures / investee companies, if any. No investigation of Companies' (or their investee companies) claim to title of assets has been made for the purpose of this Report and Companies' (or their investee companies) claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature. Our conclusion of value assumes that the assets and liabilities of the Valuation Subjects, reflected in their respective latest balance sheets remain intact as of the Report Date.

This Report has been prepared for the purposes stated herein and should not be relied upon for any other purpose. Clients of the respective valuer for this Report are the only authorized user of this report and is restricted for the purpose indicated in the engagement letter. This restriction does not preclude the Clients from providing a copy of the report to third-party advisors whose review would be consistent with the intended use. We do not take any responsibility for the unauthorized use of this report. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of the Clients or Companies, their directors, employees or agents. The Report should not be copied or reproduced without obtaining our prior written approval for any purpose other than the purpose for which it is prepared.

We accept no responsibility or any direct or indirect liability towards any third party including but not limited to any person, who may have been provided a copy of this Report for intended use in connection with the Scheme and hence, no party other than the Client shall have any recourse to us in relation to this engagement. In no event, we shall be liable for any loss, damage, cost or expense arising in any way from any acts carried out by the Companies referred herein or any person connected thereto.

We have not carried out any physical verification of the assets and liabilities of the Valuation Subjects and take no responsibility for the identification of such assets and liabilities.

This Report does not look into the business/commercial reasons behind the Proposed Amalgamation nor the likely benefits arising out of it. Similarly, it does not address the relative merits of the Proposed Amalgamation as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.

The valuation analysis and results thereof for recommendation under this Report are governed by concept of materiality.

The fee for the engagement is not contingent upon the results reported.

We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions of or advice given by any other to the Companies. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of the Companies, their directors, employees or agents.

It is understood that this analysis does not represent a fairness opinion. This report is not a substitute for the third party's own due diligence/ appraisal/ enquiries/ independent advice that the third party should undertake for his purpose.

This Report is subject to the laws of India.

Neither the Report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than in connection with the proposed Scheme including disclosure to any authority as may be required, without our prior written consent. In addition, this Report does not in any manner address the prices at which equity shares of the Companies will trade following announcement of the Proposed Amalgamation and we express no opinion or recommendation as to how the shareholders of either Company should vote at any shareholders' meeting(s) to be held in connection with the Proposed Amalgamation.

Though the Valuers are issuing a joint report, HCR will owe the responsibility only to the Board of Directors of HDFC Bank and DD will owe the responsibility to only the Board of Directors of HDFC who have been appointed under the terms of their respective engagement letters.

Disclosure of RV Interest or Conflict, if any and other affirmative statements

We do not have any financial interest in the Clients, nor do we have any conflict of interest in carrying out this valuation, as of the date of the engagement letter till the Report Date. We further state that we are not related to the Company or their promoters, if any or their director or their relatives.

Further, the information provided by the Management have been appropriately reviewed in carrying out the valuation.

HDFC Bank Limited MUMBAI

DRUSHTI RAHUL DESAI REGISTERED VALUER

SHAREHOLDING PATTERN

HDFC Bank

The issued and subscribed equity share capital of HDFC Bank as of 31 December 2021 is INR 554.24 crores consisting of 5,54,23,99,476 equity shares of face value of INR 1 each.

The shareholding pattern as on 31 December 2021 is as follows:

Shareholding Pattern as on 31 December 2021	No. of Shares	% Shareholding*
Promoter & Group	1,16,46,25,834	25.80%
Public	3,34,96,58,117	74.20%
Non Promoter - Non public (Depository Receipt Holders)	1,02,81,15,525	0.0%
Grand Total	**5,54,23,99,476**	**100.0%**

Source: BSE filings

** In arriving at % shareholding, we have excluded depository receipts holders, as provided for in the disclosures provided by HDFC Bank in public domain.*

We have considered number of equity shares viz. 561,08,62,092 on diluted basis after taking into account adjustments for ESOPs outstanding.

HDFC

The issued and subscribed equity share capital of HDFC as of 31 December 2021 is INR 362.20 crores consisting of 1,81,10,11,813 equity shares of face value of INR 2 each. The shareholding pattern is as follows:

Shareholding Pattern as on Valuation Date	No. of Shares	% Shareholding
Public	1,81,10,11,813	100.0%
Grand Total	**1,81,10,11,813**	**100.0%**

Source: BSE filings

We have considered number of equity shares viz. 186,95,17,399 on diluted basis after taking in account adjustments for ESOPs outstanding and warrants.

HARSH C. RUPARELIA RV REGN. NO. IBBI/CAT/005/2018-19/12 (Securities or Financial Assets) REGISTERED VALUER

HDFC Bank Limited MUMBAI

DRUSHTI RAHUL DESAI REGISTERED VALUER

APPROACH FOR RECOMMENDATION OF FAIR EQUITY SHARE EXCHANGE RATIO

The Proposed Amalgamation contemplates the amalgamation of HDFC with HDFC Bank. Arriving at the fair equity share exchange ratio for the Proposed Amalgamation of HDFC with HDFC Bank would require determining the relative value of equity shares of HDFC Bank and that of HDFC. These values are to be determined independently, but on a relative basis for the Valuation Subjects, without considering the effect of the Proposed Amalgamation.

Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for Amalgamation and our reasonable judgment, in an independent and bona fide manner.

The Valuation Approach adopted by HCR and DD is given in Annexure 1A and 1B respectively (Annexure 1A and 1B together referred to as Annexures).

BASIS OF FAIR EQUITY SHARE EXCHANGE RATIO

The basis of the amalgamation of HDFC with HDFC Bank would have to be determined after taking into consideration all the factors and methods mentioned hereinabove. Though different values have been arrived at under each of the approaches / methods as mentioned in the Annexures, for the purposes of recommending the fair equity share exchange ratio of equity shares, it is necessary to arrive at a final value for each Valuation Subject. It is however important to note that in doing so, we are not attempting to arrive at the absolute equity values of the Valuation Subjects, but at their relative values to facilitate the determination of the fair equity share exchange ratio. For this purpose, it is necessary to give appropriate weights to the values arrived at under each approaches / methods applied for the present valuation exercise.

The fair equity share exchange ratio has been arrived at on the basis of a relative equity valuation of Valuation Subjects based on the various approaches / methods explained in the Annexures and various qualitative factors relevant to each company and the business dynamics and growth potentials of the businesses of the Valuation Subjects, having regard to information base, key underlying assumptions and limitations.

While we have provided our recommendation of the Fair Equity Share Exchange Ratio based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion as to the Fair Equity Share Exchange Ratio. The final responsibility for the determination of the exchange ratio at which the Proposed Amalgamation shall take place will be with the Board of Directors of the respective Companies, who should take into account other factors such as their own assessment of the Proposed Amalgamation and input of other advisors.

We have independently applied approaches / methods discussed in the Annexures, as considered appropriate, and arrived at the relative value per share of the Companies for determination of Fair Share Exchange Ratio for the Proposed Amalgamation. To arrive at the consensus on the fair equity share exchange ratio for the Proposed Amalgamation, suitable minor adjustments / rounding off have been done.

In the light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, we recommend the following fair equity share exchange ratio for the Proposed Amalgamation of HDFC with HDFC Bank:

42 (Forty-Two) equity shares of HDFC Bank of INR 1/- each, fully paid-up for every 25 (Twenty-Five) equity shares of HDFC of INR 2/- each, fully paid-up.

It should be noted that we have not examined any other matter including economic rationale for the Proposed Amalgamation per se or accounting, legal or tax matters involved in the Proposed Amalgamation.

Respectfully submitted, **HARSH CHANDRAKANT RUPARELIA** Registered Valuer – Securities or Financial Assets IBBI Registration No. IBBI/RV/05/2019/11106 Membership No. ICMAI RVO/S&FA/00054 **HARSH C. RUPARELIA** ICAI Membership No. 160171 UDIN: 22160171AGHIQU4739 Place: Mumbai Date: 04th April 2022	Respectfully submitted, **DRUSHTI R. DESAI** Registered Valuer Registration Number: IBBI/RV/06/2019/10666 **DRUSHTI R. DESAI** UDIN: 22102062AGHISA3226 Place: Mumbai Date: 04th April 2022

HDFC Bank Limited MUMBAI

Annexure 1A - Approach to Valuation – HCR.

"Value is a word of many meanings". The term "value" can have different connotations depending upon the purpose for which it is intended to be used. The valuation of equity shares of any Company would need to be based on a fair value concept. The purpose of fair value is to enable valuer to exercise his discretion and judgement in light of all circumstances, in order to arrive at a value, which is fair to all parties. It is universally recognized that valuation is not an exact science and that estimating values necessarily involves selecting a method or approach that is suitable for the purpose. The application of any particular method of valuation depends upon various factors including nature of its business, overall objective of the transaction and the purpose of valuation.

It may be noted that the Institute of Chartered Accountants of India (ICAI) on June 10, 2018 has issued the ICAI Valuation Standards ("IVS") effective for all the valuation reports issued on or after July 1, 2018. IVS are mandatory for a valuation done under the Companies Act, 2013, and recommendatory for valuation carried out under other statutes/ requirements. I have given due consideration to IVS in carrying out the valuation exercise.

IVS 301 on Business Valuations deals with valuation of a business or business ownership interest (i.e., it includes valuation of equity shares).

For the purpose of valuation of business/business ownership interest, generally the following approaches are adopted:

(a) the 'Underlying Asset' approach;
(b) the 'Income' approach; and
(c) the 'Market' approach.

The present valuation exercise of the Company is undertaken on a going concern basis, i.e., proceeding on the basis that there is no intention of disposing off its material operating assets. I have briefly summarized each of approaches in the following paragraphs:

'Underlying Asset' Approach

In case of the 'Underlying Asset' approach, the value per equity share is determined by arriving at the Net Assets (Assets Less Liabilities) of the Company. The said approach is considered taking into account fair value of assets and liabilities, to the extent possible, the respective asset would fetch or liability is payable as on the Valuation Date. The following adjustments be made to arrive at the Fair Value per Share as per the 'Underlying Asset' Approach at Fair Values:

- The Fair Value of Quoted Shares held by the Company, if any, be considered at Market Value of such shares;
- The Fair Value of Unquoted Shares held by the Company, if any, in other entities be arrived at as per suitable approach to that entity to arrive at Fair Value of Investments held by the Company;
- The Fair Value of Immovable properties, if any, held by the Company be considered at Market Value / Ready Reckoner Value as on the Valuation Date, made available to us by the management of the Company;
- Adjustments may be made to book value of any other assets for their recoverability on conservative basis after taking into account the management representations and their estimate of the recoverability of the same;
- Liabilities of the company be considered at their respective Book Values or their payable amounts as on the Valuation Date; and
- Potential Contingent Liability, if any, be considered based on the discussions with the management and their reasonable estimate of the outflow on account of the same.

Alternatively, the value may be determined considering the book value of the net assets (Assets Less Liabilities) of the Company and/or replacement cost basis, to the extent possible.

I have not considered it appropriate to value HDFC Bank and HDFC as per 'Underlying Asset' approach since the present valuation is proposed to be carried out on a going concern basis for the purpose of Amalgamation and actual realization of operating and/or non-operating assets is not contemplated pursuant to the Scheme. Further, assets of the Company may not truly reflect the earning potential, nor asset base dominate earning capacity of the Company. For the present valuation exercise, other methodologies may hold more relevance for the stated purpose of valuation.

Further, it may be noted that some of the subsidiaries of HDFC, which have nominal profit or their values are based on their assets, the same have been considered at their respective book values or carrying amounts in the books of HDFC based on the concept of materiality in the context of the present valuation exercise.

Income Approach:
Under the 'Income' approach, the equity shares of the company can be valued using Discounted Cash Flow (DCF) Method – FCFF approach or FCFE approach or such other approaches based on future maintainable profits (free cash flows of business) or single income stream (e.g., rent, interest, dividend, etc.).

DCF Method – FCFF Approach (for instance)

Under the DCF method, the projected free cash flows from business operations after considering fund requirements for projected capital expenditure, incremental working capital and other adjustments are discounted at the Weight Average Cost of Capital (WACC). The sum of the discounted value of such free cash flows and discounted value of perpetuity is the value of the business.

Using the DCF method involves determining the following:

Estimating the future free cash flows:

Future Free cash flows are the cash flows expected to be generated by the entity that are available to the providers of entity's capital viz. Equity and Debt. The free cash flows under the FCFF method are determined by adjusting the Profit after tax for Depreciation and other Non-Cash Items, Interest, Incremental working capital requirements and capital expenditure.

Time Frame of such cash flows:
The time frame for free cash flows is determined by separating the value of the business in the explicit projection period and the post explicit projection period.

Appropriate Discount rate (WACC):
Under DCF-FCFF Method, the time value of money is recognized by applying a discount rate viz. WACC to the future free cash flows to arrive at their present value as on the date of valuation. WACC is considered as the most appropriate discount rate in the DCF Method, since it reflects both the business and the financial risk of the company. In other words, WACC is generally the weighted average of the company's cost of equity capital and debt. Normally, in stable growth companies, the cost of equity is determined by using Capital Asset Pricing Model ('CAPM').

Value for Equity Shareholders:
The Value of Business so arrived considering the Net Present Value of the explicit period and terminal or perpetuity value is adjusted for net of cash & cash equivalents, loan funds and surplus assets viz. Deposits, Investments, etc. as on the valuation date to arrive at the value for equity shareholders as on the Valuation Date.

HARSH C. RUPARELIA REGISTERED VALUER (Securities or Financial Assets)

HDFC Bank Limited MUMBAI

In absence of availability of future projections and business plans of HDFC Bank and HDFC from the Management of the Companies, I have not considered it appropriate to value the Companies using 'Income' Approach for the present valuation exercise.

Market Approach:

Market Price Method:
The market price of an equity share is the barometer of the true value of the Company in case of listed companies. The market value of shares of the company quoted on a recognized stock exchange, where quotations are arising from regular trading reflects the investor's perception about the true worth of the listed companies. The valuation is based on the principles that market valuations arising out of regular trading captures all the factors relevant to the Company with an underlying assumption that markets are perfect, where transactions are being undertaken between informed buyers and informed sellers on the floor of the recognized stock exchange.

However, as the stock markets and stock prices are subject to volatility, and as the equity shares of HDFC Bank and HDFC has been frequently traded as per the definition provided applicable provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and considering the Proposed Amalgamation, in my opinion, it is thought appropriate to arrive at the Fair Market Price of HDFC and HDFC Bank based on weighted average price on NSE over a period of 60 trading days till the Valuation Date.

Comparable Companies Multiple Method ("CCM Method")
Under the CCM method, the value of the equity share of a company is determined based on publicly available information of the market valuations of the comparable companies on the basis of multiples derived from such market information. This method is applied on the premise that markets are perfect and have captured all the information and factors, which are reflected through their market valuations.

I have considered it appropriate to compute equity value of HDFC Bank and HDFC and/or their subsidiaries / joint ventures / associates through mix of Comparable Multiples method based on asset base and/or earning capacity, as may be suitable to each entity, after providing for appropriate adjustments, as may be considered necessary and relevant for the present valuation exercise.

Comparable Transaction Method ("CTM")

Under the CTM, the value of the equity share of a company is determined considering the past transaction of similar companies or itself as well as the market value of comparable companies that have an equivalent business model to the company being valued.

I have considered it appropriate to compute equity value of HDFC Bank and HDFC and/or their subsidiaries / joint ventures / associates taking into account comparable multiples based on asset base and/or earning capacity of comparable transaction in peers or own transactions carried out at arms-length pricing, as may be suitable to each entity, after providing for appropriate adjustments, as may be considered necessary and relevant for the present valuation exercise.

The equity value so arrived at under any of the approaches is divided by the outstanding number of equity shares (on fully diluted basis) to arrive at the value per equity share of HDFC Bank and HDFC. The computation of fair equity share exchange ratio for amalgamation of HDFC with HDFC Bank by HCR is tabulated herein below:

Valuation Approach	HDFC Bank (A)		HDFC (B)	
	Value per Share of HDFC Bank (INR)	Weight	Value per Share of HDFC (INR)	Weight
Asset Approach - Net Asset Value Method #	NA	NA	NA	NA
Market Approach – Market Price Method (i)	1,462	50%	2,410	50%
Market Approach – Comparable Companies Multiple Method (ii)	1,593	50%	2,718	50%
Income Approach*	NA	NA	NA	NA
Relative Value per Share (Rounded) (Weighted Average of (i) and (ii))	1,527		2,564	
Fair Equity Share Exchange Ratio (A:B) (Rounded)	42:25			

NA stands for Not Applicable / Not Adopted

** As mentioned earlier, we have not used the Income Approach as the business plans of the Valuation Subject were not provided to us.*

 # As mentioned under the Asset Approach, in a going concern scenario earning power of a business, as reflected under the Earnings based and Market approaches, is of greater importance, with the values arrived at on the net assets basis being of limited relevance.

HARSH C. RUPARELIA
RV REGN. NO.
IBBI/RV/05/
2021/11106
(Securities or
Financial Assets)
REGISTERED VALUER

HDFC Bank Limited
MUMBAI

Annexure 1B- Approach to Valuation - DD

It is universally recognized that valuation is not an exact science and that estimating values necessarily involves selecting a method or approach that is suitable for the purpose.

For the purpose of arriving at valuation of the Valuation Subjects, I have considered the valuation base as 'Fair Value'. My valuation, and this report, is based on the premise of 'going concern value'. Any change in the valuation base, or the premise could have significant impact on my valuation exercise, and therefore, this Report.

It may be noted that the Institute of Chartered Accountants of India (ICAI) on June 10, 2018 has issued the ICAI Valuation Standards ("IVS") effective for all the valuation reports issued on or after July 1, 2018. IVS are mandatory for a valuation done under the Companies Act, 2013, and recommendatory for valuation carried out under other statutes/ requirements. I have given due cognizance to the same in carrying out the valuation exercise.

IVS 301 on Business Valuations deals with valuation of a business or business ownership interest (i.e. it includes valuation of equity shares).

IVS 301 specifies that generally, the following three approaches are used for valuation of business/business ownership interest:

1. Market approach
2. Income approach
3. Cost approach

Each of the above approaches are discussed in the following paragraphs.

Market Price Method:

This method involves determining the market price of an entity based on its traded price on the stock exchange over a reasonable period of time. Equity shares of HDFC Bank and HDFC are listed on NSE and BSE and are frequently traded. I have determined the market price of shares of HDFC and HDFC Bank based on weighted average price on NSE over an appropriate period prior to the Valuation Date.

Comparable Companies Multiple Method ("CCM")

This method involves valuing an asset based on market multiple of comparable companies as related to earnings, assets etc.

DRUSHTI RAHUL DESAI * REGISTERED VALUER *

HDFC Bank Limited MUMBAI

Under the Comparable Companies Multiple Method, I have computed the fair value based on the profits and asset base of the Companies. The underlying investments are considered at fair value after considering appropriate discount.

Income Approach

Income approach is a valuation approach that converts maintainable future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted, or capitalised) amount. An approach based on earnings is relevant in case of companies generating a steady stream of income.

I have not used this approach for valuation of shares of HDFC Bank and HDFC as I have not been provided the business plans for the companies.

Cost Approach:

It is a valuation approach that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost). IVS 301 on Business Valuations and IVS 103 on Valuation Approaches and Methods specify that common methodologies for Cost Approach are Replacement Cost Method and Reproduction Cost Method. These methods involve determining the value of the asset based on the cost that will have to be incurred to recreate/replicate the asset with substantially the same utility as that of the asset under valuation.

In a going concern scenario earning power of a business, as reflected under the Earnings based and Market approaches, is of greater importance, with the values arrived at on the net assets basis being of limited relevance. It may be noted that some of the smaller subsidiaries of HDFC which have nominal profit or their values are based on their assets, the net asset base of the company is considered as its fair value.

Fair Valuation:

I have arrived at the fair value of equity shares of HDFC Bank and HDFC by applying equal weights to the value derived under CCM and Market Price Method. The value for CCM is derived under market approach based on average of Price to Earnings Multiple Method and Price to Book Multiple Method.

DRUSHTI RAHUL DESAI * REGISTERED VALUER *

HDFC Bank Limited MUMBAI

The computation of fair equity share exchange ratio for amalgamation of HDFC with HDFC Bank by DD is tabulated below:

Valuation Approach	HDFC Bank (A)		HDFC (B)	
	Value per Share of HDFC Bank (INR)	Weight	Value per Share of HDFC (INR)	Weight
Asset Approach - Net Asset Value Method	NA	NA	NA	NA
Market Approach – Market Price Method (i)	1,482	50%	2,525	50%
Market Approach – Comparable Companies Multiple Method (ii)	1,640	50%	2,727	50%
Income Approach*	NA	NA	NA	NA
Relative Value per Share (Weighted Average of (i) and (ii)	1,561		2,626	
Fair Equity Share Exchange Ratio (A:B) (Rounded)	42 : 25			

NA stands for Not Appliable

** As mentioned earlier, we have not used the DCF Method as the business plans of the Valuation Subject were not provided to us.*

DRUSHTI RAHUL DESAI * REGISTERED VALUER *

HDFC Bank Ltd. MUMBAI

Deloitte Touche Tohmatsu India LLP One International Center, Tower 3, 27th - 32nd Floor, Senapati Bapat Marg, Elphinstone Road (West), Mumbai – 400 013 Maharashtra, India.	Bansi S. Mehta & Co. Chartered Accountants 3rd Floor, Metro House, Dhobi Talao, Marine Lines, Mumbai – 400 020

Dated: 4 April 2022

To

The Audit Committee and the Board of Directors, HDFC Bank Limited HDFC Bank House, Senapati Bapat Marg, Lower Parel, Mumbai - 400013.	The Audit Committee and the Board of Directors, Housing Development Finance Corporation Limited Ramon House, H T Parekh Marg, 169, Backbay Reclamation, Churchgate, Mumbai - 400020

Sub: Recommendation of fair equity share exchange ratio for the purpose of proposed amalgamation of Housing Development Finance Corporation Limited into HDFC Bank Limited.

Dear Madam / Sir,

We refer to our respective engagement letters whereby,

- HDFC Bank Limited ("HDFC Bank") has appointed Deloitte Touche Tohmatsu India LLP (hereinafter referred to as "DTTILLP"); and

- Housing Development Finance Corporation Limited ("HDFC Limited") has appointed Bansi S. Mehta & Co., Chartered Accountants (hereinafter referred to as "BSM")

for recommendation of the Fair Equity Share Exchange Ratio (defined hereinafter) for the Proposed Amalgamation (defined hereinafter).

HDFC Bank and HDFC Limited are individually referred to as the Company and collectively referred to as the Companies.

DTTILLP and BSM are hereinafter collectively referred to as "Valuers" or "we" or "us" and individually referred to as "Valuer" in this report (the "Report").

SCOPE AND PURPOSE OF THIS REPORT

HDFC Bank is primarily engaged in providing a range of banking and financial services including retail banking, wholesale banking and treasury operations. The shares of HDFC Bank are listed on National Stock Exchange of India Limited ('NSE') and BSE Limited ('BSE'). Further, American Depository Receipts ('ADR') of HDFC Bank are listed on New York Stock Exchange.

HDFC Limited is primarily engaged in providing finance to individuals, corporates and developers for the purchase, construction, development and repair of houses, apartments and commercial properties in India. The shares of HDFC Limited are listed on NSE and BSE.

We understand that the managements of HDFC Bank and HDFC Limited are contemplating the merger of HDFC Limited into HDFC Bank ("Proposed Amalgamation") pursuant to a composite scheme of amalgamation among HDFC Investments Limited, HDFC Holdings Limited, HDFC Bank and HDFC Limited and their respective shareholders and creditors under Sections 230 to 232 of the Companies Act, 2013 (the "Scheme") with effect from the proposed Appointed Date (i.e. Effective Date) as mentioned in the Scheme. In consideration thereof, equity shares of HDFC Bank will be issued to the equity shareholders of HDFC Limited once the Scheme becomes effective. The Scheme also provides for the amalgamation of HDFC Investments Limited, HDFC Holdings Limited, two wholly owned subsidiaries of HDFC Limited with and into HDFC Limited for which no equity shares shall be issued and the shares held by HDFC Limited in these wholly owned subsidiaries shall stand cancelled.

The fair equity share exchange ratio for this Report refers to number of equity shares of face value of INR 1/- each of HDFC Bank, which would be issued to the equity shareholders of HDFC Limited in lieu of their equity shareholding in HDFC Limited pursuant to the Proposed Amalgamation (hereinafter referred to as "Fair Equity Share Exchange Ratio").

In this connection, HDFC Bank and HDFC Limited have appointed DTTILLP and BSM respectively to submit a joint report on the Fair Equity Share Exchange Ratio for the Proposed Amalgamation on a going concern basis with 1st April 2022 being the "Valuation Date", for the consideration of the Board of Directors (the "Board") (including audit committees, as applicable) of HDFC Bank and HDFC Limited.

We understand that this Report is required for the internal purpose of the Board of Directors of HDFC Bank and HDFC Limited only and you did not require us to perform this valuation as a registered valuer under the Companies Act 2013 ("Act"), the Companies (Registered Valuers And Valuation) Rules, 2017 or as per any other rules, regulations, standards, bye-laws, ordinance, notifications issued pursuant to the Act or under any applicable SEBI regulations. Accordingly, our valuation analysis and this Report does not constitute nor can be construed as a valuation carried out by a registered valuer in accordance with such Act or rules or such regulations and any such use of our valuation analysis and this Report is not permitted.

The scope of our service is to conduct a relative valuation (not an absolute valuation) of the equity shares of the Companies and recommend a Fair Equity Share Exchange Ratio for the Proposed Amalgamation.

We have considered financial information up to 31 December 2021 (the "Financials Date") in our analysis and made adjustments for facts made known (past or future) to us till the date of our Report, including taking into consideration current market parameters, which will have a bearing on the valuation analysis. The Management has informed us that they do not expect any events which are unusual or not in normal course of business up to the Effective Date of the Proposed Amalgamation, other than the events specifically mentioned in this Report. Further, we have been informed by the Company that to the best of their knowledge, material information regarding the business has been disclosed to us. We have relied on the above while arriving at the Fair Equity Share Exchange Ratio for the Proposed Amalgamation.

We have been informed that till the Proposed Amalgamation becomes effective, neither Companies would declare any substantial dividends having materially different yields as compared to past few years.

We have been informed that, in the event that either of the Companies restructure their equity share capital by way of share split / consolidation / issue of bonus shares before the Proposed Amalgamation becomes effective, the issue of shares pursuant to the fair equity share exchange ratio recommended in this Report shall be adjusted accordingly to take into account the effect of any such corporate actions.

This Report is our deliverable in respect of our recommendation of the Fair Equity Share Exchange Ratio for the Proposed Amalgamation.

The Valuers have been appointed severally and not jointly and have worked separately in their analysis. The Valuers have received information and clarifications from their respective clients. The Valuers have separately arrived at different values per share of the Companies. However, to arrive at the consensus on the Fair Equity Share Exchange Ratio for the Proposed Amalgamation, appropriate minor adjustments / rounding off has been done in the values arrived at by the Valuers.

HDFC Bank and HDFC Limited have informed us that Harsh Chandrakant Ruparelia [IBBI/RV/05/2019/11106] and Drushti Desai [IBBI/RV/06/2019/10666] (together referred as the "Registered Valuers") have been appointed by them respectively to issue a valuation report on the Fair Equity Share Exchange Ratio, for their regulatory compliance and evaluation purposes for the purpose of the Proposed Amalgamation. Further, at the request of HDFC Bank and HDFC Limited, we have had discussions with the respective Registered Valuers mentioned above in respect of our respective valuation analyses.

HDFC Bank and HDFC Limited have informed us that Morgan Stanley India Company Private Limited and BofA Securities India Limited have been appointed by them respectively to provide fairness opinion on the Fair Equity Share Exchange Ratio for the purpose of the Proposed Amalgamation. Further, at the request of HDFC Bank and HDFC Limited, we have had discussions with the respective fairness opinion providers mentioned above in respect of our respective valuation analyses.

This Report and the information contained in it is absolutely confidential and intended only for the sole use and information of the respective Boards of HDFC Bank and HDFC Limited and only in connection with the Proposed Amalgamation. The Valuers owe responsibility to the entity that has engaged them, under the terms of their respective engagement, and no other person; and that, to the fullest extent permitted by law, the Valuers accept no responsibility or liability to any other party, in connection with this Report.

Our Report can be used by HDFC Bank and HDFC Limited only for the purpose, as indicated in this Report, for which we have been appointed. The results of our valuation analysis and our Report cannot be used or relied by the Companies for any other purpose or by any other party for any purpose whatsoever. We are not responsible to any other person / party for any decision of such person / party based on this Report. Any person / party intending to provide finance / invest in the shares / business of the Companies/ their holding companies / subsidiaries / associates / investee companies / other group companies, if any, shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision. If any person / party (other than HDFC Bank and HDFC Limited) chooses to place reliance upon any matters included in the Report, they shall do so at their own risk and without recourse to the Valuers. It is hereby notified that usage, reproduction, distribution, circulation, copying or otherwise quoting of / referring to this Report or any part thereof, except for the purpose as set out earlier in this Report, without our prior written consent, is not permitted.

The Report including, (for the avoidance of doubt) the information contained in it is absolutely confidential and intended only for the sole use and information of HDFC Bank and HDFC Limited. Notwithstanding anything to the contrary contained in this Report, we understand that HDFC Bank and HDFC Limited may be required to submit the Report to or share the Report with HDFC Bank's and HDFC Limited's merchant bankers providing fairness opinion on the Proposed Amalgamation, shareholders and regulatory authorities / stock exchanges, in connection with the Proposed Amalgamation (together, "Permitted Recipients"). We hereby give consent to the disclosure of the Report to any of them, subject to HDFC Bank and HDFC Limited ensuring that any such disclosure shall be subject to the condition and understanding that:

- it will be the HDFC Bank's and HDFC Limited's responsibility to review the Report and identify any confidential information that it does not wish to disclose;
- we owe responsibility only to the clients that have engaged us and nobody else, and to the fullest extent permitted by law;

- we do not owe any duty of care to anyone else other than the clients that have engaged us and accordingly no one other than the clients are entitled to rely on any part of the Report;
- we accept no responsibility or liability towards any third party (including, the Permitted Recipients) to whom the Report may be shared with or disclosed or who may have access to the Report pursuant to the disclosure of the Report to the Permitted Recipients. Accordingly, no one other than the clients that have engaged us shall have any recourse to us with respect to the Report;
- we shall not under any circumstances have any direct or indirect liability or responsibility to any party engaged by HDFC Bank and HDFC Limited or to whom HDFC Bank and HDFC Limited may disclose or directly or indirectly permit the disclosure of any part of the Report and that by allowing such disclosure we do not assume any duty of care or liability, whether in contract, tort, breach of statutory duty or otherwise, towards any of the third parties.

It is clarified that reference to this Report in any document and / or filing with aforementioned shareholders / regulatory authorities / stock exchanges / merchant bankers, in connection with the Proposed Amalgamation, shall not be deemed to be an acceptance by us of any responsibility or liability to any person/ party other than the Boards of our respective clients.

This Report is subject to the scope, assumptions, qualifications, exclusions, limitations and disclaimers detailed hereinafter. As such, the Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

SOURCES OF INFORMATION

Valuation analysis was undertaken on the basis of the following information relating to the Companies, furnished to us by HDFC Bank and HDFC Limited and information available in public domain:

- Annual Reports for the financial year ended 31 March 2021 and earlier periods for the Companies
- Limited reviewed results for the 9 Months ended 31 December 2021 for the Companies
- Unaudited provisional balance sheet as at 31 December 2021 for HDFC Limited
- Information relating to the subsidiaries and associates of the Companies and such other information, data, analysis and enquiries, as we considered necessary

We have also obtained the explanations, information and representations, which we believed were reasonably necessary and relevant for our exercise from the management and representatives of HDFC Bank and HDFC Limited. HDFC Bank and HDFC Limited have been provided with the opportunity to review the draft report (excluding the recommended valuation analysis) for this engagement to make sure that the factual inaccuracies / omissions are avoided in our final report.

Deloitte Touche Tohmatsu India LLP

HDFC Bank Limited MUMBAI

BANSI S. MEHTA & CO. MUMBAI CHARTERED ACCOUNTANTS

PROCEDURES ADOPTED AND VALUATION METHODS FOLLOWED

In connection with this exercise, we have adopted the following procedures to carry out the valuation:

- Requested and received financial and qualitative information
- Used data available in public domain related to the Companies and its peers
- Discussions (physical/over call) with the management to:
  - Understand the business and fundamental factors that affect its earning-generating capability including strengths, weaknesses, opportunity and threats analysis and historical financial performance.
- Undertook Industry Analysis:
  - Research publicly available market data including economic factors and industry trends that may impact the valuation
  - Analysis of key trends and valuation multiples of comparable companies/comparable transactions using: Proprietary databases subscribed by us or our network firms
- Selection of internationally accepted valuation methodology/(ies) as considered appropriate by us.
- Arriving at the relative valuation of the equity shares of the Companies in order to determine the fair equity share exchange ratio for the Proposed Amalgamation

SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

This Report is subject to the limitations detailed in respective engagement letters. As such, the Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein and in the context of the purpose for which it is made.

Provision of valuation analysis and consideration of the issues described herein are areas of our regular practice. The services do not represent accounting, assurance, accounting / tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.

This Report, its contents and the results herein are specific to (i) the purpose of valuation agreed as per the terms of our engagement; (ii) the Report Date; (iii) Unaudited limited reviewed financials of HDFC Bank, HDFC Limited for nine months ended 31 December 2021 and (iv) other information obtained by us from time to time. We have been informed that the business activities of the Companies have been carried out in the normal and ordinary course between 31 December 2021 and the Report date and that no material changes have occurred in their respective operations and financial position between 31 December 2021 and the Report date.

Valuation analysis and results are specific to the purpose of valuation and as per the agreed terms of the respective engagements. It may not be valid for any other purpose or as of any other date. Also, it may not be valid if done on behalf of any other entity.

Deloitte Touche Tohmatsu India LLP

HDFC Bank Limited MUMBAI

BANSI S. MEHTA & CO. MUMBAI CHARTERED ACCOUNTANTS

A valuation of this nature involves consideration of various factors including those impacted by prevailing stock market trends in general and industry trends in particular as in effect on and the information made available to us as of, the date hereof. This Report is issued on the understanding that the managements of HDFC Bank and HDFC Limited have drawn our attention to all the matters, which they are aware of concerning the financial position of the Companies and any other matter, which may have an impact on our valuation analysis for the Proposed Amalgamation. Events occurring after the date hereof may affect this report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this report.

The recommendation rendered in this report only represents our recommendation based upon information received from HDFC Bank and HDFC Limited and other sources and the said recommendation shall be considered to be in the nature of non-binding advice (our recommendation will however not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors). You acknowledge and agree that you have the final responsibility for the determination of the Fair Equity Share Exchange Ratio at which the Proposed Amalgamation shall take place and factors other than our valuation report will need to be taken into account in determining the Fair Equity Share Exchange Ratio; these will include your own assessment of the Proposed Amalgamation and may include the input of other professional advisors.

In the course of the valuation, we were provided with both written and verbal information, including market, financial and operating data. In accordance with the terms of our respective engagements, we have carried out relevant analyses and evaluations through discussions, calculations and such other means, as may be applicable and available, we have assumed and relied upon, without independently verifying (i) the accuracy of the information that was publicly available, sourced from subscribed databases and formed a substantial basis for this Report and (ii) the accuracy of information made available to us by HDFC Bank and HDFC Limited. While information obtained from the public domain or external sources have not been verified for authenticity, accuracy or completeness, we have obtained information, as far as possible, from sources generally considered to be reliable. We assume no responsibility for such information. Our valuation analysis does not constitute as an audit or review in accordance with the auditing standards applicable in India, accounting / financial / commercial / legal / tax / environmental due diligence or forensic / investigation services and does not include verification or validation work. In accordance with the terms of our valuation engagement and in accordance with the customary approach adopted in valuation exercises, as part of our valuation analysis we have not audited, reviewed, certified, carried out a due diligence, or otherwise investigated the historical financials / financial information or individual assets or liabilities, provided to us regarding the Companies/ subsidiary / associates / joint ventures / investee companies, if any. Accordingly, we do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in such historical financials / financial statements. Also, with respect to explanations and information sought from HDFC Bank and HDFC Limited, we have been given to understand by them that they have not omitted any relevant and material factors and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. Our conclusion is based on the assumptions and information given by / on behalf of HDFC Bank and HDFC Limited.

The respective managements of HDFC Bank and HDFC Limited have indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our valuation analysis / results. Accordingly, we assume no responsibility for any errors in the information furnished by HDFC Bank and HDFC Limited and their impact on the Report.

The Report assumes that the Companies comply fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that the Companies will be managed in a competent and responsible manner. Further, this Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not disclosed in the audited / unaudited balance sheets of the Companies / their holding / subsidiary / associates / joint ventures / investee companies, if any. No investigation of Companies' claim to title of assets has been made for the purpose of this Report and the Companies claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature.

Our Report is not, nor should it be construed as our opining or certifying the compliance of the Proposed Amalgamation with the provisions of any law / standards including company, insurance regulatory, foreign exchange regulatory, securities market, accounting and taxation (including transfer pricing) laws / standards or as regards any legal, accounting or taxation implications or issues arising from such Proposed Amalgamation.

We have not carried out any physical verification of the assets and liabilities of the Companies and take no responsibility for the identification of such assets and liabilities.

Our Report is not, nor should it be construed as our recommending the Proposed Amalgamation or anything consequential thereto / resulting therefrom. This Report does not address the relative merits of the Proposed Amalgamation as compared with any other alternatives or whether or not such alternatives could be achieved or are available. Any decision by the HDFC Bank / HDFC Limited / their shareholders / creditors regarding whether or not to proceed with the Proposed Amalgamation shall rest solely with them. We express no opinion or recommendation as to how the shareholders/ creditors of the Companies should vote at any shareholders'/ creditors' meeting(s) to be held in connection with the Proposed Amalgamation. This Report does not in any manner address, opine on or recommend the prices at which the securities of the Companies / its subsidiaries/ its associates could or should transact at following the announcement / consummation of the Proposed Amalgamation. Our Report and the valuation analysis contained herein is not nor should it be construed as advice relating to investing in, purchasing, selling or otherwise dealing in securities or as providing management services or carrying out management functions. It is understood that this valuation analysis does not represent a fairness opinion.

The fee for our valuation analysis and the Report is not contingent upon the results reported.

Deloitte Touche Tohmatsu India LLP

BANSI S. MEHTA & CO. MUMBAI CHARTERED ACCOUNTANTS

HDFC Bank Limited MUMBAI

In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of the Companies, their directors, employees or agents.

Neither the Report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties without our prior written consent.

This Report is subject to the laws of India.

Any discrepancies in any table / annexure between the total and the sums of the amounts listed are due to rounding-off.

SHARE CAPITAL DETAILS OF THE COMPANIES

HDFC Bank Limited

Based on the share capital of HDFC Bank Limited as at 31 December 2021, options exercised till the Valuation date and the outstanding options as on the Valuation Date, we have considered the diluted equity share capital of HDFC Bank of 5,61,08,62,092 equity shares of INR 1/- each fully paid up, which we have considered for the purpose of the valuation analysis.

Housing Development Finance Corporation Limited

Based on the share capital of HDFC Limited as at 31 December 2021, options exercised till the Valuation date and the outstanding options and warrants as on the Valuation Date, we have considered the diluted equity share capital of HDFC Limited of 1,86,95,17,399 equity shares of INR 2/- each fully paid up, which we have considered for the purpose of the valuation analysis.

APPROACH – BASIS OF AMALGAMATION

The Scheme contemplates the Proposed Amalgamation under Sections 230 to 232 of the Companies Act, 2013 and other relevant provisions of the Companies Act, 2013 and rules issued thereunder to the extent applicable.

Arriving at the Fair Equity Share Exchange Ratio for the purposes of an amalgamation such as the Proposed Amalgamation, would require determining the relative values of each company involved and of their shares. These values are to be determined independently but on a relative basis, and without considering the effect of the amalgamation.

The three main valuation approaches are the market approach, income approach and asset approach. There are several commonly used and accepted methods within the market approach, income approach and asset approach, for determining the relative fair value of equity shares of a company, which can be considered in the

present valuation exercise, to the extent relevant and applicable, to arrive at the Fair Equity Share Exchange Ratio for the purpose of the Proposed Amalgamation, such as:

1. Asset / Cost Approach - Net Asset Value (NAV) Method
2. Income Approach
   - Discounted Cash Flow (DCF) Method
   - Earnings Capitalisation Value (ECV) Method
3. Market Approach
   - Market Price Method
   - Comparable Companies Multiples (CCM) Method

It should be understood that the valuation of any company or its assets is inherently subjective and is subject to uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the companies. In addition, this valuation will fluctuate with changes in prevailing market conditions, the conditions and prospects, financial and otherwise, of the companies/ businesses, and other factors which generally influence the valuation of companies and their assets.

The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of method of valuation has been arrived at using usual and conventional methods adopted for transactions of a similar nature and our reasonable judgment, in an independent and bona fide manner based on our previous experience of assignments of a similar nature.

Asset Approach - Net Asset Value Method

Under the asset approach, the net asset value method is considered, which is based on the underlying net assets and liabilities of the company, taking into account operating assets and liabilities on a book value basis and appropriate adjustments for, interalia, value of surplus/ non-operating assets.

Income Approach: Income approach is a valuation approach that converts maintainable or future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted or capitalised) amount. The value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.

- Discounted Cash Flow (DCF) Method: Under this method, either:
  - the projected free cash flows from business operations available to all providers of capital are discounted at the weighted average cost of capital to such capital providers, on a market participant basis, and the sum of such discounted free cash flows is the value of the business from which value of debt and other

capital is deducted, and other relevant adjustments made to arrive at the value of the equity – Free Cash Flows to Firm (FCFF) technique; This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to all the capital providers (namely shareholders and creditors), weighted by their relative contribution to the total capital of the company. The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk; or

- the projected free cash flows from business operations available to equity shareholders (after deducting cash flows attributable to the debt and other capital providers) are discounted at the cost of equity, on a market participant basis, and the sum of such discounted free cash flows, after making other relevant adjustments, is the value of the equity - Free Cash Flows to Equity (FCFE) technique. This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to the equity capital providers. The opportunity cost to the equity capital provider equals the rate of return such equity capital provider expects to earn on other investments of equivalent risk.

- Earnings Capitalisation Value (ECV) Method: This method involves determination of the maintainable earnings level of the company from its operations, based on past and/ or projected working results. These earnings are then capitalized at a rate, which in the opinion of the valuer combines an adequate expectation of reward from the enterprise risk, to arrive at the value of the company.

Market Approach: Market approach is a valuation approach that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as a business.

- Market Price Method: Under this method, the value of shares of a company is determined by taking the average of the market capitalisation of the equity shares of such company as quoted on a recognized stock exchange over reasonable periods of time where such quotations are arising from the shares being regularly and freely traded in an active market, subject to the element of speculative support that may be inbuilt in the market price. But there could be situations where the value of the share as quoted on the stock market would not be regarded as a proper index of the fair value of the share, especially where the market values are fluctuating in a volatile capital market. Further, in the case of an amalgamation, where there is a question of evaluating the shares of one company against those of another, the volume of transactions and the number of shares available for trading on the stock exchange over a reasonable period would have to be of a comparable standard. This method would also cover any other transactions in the shares of the company including primary/ preferential issues/ open offer in the shares of the company available in the public domain.

- Comparable Companies Multiples (CCM) Method: Under this method, one attempts to measure the value of the shares/ business of company by applying the derived market multiple based on market quotations of comparable public/ listed companies, in an active market, possessing attributes similar to the business of such company - to the relevant financial parameter of the company/ business (based on past and/ or projected working results) after making adjustments to the derived multiples on account of dissimilarities

with the comparable companies and the strengths, weaknesses and other factors peculiar to the company being valued. These valuations are based on the principle that such market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

Out of the above methods, valuers have used approaches/ methods as considered appropriate by them. The valuation approaches/ methods used, and the values arrived at using such approaches/ methods by the valuers have been tabled in the next section of this Report.

BASIS OF FAIR EQUITY SHARE EXCHANGE RATIO

The fair basis of the Proposed Amalgamation would have to be determined after taking into consideration all the factors, approaches and methods considered appropriate by us. Though different values have been arrived at under each of the above approaches/ methods, for the purposes of recommending the Fair Equity Share Exchange Ratio it is necessary to arrive at a single value for the shares of the companies involved in an amalgamation such as the Proposed Amalgamation. It is however important to note that in doing so, we are not attempting to arrive at the absolute values of the shares of the Companies but at their relative values to facilitate the determination of a Fair Equity Share Exchange Ratio. For this purpose, it is necessary to give appropriate weights to the values arrived at under each approach/ method.

In the ultimate analysis, valuation will have to be arrived at by the exercise of judicious discretion by the valuer and judgments taking into account all the relevant factors. There will always be several factors, e.g. quality of the management, present and prospective competition, yield on comparable securities and market sentiment, etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of a share. The determination of exchange ratio is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgment. This concept is also recognized in judicial decisions. There is, therefore, no indisputable single exchange ratio. While we have provided our recommendation of the Fair Equity Share Exchange Ratio based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion as to the Fair Equity Share Exchange Ratio of the equity shares of HDFC Bank and HDFC Limited. The final responsibility for the determination of the exchange ratio at which the Proposed Amalgamation shall take place will be with the Board of Directors of HDFC Bank and HDFC Limited who should take into account other factors such as their own assessment of the Proposed Amalgamation and input of other advisors.

The Fair Equity Share Exchange Ratio has been arrived at on the basis of a relative equity valuation of HDFC Bank and HDFC Limited based on the various approaches/ methods explained herein earlier and various qualitative factors relevant to each company and the business dynamics and growth potentials of the businesses of these companies, having regard to information base, key underlying assumptions and limitations.

Valuers have separately applied methods discussed above, as considered appropriate, and arrived at assessment of the relative value per equity share of HDFC Bank and HDFC Limited. To arrive at the consensus on the Fair

Equity Share Exchange Ratio for the Proposed Amalgamation, suitable minor adjustments / rounding off have been done in the values.

The Computation of Fair Equity Share Exchange Ratio as derived by DTTILLP, is tabulated below:

Valuation Approach	HDFC Bank Limited (A)		Housing Development Finance Corporation Limited (B)	
	Value per Share (INR)	Weight	Value per Share (INR)	Weight
Asset Approach - Net Asset Value Method	433	0%	963	0%
Market Approach – Market Price Method (i)	1,462	50%	2,410	50%
Market Approach – Comparable Companies Multiple Method (ii)	1,614	50%	2,757	50%
Income Approach	NA	NA	NA	NA
Relative Value per Share (INR) (Weighted Average of (i) and (ii)	1,538		2,584	
Fair Equity Share Exchange Ratio for Proposed Amalgamation of HDFC Limited into HDFC Bank (rounded off)	42 : 25			

*NA – Not Applicable

The Computation of Fair Equity Share Exchange Ratio as derived by BSM, is tabulated below:

Valuation Approach	HDFC Bank Limited (A)		Housing Development Finance Corporation Limited (B)	
	Value per Share (INR)	Weight	Value per Share (INR)	Weight
Asset Approach - Net Asset Value Method	NA	NA	NA	NA
Market Approach – Market Price Method (i)	1,482	50%	2,525	50%
Market Approach – Comparable Companies Multiple Method (ii)	1,640	50%	2,727	50%
Income Approach	NA	NA	NA	NA
Relative Value per Share (INR) (Weighted Average of (i) and (ii)	1,561		2,626	
Fair Equity Share Exchange Ratio for Proposed Amalgamation of HDFC Limited into HDFC Bank (rounded off)	42 : 25			

Deloitte Touche Tohmatsu India LLP

HDFC Bank Limited MUMBAI

BANSI S. MEHTA & CO. MUMBAI CHARTERED ACCOUNTANTS

Valuers' Notes:-

For the present valuation analysis, the merger of the Companies is proceeded with on the assumption that the Companies would merge as going concerns and an actual realization of the operating assets is not contemplated. In such a going concern scenario, the relative earning power, as reflected under the Income and Market approaches, is of greater importance to the basis of amalgamation, with the values arrived at on the net asset basis being of limited relevance. Hence, while we have calculated the values of the shares of the Companies under the Asset Approach, we have considered it appropriate not to give any weightage to the same in arriving at the Fair Equity Share Exchange Ratio.

For the present valuation analysis, we have not been provided the business plans and projections for the Companies. In these circumstances, we have not considered the Income Approach.

In the present case, the equity shares of both the Companies, HDFC Bank and HDFC Limited, are listed on BSE and NSE and are frequently traded. Hence, we have applied the Market Price Method under the Market Approach to arrive at the relative fair value of the shares for the purpose of arriving at the Fair Equity Share Exchange Ratio.

Considering the availability of comparable listed peer set in the businesses carried out by the Companies, we have also applied the Comparable Companies Multiples method under the Market Approach to arrive at the relative fair value of the shares of the Companies for the purpose of arriving at the Fair Equity Share Exchange Ratio.

For the present valuation analysis, we have considered it appropriate to apply the Market Price Method and the Comparable Companies Multiples Method, to arrive at the relative fair value of the equity shares of the Companies for the purpose of the Proposed Amalgamation.

In light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, we recommend the following Fair Equity Share Exchange Ratio for the Proposed Amalgamation of Housing Development Finance Corporation Limited into HDFC Bank Limited:

42 equity shares of HDFC Bank Limited of INR 1/- each fully paid up for every 25 equity shares of Housing Development Finance Corporation Limited of INR 2/- each fully paid up.

Respectfully submitted,

Deloitte Touche Tohmatsu India LLP	Bansi S. Mehta & Co.
Nandita Pai, Partner Date – 4 April 2022	Drushti Desai, Partner Date – 4 April 2022 UDIN: 22102062AGHISR8651

Deloitte Touche Tohmatsu India LLP

BANSI S. MEHTA & CO. MUMBAI CHARTERED ACCOUNTANTS

HDFC Bank Limited MUMBAI

point 2 (NSE)
point 3 (BSE)

Valuation Report

Harsh Chandrakant Ruparelia Registered Valuer – Securities or Financial Assets (IBBI Registration No. IBBI/RV/05/2019/11106 and Membership No. ICMAI RVO/S&FA/00054) B/702, Jyoti Tower, Opp. Anand Ashram, S.V. Road, Kandivali (West), Mumbai – 400 067	**Drushti Desai** Registered Valuer Registration No. IBBI/RV/06/2019/10666 Bansi S. Mehta & Co. Chartered Accountants 3rd Floor, Metro House, Dhobi Talao, M.G. Road, Marine Lines, Mumbai – 400 020

Dated: April 04, 2022

To,

The Audit Committee and the Board of Directors **HDFC Bank Limited** HDFC Bank House, Senapati Bapat Marg, Lower Parel (West), **Mumbai – 400 013**	**The Audit Committee and the Board of Directors** **Housing Development Finance Corporation Limited** HDFC House, H T Parekh Marg, 165-166, Backbay Reclamation, Churchgate, **Mumbai- 400 020**

Sub: Recommendation of fair equity share exchange ratio for the proposed amalgamation of Housing Development Finance Corporation Limited ("HDFC") with HDFC Bank Limited ("HDFC Bank")

Dear Sir / Madam,

We refer to engagement letters dated 30 March 2022 of Harsh Chandrakant Ruparelia (hereinafter referred to as "HCR") and dated 31 March 2022 of Drushti Desai (hereinafter referred to as "DD"), whereby HCR and DD are appointed by HDFC Bank Limited (hereinafter referred to as "HDFC Bank") and Housing Development Finance Corporation Limited (hereinafter referred to as "HDFC") respectively, for recommendation of fair equity share exchange ratio for the proposed amalgamation of HDFC with HDFC Bank on a going concern basis with effect from the Appointed Date (i.e. Effective Date) ("Proposed Amalgamation"), as more particularly provided for in the composite scheme of amalgamation among HDFC Investments Limited, HDFC Holdings Limited, HDFC Bank and HDFC and their respective shareholders and creditors under Sections 230 to 232 of the Companies Act, 2013 ("Scheme").

HDFC Bank and HDFC are hereinafter jointly referred to as "Companies" or "Clients" or "Valuation Subjects" and individually referred to as "Company", as the context may require.

HCR and DD are hereinafter jointly referred to as "Valuers" or "we" or "us" in this report.

The fair equity share exchange ratio for this report refers to number of equity shares of HDFC Bank, which would be issued to the equity shareholders of HDFC pursuant to the Proposed Amalgamation.

For the purpose of this report, we have considered the Valuation Date as April 01, 2022 ("Valuation Date")

HARSH C. RUPARELIA RV REGN. NO. IBBI/RV/05/2019/11106 (Securities or Financial Assets) REGISTERED VALUER

Housing Development Finance Corporation Ltd. MUMBAI

CERTIFIED TRUE COPY
AJAY AGARWAL
COMPANY SECRETARY

DRUSHTI RAHUL DESAI REGISTERED VALUER

SCOPE AND PURPOSE OF THIS REPORT

HDFC Bank incorporated in Mumbai, India under the Companies Act, 1956, and registered with the Reserve Bank of India as a banking company in terms of the Banking Regulation Act, 1949, is engaged in providing a range of banking and financial services including retail banking, wholesale banking and treasury operations. The Bank caters to a range of banking services covering commercial and investment banking on the wholesale side and transactional/ branch banking on the retail side. The other banking operations segment includes income from para banking activities, such as credit cards, debit cards and third-party product distribution, among others. The equity shares of HDFC Bank are listed on BSE Limited ('BSE') and the National Stock Exchange of India Limited ('NSE'). Further, American Depository Shares ('ADS') of HDFC Bank are listed on New York Stock Exchange.

HDFC was incorporated in 1977 as the first specialised mortgage company domiciled in India as a limited company. The principal business is providing finance to individuals, corporates and developers for the purchase, construction, development and repair of houses, apartments and commercial properties in India. The Company's segments include loans, life insurance, general insurance and asset management. HDFC is the holding company for investments in its associates and subsidiary companies. The equity shares of HDFC are listed on BSE and NSE.

We understand that the management of the Companies (hereinafter referred to as "the Management") is contemplating the Proposed Amalgamation pursuant to the Scheme. The Scheme also provides for the amalgamation of HDFC Investments Limited, HDFC Holdings Limited, two wholly owned subsidiaries of HDFC with and into HDFC for which no equity shares shall be issued and the shares shall be cancelled.

The aforesaid restructuring is proposed under the Scheme under the provisions of Sections 230-232 and the other applicable provisions of the Companies Act, 2013 (including any statutory modifications, re-enactment or amendments thereof) and other capital market laws and other statutory enactments framed in this regard, as may be required to be complied.

In this connection, HDFC Bank and HDFC have appointed HCR and DD respectively, Registered Valuers – Securities or Financial Assets, to submit a joint share exchange ratio report for recommending the fair equity share exchange ratio to Audit Committee / Board of Directors / any other committee formulated by the respective Companies in this regard, for issue of HDFC Bank's equity shares to the equity shareholders of HDFC, as consideration for the Proposed Amalgamation (hereinafter referred to as "Report").

The scope of our services is to conduct a relative (and not absolute) valuation of equity shares of the Valuation Subjects and report a fair equity share exchange ratio for the Proposed Amalgamation in accordance with ICAI Valuation Standards 2018 issued by the Institute of Chartered Accountants of India.

The Valuers have worked independently in their analysis. The Valuers have independently arrived at different values per share of the Valuation Subjects. However, to arrive at the consensus on the fair equity share exchange ratio for the Proposed Amalgamation, appropriate minor adjustments, rounding-off has been done in the values arrived at by the Valuers.

We have been provided with the unaudited limited reviewed financials of HDFC Bank and HDFC for the nine months ended 31 December 2021. We have taken into consideration the current market parameters in our analysis and have made adjustments for additional facts made known to us till the date of our Report. The Management has informed us that there are no unusual/abnormal events in the Companies materially impacting their operating/financial performance after 31 December 2021 till the Report Date. Further, we have been informed by the Company that to the best of their knowledge, material information regarding the business of each of the Valuation Subjects has been disclosed to us.

We have relied on the above while arriving at the fair equity share exchange ratio for the Proposed Amalgamation.

We have been informed that till the Proposed Amalgamation becomes effective, neither Companies would declare any substantial dividends having materially different yields as compared to past few years.

We have been informed that, in the event that either of the Companies restructure their equity share capital by way of share split / consolidation / issue of bonus shares / merger / demerger / reduction of share capital before the Proposed Amalgamation becomes effective, the issue of shares pursuant to the fair equity share exchange ratio recommended in this Report shall be adjusted accordingly to take into account the effect of any such corporate actions.

This Report is our deliverable for the above engagement.

This Report is subject to the scope, assumptions, qualifications, exclusions, limitations and disclaimers detailed hereinafter. As such, the Report is to be read in totality and not in parts.

SOURCES OF INFORMATION

In connection with this exercise, we have received/obtained the following information about the Valuation Subjects from the Management of the respective Company:

- Annual Reports for the year ended 31 March 2021 and earlier years for HDFC Bank and HDFC;
- Unaudited limited reviewed financials for nine months ended 31 December 2021 and 31 December 2020 for HDFC Bank and HDFC;
- Details as to warrants, ESOPs and other dilutive instruments issued by the respective Company;
- Draft Scheme;
- Discussions with the Management to obtain requisite explanation and clarification of data provided, to inter-alia understand their perception of historical and expected future performance of the Companies;
- Other relevant information and documents for the purpose of this engagement.

During the discussions with the Management, we have also obtained explanations, information and representations, which we believed were reasonably necessary and relevant for our exercise. Besides the above information and documents, there may be other information provided by the respective Company which may not have been perused by me in any detail, if not considered relevant for the defined scope. The Clients have been provided with the opportunity to review the draft report (excluding the recommended fair equity share exchange ratio) as part of our standard practice to make sure that factual inaccuracy/omissions are avoided in our Report.

HDFC Bank and HDFC have informed us that Morgan Stanley India Company Private Limited and BofA Securities India Limited have been appointed by them respectively to provide fairness opinion on the fair equity share exchange ratio for the purpose of the Proposed Amalgamation. Further, at the request of HDFC Bank and HDFC, we have had discussions with the respective fairness opinion providers mentioned above in respect of our respective valuation analysis.

Further, in connection with this exercise, we have also relied upon the market data as to market prices, volumes, comparable and other relevant information of the Company and its peers, deemed necessary, as available in the public domain.

PROCEDURES ADOPTED AND VALUATION METHODS FOLLOWED

In connection with this exercise, we have adopted the following procedures to carry out the valuation:

- Requested and received financial and qualitative information
- Used data available in public domain related to the Companies and its peers

- Discussions (physical/over call) with the Management to:
  - Understand the business and fundamental factors that affect its earning-generating capability including strengths, weaknesses, opportunity and threats analysis and historical financial performance.
- Undertook Industry Analysis:
  - Research publicly available market data including economic factors and industry trends that may impact the valuation
  - Analysis of key trends and valuation multiples of comparable companies/comparable transactions using: Proprietary databases subscribed by us or our network firms
- Obtained and analysed market prices, volume data and other relevant information for HDFC Bank and HDFC
- Obtained and analysed data of peers available in public domain, as deemed relevant by us for the purpose of the present exercise
- Selection of internationally accepted valuation methodology/(ies), as considered appropriate by us.
- Arriving at relative valuation of Valuation Subjects in order to determine the fair equity share exchange ratio for the Proposed Amalgamation

SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

This Report is subject to the limitations detailed in respective engagement letters. As such, the Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein and in the context of the purpose for which it is made.

This Report, its contents and the results herein are specific to (i) the purpose of valuation agreed as per the terms of our engagement; (ii) the date of this Report ("Report Date"); (iii) Unaudited limited reviewed financials of HDFC Bank, HDFC for the nine months ended 31 December 2021 and (iv) other information obtained by us from time to time. We have been informed that the business activities of the Valuation Subjects have been carried out in the normal and ordinary course between 31 December 2021 and the Report Date and that no material changes have occurred in their respective operations and financial position between 31 December 2021 and the Report Date.

Valuation analysis and results are specific to the purpose of valuation and as per the agreed terms of the respective engagements. It may not be valid for any other purpose or as of any other date. Also, it may not be valid if done on behalf of any other entity.

A valuation of this nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on and the information made available to us as of, the date hereof. This Report is issued on the understanding that the Management has drawn our attention to all the matters, which they are aware of concerning the financial position of the Companies and any other matter, which may have an impact on our opinion, on the fair equity share exchange ratio for the Proposed Amalgamation. Events occurring after the date hereof may affect this Report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Report.

The recommendation rendered in this Report only represent our recommendation based upon information furnished by the Companies and gathered from public domain (and analysis thereon) and the said recommendation shall be considered to be in the nature of non-binding advice. Our recommendation should not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors.

The decision to carry out the transaction (including consideration thereof) lies entirely with the Management / Board of Directors of the respective Company and the work and the finding shall not constitute

recommendation as to whether or not the Management / the Board of Directors of the Company should carry out the transaction.

In the course of the valuation, we were provided with both written and verbal information, including market, financial and operating data. In accordance with the terms of our respective engagements, we have carried out relevant analysis and evaluations through discussions, calculations and such other means, as may be applicable and available, we have assumed and relied upon, without independently verifying (i) the accuracy of the information that was publicly available, sourced from subscribed databases and formed a substantial basis for this Report and (ii) the accuracy of information made available to us by the Companies. While information obtained from the public domain or external sources have not been verified for authenticity, accuracy or completeness, we have obtained information, as far as possible, from sources generally considered to be reliable. We assume no responsibility for such information. Our valuation does not constitute an audit or review in accordance with the auditing standards applicable in India, accounting / financial / commercial / legal / tax / environmental due diligence or forensic / investigation services and does not include verification or validation work. In accordance with the terms of our engagement / appointment letters and in accordance with the customary approach adopted in valuation exercises, we have not audited, reviewed, certified, carried out a due diligence, or otherwise investigated the historical financials / financial information or individual assets or liabilities, provided to us regarding the Companies / subsidiary / associates / joint ventures / investee companies. Accordingly, we do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in such historical financials / financial statements. Also, with respect to explanations and information sought from the Companies, we have been given to understand by the Companies that they have not omitted any relevant and material factors and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. Our conclusion is based on the assumptions and information given by / on behalf of the Companies. The Management has indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our valuation analysis / results.

The Report assumes that the Companies comply fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that the Companies will be managed in a competent and responsible manner. This Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not disclosed in the audited / unaudited balance sheets of the Companies / subsidiary / associates / joint ventures / investee companies, if any. No investigation of Companies' (or their investee companies) claim to title of assets has been made for the purpose of this Report and Companies' (or their investee companies) claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature. Our conclusion of value assumes that the assets and liabilities of the Valuation Subjects, reflected in their respective latest balance sheets remain intact as of the Report Date.

This Report has been prepared for the purposes stated herein and should not be relied upon for any other purpose. Clients of the respective valuer for this Report are the only authorized user of this report and is restricted for the purpose indicated in the engagement letter. This restriction does not preclude the Clients from providing a copy of the report to third-party advisors whose review would be consistent with the intended use. We do not take any responsibility for the unauthorized use of this report. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of the Clients or Companies, their directors, employees or agents. The Report should not be copied or reproduced without obtaining our prior written approval for any purpose other than the purpose for which it is prepared.

We accept no responsibility or any direct or indirect liability towards any third party including but not limited to any person, who may have been provided a copy of this Report for intended use in connection with the Scheme and hence, no party other than the Client shall have any recourse to us in relation to this engagement. In no event, we shall be liable for any loss, damage, cost or expense arising in any way from any acts carried out by the Companies referred herein or any person connected thereto.

HARSH C. RUPARELIA RV REGN. NO. IBBI/RV/05/2018/00136 (Securities or Financial Assets) REGISTERED VALUER

Housing Development Finance Corporation Ltd. MUMBAI

DRUSHTI RAHUL DESAI REGISTERED VALUER

We have not carried out any physical verification of the assets and liabilities of the Valuation Subjects and take no responsibility for the identification of such assets and liabilities.

This Report does not look into the business/commercial reasons behind the Proposed Amalgamation nor the likely benefits arising out of it. Similarly, it does not address the relative merits of the Proposed Amalgamation as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.

The valuation analysis and results thereof for recommendation under this Report are governed by concept of materiality.

The fee for the engagement is not contingent upon the results reported.

We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions of or advice given by any other to the Companies. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of the Companies, their directors, employees or agents.

It is understood that this analysis does not represent a fairness opinion. This report is not a substitute for the third party's own due diligence/ appraisal/ enquiries/ independent advice that the third party should undertake for his purpose.

This Report is subject to the laws of India.

Neither the Report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than in connection with the proposed Scheme including disclosure to any authority as may be required, without our prior written consent. In addition, this Report does not in any manner address the prices at which equity shares of the Companies will trade following announcement of the Proposed Amalgamation and we express no opinion or recommendation as to how the shareholders of either Company should vote at any shareholders' meeting(s) to be held in connection with the Proposed Amalgamation.

Though the Valuers are issuing a joint report, HCR will owe the responsibility only to the Board of Directors of HDFC Bank and DD will owe the responsibility to only the Board of Directors of HDFC who have been appointed under the terms of their respective engagement letters.

Disclosure of RV Interest or Conflict, if any and other affirmative statements

We do not have any financial interest in the Clients, nor do we have any conflict of interest in carrying out this valuation, as of the date of the engagement letter till the Report Date. We further state that we are not related to the Company or their promoters, if any or their director or their relatives.

Further, the information provided by the Management have been appropriately reviewed in carrying out the valuation.

HARSH C. RUPARELIA RV REGN. NO. IBBI/RV/05/2017/06 (Securities or Financial Assets) REGISTERED VALUER

Housing Development Finance Corporation Ltd. MUMBAI

DRUSHTI RAHUL DESAI REGISTERED VALUER

SHAREHOLDING PATTERN

HDFC Bank

The issued and subscribed equity share capital of HDFC Bank as of 31 December 2021 is INR 554.24 crores consisting of 5,54,23,99,476 equity shares of face value of INR 1 each.

The shareholding pattern as on 31 December 2021 is as follows:

Shareholding Pattern as on 31 December 2021	No. of Shares	% Shareholding*
Promoter & Group	1,16,46,25,834	25.80%
Public	3,34,96,58,117	74.20%
Non Promoter - Non public (Depository Receipt Holders)	1,02,81,15,525	0.0%
Grand Total	**5,54,23,99,476**	**100.0%**

Source: BSE filings

** In arriving at % shareholding, we have excluded depository receipts holders, as provided for in the disclosures provided by HDFC Bank in public domain.*

We have considered number of equity shares viz. 561,08,62,092 on diluted basis after taking into account adjustments for ESOPs outstanding.

HDFC

The issued and subscribed equity share capital of HDFC as of 31 December 2021 is INR 362.20 crores consisting of 1,81,10,11,813 equity shares of face value of INR 2 each. The shareholding pattern is as follows:

Shareholding Pattern as on Valuation Date	No. of Shares	% Shareholding
Public	1,81,10,11,813	100.0%
Grand Total	**1,81,10,11,813**	**100.0%**

Source: BSE filings

We have considered number of equity shares viz. 186,95,17,399 on diluted basis after taking in account adjustments for ESOPs outstanding and warrants.

HARSH C. RUPARELIA RV REGN. NO. IBBI/RV/05/2018/... (Securities or Financial Assets) REGISTERED VALUER

Housing Development Finance Corporation Ltd. MUMBAI

DRUSHTI RAHUL DESAI REGISTERED VALUER

APPROACH FOR RECOMMENDATION OF FAIR EQUITY SHARE EXCHANGE RATIO

The Proposed Amalgamation contemplates the amalgamation of HDFC with HDFC Bank. Arriving at the fair equity share exchange ratio for the Proposed Amalgamation of HDFC with HDFC Bank would require determining the relative value of equity shares of HDFC Bank and that of HDFC. These values are to be determined independently, but on a relative basis for the Valuation Subjects, without considering the effect of the Proposed Amalgamation.

Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for Amalgamation and our reasonable judgment, in an independent and bona fide manner.

The Valuation Approach adopted by HCR and DD is given in Annexure 1A and 1B respectively (Annexure 1A and 1B together referred to as Annexures).

BASIS OF FAIR EQUITY SHARE EXCHANGE RATIO

The basis of the amalgamation of HDFC with HDFC Bank would have to be determined after taking into consideration all the factors and methods mentioned hereinabove. Though different values have been arrived at under each of the approaches / methods as mentioned in the Annexures, for the purposes of recommending the fair equity share exchange ratio of equity shares, it is necessary to arrive at a final value for each Valuation Subject. It is however important to note that in doing so, we are not attempting to arrive at the absolute equity values of the Valuation Subjects, but at their relative values to facilitate the determination of the fair equity share exchange ratio. For this purpose, it is necessary to give appropriate weights to the values arrived at under each approaches / methods applied for the present valuation exercise.

The fair equity share exchange ratio has been arrived at on the basis of a relative equity valuation of Valuation Subjects based on the various approaches / methods explained in the Annexures and various qualitative factors relevant to each company and the business dynamics and growth potentials of the businesses of the Valuation Subjects, having regard to information base, key underlying assumptions and limitations.

While we have provided our recommendation of the Fair Equity Share Exchange Ratio based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion as to the Fair Equity Share Exchange Ratio. The final responsibility for the determination of the exchange ratio at which the Proposed Amalgamation shall take place will be with the Board of Directors of the respective Companies, who should take into account other factors such as their own assessment of the Proposed Amalgamation and input of other advisors.

We have independently applied approaches / methods discussed in the Annexures, as considered appropriate, and arrived at the relative value per share of the Companies for determination of Fair Share Exchange Ratio for the Proposed Amalgamation. To arrive at the consensus on the fair equity share exchange ratio for the Proposed Amalgamation, suitable minor adjustments / rounding off have been done.

HARSH C. RUPARELIA * RV REGN. NO. IBBI/RV/05/2018/108 (Securities or Financial Assets) * REGISTERED VALUER

Housing Development Finance Corporation Ltd. MUMBAI

DRUSHTI RAHUL DESAI * REGISTERED VALUER *

In the light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, we recommend the following fair equity share exchange ratio for the Proposed Amalgamation of HDFC with HDFC Bank:

42 (Forty-Two) equity shares of HDFC Bank of INR 1/- each, fully paid-up for every 25 (Twenty-Five) equity shares of HDFC of INR 2/- each, fully paid-up.

It should be noted that we have not examined any other matter including economic rationale for the Proposed Amalgamation per se or accounting, legal or tax matters involved in the Proposed Amalgamation.

Respectfully submitted, **HARSH CHANDRAKANT RUPARELIA** Registered Valuer – Securities or Financial Assets IBBI Registration No. IBBI/RV/05/2019/11106 Membership No. ICMAI RVO/S&FA/00054 **HARSH C. RUPARELIA** ICAI Membership No. 160171 UDIN: 22160171AGHIQU4739 Place: Mumbai Date: 04th April 2022	Respectfully submitted, **DRUSHTI R. DESAI** Registered Valuer Registration Number: IBBI/RV/06/2019/10666 **DRUSHTI R. DESAI** UDIN: 22102062AGHISA3226 Place: Mumbai Date: 04th April 2022

Housing Development Finance Corporation Ltd. MUMBAI

Annexure 1A - Approach to Valuation – HCR.

"Value is a word of many meanings". The term "value" can have different connotations depending upon the purpose for which it is intended to be used. The valuation of equity shares of any Company would need to be based on a fair value concept. The purpose of fair value is to enable valuer to exercise his discretion and judgement in light of all circumstances, in order to arrive at a value, which is fair to all parties. It is universally recognized that valuation is not an exact science and that estimating values necessarily involves selecting a method or approach that is suitable for the purpose. The application of any particular method of valuation depends upon various factors including nature of its business, overall objective of the transaction and the purpose of valuation.

It may be noted that the Institute of Chartered Accountants of India (ICAI) on June 10, 2018 has issued the ICAI Valuation Standards ("IVS") effective for all the valuation reports issued on or after July 1, 2018. IVS are mandatory for a valuation done under the Companies Act, 2013, and recommendatory for valuation carried out under other statutes/ requirements. I have given due consideration to IVS in carrying out the valuation exercise.

IVS 301 on Business Valuations deals with valuation of a business or business ownership interest (i.e., it includes valuation of equity shares).

For the purpose of valuation of business/business ownership interest, generally the following approaches are adopted:

(a) the 'Underlying Asset' approach;
(b) the 'Income' approach; and
(c) the 'Market' approach.

The present valuation exercise of the Company is undertaken on a going concern basis, i.e., proceeding on the basis that there is no intention of disposing off its material operating assets. I have briefly summarized each of approaches in the following paragraphs:

'Underlying Asset' Approach

In case of the 'Underlying Asset' approach, the value per equity share is determined by arriving at the Net Assets (Assets Less Liabilities) of the Company. The said approach is considered taking into account fair value of assets and liabilities, to the extent possible, the respective asset would fetch or liability is payable as on the Valuation Date. The following adjustments be made to arrive at the Fair Value per Share as per the 'Underlying Asset' Approach at Fair Values:

- The Fair Value of Quoted Shares held by the Company, if any, be considered at Market Value of such shares;
- The Fair Value of Unquoted Shares held by the Company, if any, in other entities be arrived at as per suitable approach to that entity to arrive at Fair Value of Investments held by the Company;
- The Fair Value of Immovable properties, if any, held by the Company be considered at Market Value / Ready Reckoner Value as on the Valuation Date, made available to us by the management of the Company;
- Adjustments may be made to book value of any other assets for their recoverability on conservative basis after taking into account the management representations and their estimate of the recoverability of the same;
- Liabilities of the company be considered at their respective Book Values or their payable amounts as on the Valuation Date; and
- Potential Contingent Liability, if any, be considered based on the discussions with the management and their reasonable estimate of the outflow on account of the same.

Alternatively, the value may be determined considering the book value of the net assets (Assets Less Liabilities) of the Company and/or replacement cost basis, to the extent possible.

I have not considered it appropriate to value HDFC Bank and HDFC as per 'Underlying Asset' approach since the present valuation is proposed to be carried out on a going concern basis for the purpose of Amalgamation and actual realization of operating and/or non-operating assets is not contemplated pursuant to the Scheme. Further, assets of the Company may not truly reflect the earning potential, nor asset base dominate earning capacity of the Company. For the present valuation exercise, other methodologies may hold more relevance for the stated purpose of valuation.

Further, it may be noted that some of the subsidiaries of HDFC, which have nominal profit or their values are based on their assets, the same have been considered at their respective book values or carrying amounts in the books of HDFC based on the concept of materiality in the context of the present valuation exercise.

Income Approach:

Under the 'Income' approach, the equity shares of the company can be valued using Discounted Cash Flow (DCF) Method – FCFF approach or FCFE approach or such other approaches based on future maintainable profits (free cash flows of business) or single income stream (e.g., rent, interest, dividend, etc.).

DCF Method – FCFF Approach (for instance)

Under the DCF method, the projected free cash flows from business operations after considering fund requirements for projected capital expenditure, incremental working capital and other adjustments are discounted at the Weight Average Cost of Capital (WACC). The sum of the discounted value of such free cash flows and discounted value of perpetuity is the value of the business.

Using the DCF method involves determining the following:

Estimating the future free cash flows:

Future Free cash flows are the cash flows expected to be generated by the entity that are available to the providers of entity's capital viz. Equity and Debt. The free cash flows under the FCFF method are determined by adjusting the Profit after tax for Depreciation and other Non-Cash Items, Interest, Incremental working capital requirements and capital expenditure.

Time Frame of such cash flows:

The time frame for free cash flows is determined by separating the value of the business in the explicit projection period and the post explicit projection period.

Appropriate Discount rate (WACC):

Under DCF-FCFF Method, the time value of money is recognized by applying a discount rate viz. WACC to the future free cash flows to arrive at their present value as on the date of valuation. WACC is considered as the most appropriate discount rate in the DCF Method, since it reflects both the business and the financial risk of the company. In other words, WACC is generally the weighted average of the company's cost of equity capital and debt. Normally, in stable growth companies, the cost of equity is determined by using Capital Asset Pricing Model ('CAPM').

Value for Equity Shareholders:

The Value of Business so arrived considering the Net Present Value of the explicit period and terminal or perpetuity value is adjusted for net of cash & cash equivalents, loan funds and surplus assets viz. Deposits, Investments, etc. as on the valuation date to arrive at the value for equity shareholders as on the Valuation Date.

HARSH C. RUPARELIA RV REGN. NO. IBBI/RV/05/2018/10806 (Securities or Financial Assets) REGISTERED VALUER

Housing Development Finance Corporation Ltd. MUMBAI

In absence of availability of future projections and business plans of HDFC Bank and HDFC from the Management of the Companies, I have not considered it appropriate to value the Companies using 'Income' Approach for the present valuation exercise.

Market Approach:

Market Price Method:
The market price of an equity share is the barometer of the true value of the Company in case of listed companies. The market value of shares of the company quoted on a recognized stock exchange, where quotations are arising from regular trading reflects the investor's perception about the true worth of the listed companies. The valuation is based on the principles that market valuations arising out of regular trading captures all the factors relevant to the Company with an underlying assumption that markets are perfect, where transactions are being undertaken between informed buyers and informed sellers on the floor of the recognized stock exchange.

However, as the stock markets and stock prices are subject to volatility, and as the equity shares of HDFC Bank and HDFC has been frequently traded as per the definition provided applicable provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and considering the Proposed Amalgamation, in my opinion, it is thought appropriate to arrive at the Fair Market Price of HDFC and HDFC Bank based on weighted average price on NSE over a period of 60 trading days till the Valuation Date.

Comparable Companies Multiple Method ("CCM Method")
Under the CCM method, the value of the equity share of a company is determined based on publicly available information of the market valuations of the comparable companies on the basis of multiples derived from such market information. This method is applied on the premise that markets are perfect and have captured all the information and factors, which are reflected through their market valuations.

I have considered it appropriate to compute equity value of HDFC Bank and HDFC and/or their subsidiaries / joint ventures / associates through mix of Comparable Multiples method based on asset base and/or earning capacity, as may be suitable to each entity, after providing for appropriate adjustments, as may be considered necessary and relevant for the present valuation exercise.

Comparable Transaction Method ("CTM")

Under the CTM, the value of the equity share of a company is determined considering the past transaction of similar companies or itself as well as the market value of comparable companies that have an equivalent business model to the company being valued.

I have considered it appropriate to compute equity value of HDFC Bank and HDFC and/or their subsidiaries / joint ventures / associates taking into account comparable multiples based on asset base and/or earning capacity of comparable transaction in peers or own transactions carried out at arms-length pricing, as may be suitable to each entity, after providing for appropriate adjustments, as may be considered necessary and relevant for the present valuation exercise.

HARSH G. RUPARELIA RV REGN. NO. IBBI/RV/05/ REGISTERED VALUER (Securities or Financial Assets)

Housing Development Finance Corporation Ltd. MUMBAI

The equity value so arrived at under any of the approaches is divided by the outstanding number of equity shares (on fully diluted basis) to arrive at the value per equity share of HDFC Bank and HDFC. The computation of fair equity share exchange ratio for amalgamation of HDFC with HDFC Bank by HCR is tabulated herein below:

Valuation Approach	HDFC Bank (A)		HDFC (B)	
	Value per Share of HDFC Bank (INR)	Weight	Value per Share of HDFC (INR)	Weight
Asset Approach - Net Asset Value Method #	NA	NA	NA	NA
Market Approach – Market Price Method (i)	1,462	50%	2,410	50%
Market Approach – Comparable Companies Multiple Method (ii)	1,593	50%	2,718	50%
Income Approach*	NA	NA	NA	NA
Relative Value per Share (Rounded) (Weighted Average of (i) and (ii))	1,527		2,564	
Fair Equity Share Exchange Ratio (A:B) (Rounded)	42:25			

NA stands for Not Applicable / Not Adopted

** As mentioned earlier, we have not used the Income Approach as the business plans of the Valuation Subject were not provided to us.*

 # As mentioned under the Asset Approach, in a going concern scenario earning power of a business, as reflected under the Earnings based and Market approaches, is of greater importance, with the values arrived at on the net assets basis being of limited relevance.

HARSH C. RUPARELIA RV REGN. NO. IBBI/RV/05/2018/10418 (Securities or Financial Assets) REGISTERED VALUER

Housing Development Finance Corporation Ltd. MUMBAI

Annexure 1B- Approach to Valuation - DD

It is universally recognized that valuation is not an exact science and that estimating values necessarily involves selecting a method or approach that is suitable for the purpose.

For the purpose of arriving at valuation of the Valuation Subjects, I have considered the valuation base as 'Fair Value'. My valuation, and this report, is based on the premise of 'going concern value'. Any change in the valuation base, or the premise could have significant impact on my valuation exercise, and therefore, this Report.

It may be noted that the Institute of Chartered Accountants of India (ICAI) on June 10, 2018 has issued the ICAI Valuation Standards ("IVS") effective for all the valuation reports issued on or after July 1, 2018. IVS are mandatory for a valuation done under the Companies Act, 2013, and recommendatory for valuation carried out under other statutes/ requirements. I have given due cognizance to the same in carrying out the valuation exercise.

IVS 301 on Business Valuations deals with valuation of a business or business ownership interest (i.e. it includes valuation of equity shares).

IVS 301 specifies that generally, the following three approaches are used for valuation of business/business ownership interest:

1. Market approach
2. Income approach
3. Cost approach

Each of the above approaches are discussed in the following paragraphs.

Market Price Method:

This method involves determining the market price of an entity based on its traded price on the stock exchange over a reasonable period of time. Equity shares of HDFC Bank and HDFC are listed on NSE and BSE and are frequently traded. I have determined the market price of shares of HDFC and HDFC Bank based on weighted average price on NSE over an appropriate period prior to the Valuation Date.

Comparable Companies Multiple Method ("CCM")

This method involves valuing an asset based on market multiple of comparable companies as related to earnings, assets etc.

Housing Development Finance Corporation Ltd. MUMBAI

DRUSHTI RAHUL DESAI * REGISTERED VALUER *

Under the Comparable Companies Multiple Method, I have computed the fair value based on the profits and asset base of the Companies. The underlying investments are considered at fair value after considering appropriate discount.

Income Approach

Income approach is a valuation approach that converts maintainable future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted, or capitalised) amount. An approach based on earnings is relevant in case of companies generating a steady stream of income.

I have not used this approach for valuation of shares of HDFC Bank and HDFC as I have not been provided the business plans for the companies.

Cost Approach:

It is a valuation approach that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost). IVS 301 on Business Valuations and IVS 103 on Valuation Approaches and Methods specify that common methodologies for Cost Approach are Replacement Cost Method and Reproduction Cost Method. These methods involve determining the value of the asset based on the cost that will have to be incurred to recreate/replicate the asset with substantially the same utility as that of the asset under valuation.

In a going concern scenario earning power of a business, as reflected under the Earnings based and Market approaches, is of greater importance, with the values arrived at on the net assets basis being of limited relevance. It may be noted that some of the smaller subsidiaries of HDFC which have nominal profit or their values are based on their assets, the net asset base of the company is considered as its fair value.

Fair Valuation:

I have arrived at the fair value of equity shares of HDFC Bank and HDFC by applying equal weights to the value derived under CCM and Market Price Method. The value for CCM is derived under market approach based on average of Price to Earnings Multiple Method and Price to Book Multiple Method.

Housing Development Finance Corporation Ltd. MUMBAI

DRUSHTI RAHUL DESAI REGISTERED VALUER

The computation of fair equity share exchange ratio for amalgamation of HDFC with HDFC Bank by DD is tabulated below:

Valuation Approach	HDFC Bank (A)		HDFC (B)	
	Value per Share of HDFC Bank (INR)	Weight	Value per Share of HDFC (INR)	Weight
Asset Approach - Net Asset Value Method	NA	NA	NA	NA
Market Approach – Market Price Method (i)	1,482	50%	2,525	50%
Market Approach – Comparable Companies Multiple Method (ii)	1,640	50%	2,727	50%
Income Approach*	NA	NA	NA	NA
Relative Value per Share (Weighted Average of (i) and (ii)	1,561		2,626	
Fair Equity Share Exchange Ratio (A:B) (Rounded)	42 : 25			

NA stands for Not Appliable

** As mentioned earlier, we have not used the DCF Method as the business plans of the Valuation Subject were not provided to us.*

Housing Development Finance Corporation Ltd. MUMBAI

DRUSHTI RAHUL DESAI * REGISTERED VALUER *

Annexure 3B

Deloitte Touche Tohmatsu India LLP One International Center, Tower 3, 27th - 32nd Floor, Senapati Bapat Marg, Elphinstone Road (West), Mumbai – 400 013 Maharashtra, India.	Bansi S. Mehta & Co. Chartered Accountants 3rd Floor, Metro House, Dhobi Talao, Marine Lines, Mumbai – 400 020

Dated: 4 April 2022

To

The Audit Committee and the Board of Directors, HDFC Bank Limited HDFC Bank House, Senapati Bapat Marg, Lower Parel, Mumbai - 400013.	The Audit Committee and the Board of Directors, Housing Development Finance Corporation Limited Ramon House, H T Parekh Marg, 169, Backbay Reclamation, Churchgate, Mumbai - 400020

Sub: Recommendation of fair equity share exchange ratio for the purpose of proposed amalgamation of Housing Development Finance Corporation Limited into HDFC Bank Limited.

Dear Madam / Sir,

We refer to our respective engagement letters whereby,

- HDFC Bank Limited ("HDFC Bank") has appointed Deloitte Touche Tohmatsu India LLP (hereinafter referred to as "DTTILLP"); and

- Housing Development Finance Corporation Limited ("HDFC Limited") has appointed Bansi S. Mehta & Co., Chartered Accountants (hereinafter referred to as "BSM")

for recommendation of the Fair Equity Share Exchange Ratio (defined hereinafter) for the Proposed Amalgamation (defined hereinafter).

HDFC Bank and HDFC Limited are individually referred to as the Company and collectively referred to as the Companies.

DTTILLP and BSM are hereinafter collectively referred to as "Valuers" or "we" or "us" and individually referred to as "Valuer" in this report (the "Report").

CERTIFIED TRUE COPY
AJAY AGARWAL
COMPANY SECRETARY

Deloitte Touche Tohmatsu India LLP

Housing Development Finance Corporation Ltd. MUMBAI

BANSI S. MEHTA & CO. MUMBAI CHARTERED ACCOUNTANTS

SCOPE AND PURPOSE OF THIS REPORT

HDFC Bank is primarily engaged in providing a range of banking and financial services including retail banking, wholesale banking and treasury operations. The shares of HDFC Bank are listed on National Stock Exchange of India Limited ('NSE') and BSE Limited ('BSE'). Further, American Depository Receipts ('ADR') of HDFC Bank are listed on New York Stock Exchange.

HDFC Limited is primarily engaged in providing finance to individuals, corporates and developers for the purchase, construction, development and repair of houses, apartments and commercial properties in India. The shares of HDFC Limited are listed on NSE and BSE.

We understand that the managements of HDFC Bank and HDFC Limited are contemplating the merger of HDFC Limited into HDFC Bank ("Proposed Amalgamation") pursuant to a composite scheme of amalgamation among HDFC Investments Limited, HDFC Holdings Limited, HDFC Bank and HDFC Limited and their respective shareholders and creditors under Sections 230 to 232 of the Companies Act, 2013 (the "Scheme") with effect from the proposed Appointed Date (i.e. Effective Date) as mentioned in the Scheme. In consideration thereof, equity shares of HDFC Bank will be issued to the equity shareholders of HDFC Limited once the Scheme becomes effective. The Scheme also provides for the amalgamation of HDFC Investments Limited, HDFC Holdings Limited, two wholly owned subsidiaries of HDFC Limited with and into HDFC Limited for which no equity shares shall be issued and the shares held by HDFC Limited in these wholly owned subsidiaries shall stand cancelled.

The fair equity share exchange ratio for this Report refers to number of equity shares of face value of INR 1/- each of HDFC Bank, which would be issued to the equity shareholders of HDFC Limited in lieu of their equity shareholding in HDFC Limited pursuant to the Proposed Amalgamation (hereinafter referred to as "Fair Equity Share Exchange Ratio").

In this connection, HDFC Bank and HDFC Limited have appointed DTTILLP and BSM respectively to submit a joint report on the Fair Equity Share Exchange Ratio for the Proposed Amalgamation on a going concern basis with 1st April 2022 being the "Valuation Date", for the consideration of the Board of Directors (the "Board") (including audit committees, as applicable) of HDFC Bank and HDFC Limited.

We understand that this Report is required for the internal purpose of the Board of Directors of HDFC Bank and HDFC Limited only and you did not require us to perform this valuation as a registered valuer under the Companies Act 2013 ("Act"), the Companies (Registered Valuers And Valuation) Rules, 2017 or as per any other rules, regulations, standards, bye-laws, ordinance, notifications issued pursuant to the Act or under any applicable SEBI regulations. Accordingly, our valuation analysis and this Report does not constitute nor can be construed as a valuation carried out by a registered valuer in accordance with such Act or rules or such regulations and any such use of our valuation analysis and this Report is not permitted.

The scope of our service is to conduct a relative valuation (not an absolute valuation) of the equity shares of the Companies and recommend a Fair Equity Share Exchange Ratio for the Proposed Amalgamation.

We have considered financial information up to 31 December 2021 (the "Financials Date") in our analysis and made adjustments for facts made known (past or future) to us till the date of our Report, including taking into consideration current market parameters, which will have a bearing on the valuation analysis. The Management has informed us that they do not expect any events which are unusual or not in normal course of business up to the Effective Date of the Proposed Amalgamation, other than the events specifically mentioned in this Report. Further, we have been informed by the Company that to the best of their knowledge, material information regarding the business has been disclosed to us. We have relied on the above while arriving at the Fair Equity Share Exchange Ratio for the Proposed Amalgamation.

We have been informed that till the Proposed Amalgamation becomes effective, neither Companies would declare any substantial dividends having materially different yields as compared to past few years.

We have been informed that, in the event that either of the Companies restructure their equity share capital by way of share split / consolidation / issue of bonus shares before the Proposed Amalgamation becomes effective, the issue of shares pursuant to the fair equity share exchange ratio recommended in this Report shall be adjusted accordingly to take into account the effect of any such corporate actions.

This Report is our deliverable in respect of our recommendation of the Fair Equity Share Exchange Ratio for the Proposed Amalgamation.

The Valuers have been appointed severally and not jointly and have worked separately in their analysis. The Valuers have received information and clarifications from their respective clients. The Valuers have separately arrived at different values per share of the Companies. However, to arrive at the consensus on the Fair Equity Share Exchange Ratio for the Proposed Amalgamation, appropriate minor adjustments / rounding off has been done in the values arrived at by the Valuers.

HDFC Bank and HDFC Limited have informed us that Harsh Chandrakant Ruparelia [IBBI/RV/05/2019/11106] and Drushti Desai [IBBI/RV/06/2019/10666] (together referred as the "Registered Valuers") have been appointed by them respectively to issue a valuation report on the Fair Equity Share Exchange Ratio, for their regulatory compliance and evaluation purposes for the purpose of the Proposed Amalgamation. Further, at the request of HDFC Bank and HDFC Limited, we have had discussions with the respective Registered Valuers mentioned above in respect of our respective valuation analyses.

HDFC Bank and HDFC Limited have informed us that Morgan Stanley India Company Private Limited and BofA Securities India Limited have been appointed by them respectively to provide fairness opinion on the Fair Equity Share Exchange Ratio for the purpose of the Proposed Amalgamation. Further, at the request of HDFC Bank and HDFC Limited, we have had discussions with the respective fairness opinion providers mentioned above in respect of our respective valuation analyses.

This Report and the information contained in it is absolutely confidential and intended only for the sole use and information of the respective Boards of HDFC Bank and HDFC Limited and only in connection with the Proposed Amalgamation. The Valuers owe responsibility to the entity that has engaged them, under the terms of their respective engagement, and no other person; and that, to the fullest extent permitted by law, the Valuers accept no responsibility or liability to any other party, in connection with this Report.

Our Report can be used by HDFC Bank and HDFC Limited only for the purpose, as indicated in this Report, for which we have been appointed. The results of our valuation analysis and our Report cannot be used or relied by the Companies for any other purpose or by any other party for any purpose whatsoever. We are not responsible to any other person / party for any decision of such person / party based on this Report. Any person / party intending to provide finance / invest in the shares / business of the Companies/ their holding companies / subsidiaries / associates / investee companies / other group companies, if any, shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision. If any person / party (other than HDFC Bank and HDFC Limited) chooses to place reliance upon any matters included in the Report, they shall do so at their own risk and without recourse to the Valuers. It is hereby notified that usage, reproduction, distribution, circulation, copying or otherwise quoting of / referring to this Report or any part thereof, except for the purpose as set out earlier in this Report, without our prior written consent, is not permitted.

The Report including, (for the avoidance of doubt) the information contained in it is absolutely confidential and intended only for the sole use and information of HDFC Bank and HDFC Limited. Notwithstanding anything to the contrary contained in this Report, we understand that HDFC Bank and HDFC Limited may be required to submit the Report to or share the Report with HDFC Bank's and HDFC Limited's merchant bankers providing fairness opinion on the Proposed Amalgamation, shareholders and regulatory authorities / stock exchanges, in connection with the Proposed Amalgamation (together, "Permitted Recipients"). We hereby give consent to the disclosure of the Report to any of them, subject to HDFC Bank and HDFC Limited ensuring that any such disclosure shall be subject to the condition and understanding that:

- it will be the HDFC Bank's and HDFC Limited's responsibility to review the Report and identify any confidential information that it does not wish to disclose;
- we owe responsibility only to the clients that have engaged us and nobody else, and to the fullest extent permitted by law;

- we do not owe any duty of care to anyone else other than the clients that have engaged us and accordingly no one other than the clients are entitled to rely on any part of the Report;
- we accept no responsibility or liability towards any third party (including, the Permitted Recipients) to whom the Report may be shared with or disclosed or who may have access to the Report pursuant to the disclosure of the Report to the Permitted Recipients. Accordingly, no one other than the clients that have engaged us shall have any recourse to us with respect to the Report;
- we shall not under any circumstances have any direct or indirect liability or responsibility to any party engaged by HDFC Bank and HDFC Limited or to whom HDFC Bank and HDFC Limited may disclose or directly or indirectly permit the disclosure of any part of the Report and that by allowing such disclosure we do not assume any duty of care or liability, whether in contract, tort, breach of statutory duty or otherwise, towards any of the third parties.

It is clarified that reference to this Report in any document and / or filing with aforementioned shareholders / regulatory authorities / stock exchanges / merchant bankers, in connection with the Proposed Amalgamation, shall not be deemed to be an acceptance by us of any responsibility or liability to any person/ party other than the Boards of our respective clients.

This Report is subject to the scope, assumptions, qualifications, exclusions, limitations and disclaimers detailed hereinafter. As such, the Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

SOURCES OF INFORMATION

Valuation analysis was undertaken on the basis of the following information relating to the Companies, furnished to us by HDFC Bank and HDFC Limited and information available in public domain:

- Annual Reports for the financial year ended 31 March 2021 and earlier periods for the Companies
- Limited reviewed results for the 9 Months ended 31 December 2021 for the Companies
- Unaudited provisional balance sheet as at 31 December 2021 for HDFC Limited
- Information relating to the subsidiaries and associates of the Companies and such other information, data, analysis and enquiries, as we considered necessary

We have also obtained the explanations, information and representations, which we believed were reasonably necessary and relevant for our exercise from the management and representatives of HDFC Bank and HDFC Limited. HDFC Bank and HDFC Limited have been provided with the opportunity to review the draft report (excluding the recommended valuation analysis) for this engagement to make sure that the factual inaccuracies / omissions are avoided in our final report.

PROCEDURES ADOPTED AND VALUATION METHODS FOLLOWED

In connection with this exercise, we have adopted the following procedures to carry out the valuation:

- Requested and received financial and qualitative information
- Used data available in public domain related to the Companies and its peers
- Discussions (physical/over call) with the management to:
    - Understand the business and fundamental factors that affect its earning-generating capability including strengths, weaknesses, opportunity and threats analysis and historical financial performance.
- Undertook Industry Analysis:
    - Research publicly available market data including economic factors and industry trends that may impact the valuation
    - Analysis of key trends and valuation multiples of comparable companies/comparable transactions using: Proprietary databases subscribed by us or our network firms
- Selection of internationally accepted valuation methodology/(ies) as considered appropriate by us.
- Arriving at the relative valuation of the equity shares of the Companies in order to determine the fair equity share exchange ratio for the Proposed Amalgamation

SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

This Report is subject to the limitations detailed in respective engagement letters. As such, the Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein and in the context of the purpose for which it is made.

Provision of valuation analysis and consideration of the issues described herein are areas of our regular practice. The services do not represent accounting, assurance, accounting / tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.

This Report, its contents and the results herein are specific to (i) the purpose of valuation agreed as per the terms of our engagement; (ii) the Report Date; (iii) Unaudited limited reviewed financials of HDFC Bank, HDFC Limited for nine months ended 31 December 2021 and (iv) other information obtained by us from time to time. We have been informed that the business activities of the Companies have been carried out in the normal and ordinary course between 31 December 2021 and the Report date and that no material changes have occurred in their respective operations and financial position between 31 December 2021 and the Report date.

Valuation analysis and results are specific to the purpose of valuation and as per the agreed terms of the respective engagements. It may not be valid for any other purpose or as of any other date. Also, it may not be valid if done on behalf of any other entity.

Deloitte Touche Tohmatsu India LLP

Housing Development Finance Corporation Ltd. MUMBAI

A valuation of this nature involves consideration of various factors including those impacted by prevailing stock market trends in general and industry trends in particular as in effect on and the information made available to us as of, the date hereof. This Report is issued on the understanding that the managements of HDFC Bank and HDFC Limited have drawn our attention to all the matters, which they are aware of concerning the financial position of the Companies and any other matter, which may have an impact on our valuation analysis for the Proposed Amalgamation. Events occurring after the date hereof may affect this report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this report.

The recommendation rendered in this report only represents our recommendation based upon information received from HDFC Bank and HDFC Limited and other sources and the said recommendation shall be considered to be in the nature of non-binding advice (our recommendation will however not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors). You acknowledge and agree that you have the final responsibility for the determination of the Fair Equity Share Exchange Ratio at which the Proposed Amalgamation shall take place and factors other than our valuation report will need to be taken into account in determining the Fair Equity Share Exchange Ratio; these will include your own assessment of the Proposed Amalgamation and may include the input of other professional advisors.

In the course of the valuation, we were provided with both written and verbal information, including market, financial and operating data. In accordance with the terms of our respective engagements, we have carried out relevant analyses and evaluations through discussions, calculations and such other means, as may be applicable and available, we have assumed and relied upon, without independently verifying (i) the accuracy of the information that was publicly available, sourced from subscribed databases and formed a substantial basis for this Report and (ii) the accuracy of information made available to us by HDFC Bank and HDFC Limited. While information obtained from the public domain or external sources have not been verified for authenticity, accuracy or completeness, we have obtained information, as far as possible, from sources generally considered to be reliable. We assume no responsibility for such information. Our valuation analysis does not constitute as an audit or review in accordance with the auditing standards applicable in India, accounting / financial / commercial / legal / tax / environmental due diligence or forensic / investigation services and does not include verification or validation work. In accordance with the terms of our valuation engagement and in accordance with the customary approach adopted in valuation exercises, as part of our valuation analysis we have not audited, reviewed, certified, carried out a due diligence, or otherwise investigated the historical financials / financial information or individual assets or liabilities, provided to us regarding the Companies/ subsidiary / associates / joint ventures / investee companies, if any. Accordingly, we do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in such historical financials / financial statements. Also, with respect to explanations and information sought from HDFC Bank and HDFC Limited, we have been given to understand by them that they have not omitted any relevant and material factors and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. Our conclusion is based on the assumptions and information given by / on behalf of HDFC Bank and HDFC Limited.

The respective managements of HDFC Bank and HDFC Limited have indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our valuation analysis / results. Accordingly, we assume no responsibility for any errors in the information furnished by HDFC Bank and HDFC Limited and their impact on the Report.

The Report assumes that the Companies comply fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that the Companies will be managed in a competent and responsible manner. Further, this Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not disclosed in the audited / unaudited balance sheets of the Companies / their holding / subsidiary / associates / joint ventures / investee companies, if any. No investigation of Companies' claim to title of assets has been made for the purpose of this Report and the Companies claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature.

Our Report is not, nor should it be construed as our opining or certifying the compliance of the Proposed Amalgamation with the provisions of any law / standards including company, insurance regulatory, foreign exchange regulatory, securities market, accounting and taxation (including transfer pricing) laws / standards or as regards any legal, accounting or taxation implications or issues arising from such Proposed Amalgamation.

We have not carried out any physical verification of the assets and liabilities of the Companies and take no responsibility for the identification of such assets and liabilities.

Our Report is not, nor should it be construed as our recommending the Proposed Amalgamation or anything consequential thereto / resulting therefrom. This Report does not address the relative merits of the Proposed Amalgamation as compared with any other alternatives or whether or not such alternatives could be achieved or are available. Any decision by the HDFC Bank / HDFC Limited / their shareholders / creditors regarding whether or not to proceed with the Proposed Amalgamation shall rest solely with them. We express no opinion or recommendation as to how the shareholders/ creditors of the Companies should vote at any shareholders'/ creditors' meeting(s) to be held in connection with the Proposed Amalgamation. This Report does not in any manner address, opine on or recommend the prices at which the securities of the Companies / its subsidiaries/ its associates could or should transact at following the announcement / consummation of the Proposed Amalgamation. Our Report and the valuation analysis contained herein is not nor should it be construed as advice relating to investing in, purchasing, selling or otherwise dealing in securities or as providing management services or carrying out management functions. It is understood that this valuation analysis does not represent a fairness opinion.

The fee for our valuation analysis and the Report is not contingent upon the results reported.

Deloitte Touche Tohmatsu India LLP

Housing Development Finance Corporation Ltd. MUMBAI

BANSI S. MEHTA & CO. MUMBAI CHARTERED ACCOUNTANTS

In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of the Companies, their directors, employees or agents.

Neither the Report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties without our prior written consent.

This Report is subject to the laws of India.

Any discrepancies in any table / annexure between the total and the sums of the amounts listed are due to rounding-off.

SHARE CAPITAL DETAILS OF THE COMPANIES

HDFC Bank Limited

Based on the share capital of HDFC Bank Limited as at 31 December 2021, options exercised till the Valuation date and the outstanding options as on the Valuation Date, we have considered the diluted equity share capital of HDFC Bank of 5,61,08,62,092 equity shares of INR 1/- each fully paid up, which we have considered for the purpose of the valuation analysis.

Housing Development Finance Corporation Limited

Based on the share capital of HDFC Limited as at 31 December 2021, options exercised till the Valuation date and the outstanding options and warrants as on the Valuation Date, we have considered the diluted equity share capital of HDFC Limited of 1,86,95,17,399 equity shares of INR 2/- each fully paid up, which we have considered for the purpose of the valuation analysis.

APPROACH – BASIS OF AMALGAMATION

The Scheme contemplates the Proposed Amalgamation under Sections 230 to 232 of the Companies Act, 2013 and other relevant provisions of the Companies Act, 2013 and rules issued thereunder to the extent applicable.

Arriving at the Fair Equity Share Exchange Ratio for the purposes of an amalgamation such as the Proposed Amalgamation, would require determining the relative values of each company involved and of their shares. These values are to be determined independently but on a relative basis, and without considering the effect of the amalgamation.

The three main valuation approaches are the market approach, income approach and asset approach. There are several commonly used and accepted methods within the market approach, income approach and asset approach, for determining the relative fair value of equity shares of a company, which can be considered in the

present valuation exercise, to the extent relevant and applicable, to arrive at the Fair Equity Share Exchange Ratio for the purpose of the Proposed Amalgamation, such as:

1. Asset / Cost Approach - Net Asset Value (NAV) Method
2. Income Approach
   - Discounted Cash Flow (DCF) Method
   - Earnings Capitalisation Value (ECV) Method
3. Market Approach
   - Market Price Method
   - Comparable Companies Multiples (CCM) Method

It should be understood that the valuation of any company or its assets is inherently subjective and is subject to uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the companies. In addition, this valuation will fluctuate with changes in prevailing market conditions, the conditions and prospects, financial and otherwise, of the companies/ businesses, and other factors which generally influence the valuation of companies and their assets.

The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of method of valuation has been arrived at using usual and conventional methods adopted for transactions of a similar nature and our reasonable judgment, in an independent and bona fide manner based on our previous experience of assignments of a similar nature.

Asset Approach - Net Asset Value Method

Under the asset approach, the net asset value method is considered, which is based on the underlying net assets and liabilities of the company, taking into account operating assets and liabilities on a book value basis and appropriate adjustments for, interalia, value of surplus/ non-operating assets.

Income Approach: Income approach is a valuation approach that converts maintainable or future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted or capitalised) amount. The value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.

- Discounted Cash Flow (DCF) Method: Under this method, either:
  - the projected free cash flows from business operations available to all providers of capital are discounted at the weighted average cost of capital to such capital providers, on a market participant basis, and the sum of such discounted free cash flows is the value of the business from which value of debt and other

capital is deducted, and other relevant adjustments made to arrive at the value of the equity – Free Cash Flows to Firm (FCFF) technique; This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to all the capital providers (namely shareholders and creditors), weighted by their relative contribution to the total capital of the company. The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk; or

- the projected free cash flows from business operations available to equity shareholders (after deducting cash flows attributable to the debt and other capital providers) are discounted at the cost of equity, on a market participant basis, and the sum of such discounted free cash flows, after making other relevant adjustments, is the value of the equity - Free Cash Flows to Equity (FCFE) technique. This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to the equity capital providers. The opportunity cost to the equity capital provider equals the rate of return such equity capital provider expects to earn on other investments of equivalent risk.

- **Earnings Capitalisation Value (ECV) Method:** This method involves determination of the maintainable earnings level of the company from its operations, based on past and/ or projected working results. These earnings are then capitalized at a rate, which in the opinion of the valuer combines an adequate expectation of reward from the enterprise risk, to arrive at the value of the company.

Market Approach: Market approach is a valuation approach that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as a business.

- **Market Price Method:** Under this method, the value of shares of a company is determined by taking the average of the market capitalisation of the equity shares of such company as quoted on a recognized stock exchange over reasonable periods of time where such quotations are arising from the shares being regularly and freely traded in an active market, subject to the element of speculative support that may be inbuilt in the market price. But there could be situations where the value of the share as quoted on the stock market would not be regarded as a proper index of the fair value of the share, especially where the market values are fluctuating in a volatile capital market. Further, in the case of an amalgamation, where there is a question of evaluating the shares of one company against those of another, the volume of transactions and the number of shares available for trading on the stock exchange over a reasonable period would have to be of a comparable standard. This method would also cover any other transactions in the shares of the company including primary/ preferential issues/ open offer in the shares of the company available in the public domain.

- **Comparable Companies Multiples (CCM) Method:** Under this method, one attempts to measure the value of the shares/ business of company by applying the derived market multiple based on market quotations of comparable public/ listed companies, in an active market, possessing attributes similar to the business of such company - to the relevant financial parameter of the company/ business (based on past and/ or projected working results) after making adjustments to the derived multiples on account of dissimilarities

with the comparable companies and the strengths, weaknesses and other factors peculiar to the company being valued. These valuations are based on the principle that such market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

Out of the above methods, valuers have used approaches/ methods as considered appropriate by them. The valuation approaches/ methods used, and the values arrived at using such approaches/ methods by the valuers have been tabled in the next section of this Report.

BASIS OF FAIR EQUITY SHARE EXCHANGE RATIO

The fair basis of the Proposed Amalgamation would have to be determined after taking into consideration all the factors, approaches and methods considered appropriate by us. Though different values have been arrived at under each of the above approaches/ methods, for the purposes of recommending the Fair Equity Share Exchange Ratio it is necessary to arrive at a single value for the shares of the companies involved in an amalgamation such as the Proposed Amalgamation. It is however important to note that in doing so, we are not attempting to arrive at the absolute values of the shares of the Companies but at their relative values to facilitate the determination of a Fair Equity Share Exchange Ratio. For this purpose, it is necessary to give appropriate weights to the values arrived at under each approach/ method.

In the ultimate analysis, valuation will have to be arrived at by the exercise of judicious discretion by the valuer and judgments taking into account all the relevant factors. There will always be several factors, e.g. quality of the management, present and prospective competition, yield on comparable securities and market sentiment, etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of a share. The determination of exchange ratio is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgment. This concept is also recognized in judicial decisions. There is, therefore, no indisputable single exchange ratio. While we have provided our recommendation of the Fair Equity Share Exchange Ratio based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion as to the Fair Equity Share Exchange Ratio of the equity shares of HDFC Bank and HDFC Limited. The final responsibility for the determination of the exchange ratio at which the Proposed Amalgamation shall take place will be with the Board of Directors of HDFC Bank and HDFC Limited who should take into account other factors such as their own assessment of the Proposed Amalgamation and input of other advisors.

The Fair Equity Share Exchange Ratio has been arrived at on the basis of a relative equity valuation of HDFC Bank and HDFC Limited based on the various approaches/ methods explained herein earlier and various qualitative factors relevant to each company and the business dynamics and growth potentials of the businesses of these companies, having regard to information base, key underlying assumptions and limitations.

Valuers have separately applied methods discussed above, as considered appropriate, and arrived at assessment of the relative value per equity share of HDFC Bank and HDFC Limited. To arrive at the consensus on the Fair

Equity Share Exchange Ratio for the Proposed Amalgamation, suitable minor adjustments / rounding off have been done in the values.

The Computation of Fair Equity Share Exchange Ratio as derived by DTTILLP, is tabulated below:

Valuation Approach	HDFC Bank Limited (A)		Housing Development Finance Corporation Limited (B)	
	Value per Share (INR)	Weight	Value per Share (INR)	Weight
Asset Approach - Net Asset Value Method	433	0%	963	0%
Market Approach – Market Price Method (i)	1,462	50%	2,410	50%
Market Approach – Comparable Companies Multiple Method (ii)	1,614	50%	2,757	50%
Income Approach	NA	NA	NA	NA
Relative Value per Share (INR) (Weighted Average of (i) and (ii)	1,538		2,584	
Fair Equity Share Exchange Ratio for Proposed Amalgamation of HDFC Limited into HDFC Bank (rounded off)	42 : 25			

*NA – Not Applicable

The Computation of Fair Equity Share Exchange Ratio as derived by BSM, is tabulated below:

Valuation Approach	HDFC Bank Limited (A)		Housing Development Finance Corporation Limited (B)	
	Value per Share (INR)	Weight	Value per Share (INR)	Weight
Asset Approach - Net Asset Value Method	NA	NA	NA	NA
Market Approach – Market Price Method (i)	1,482	50%	2,525	50%
Market Approach – Comparable Companies Multiple Method (ii)	1,640	50%	2,727	50%
Income Approach	NA	NA	NA	NA
Relative Value per Share (INR) (Weighted Average of (i) and (ii)	1,561		2,626	
Fair Equity Share Exchange Ratio for Proposed Amalgamation of HDFC Limited into HDFC Bank (rounded off)	42 : 25			

Valuers' Notes:-

For the present valuation analysis, the merger of the Companies is proceeded with on the assumption that the Companies would merge as going concerns and an actual realization of the operating assets is not contemplated. In such a going concern scenario, the relative earning power, as reflected under the Income and Market approaches, is of greater importance to the basis of amalgamation, with the values arrived at on the net asset basis being of limited relevance. Hence, while we have calculated the values of the shares of the Companies under the Asset Approach, we have considered it appropriate not to give any weightage to the same in arriving at the Fair Equity Share Exchange Ratio.

For the present valuation analysis, we have not been provided the business plans and projections for the Companies. In these circumstances, we have not considered the Income Approach.

In the present case, the equity shares of both the Companies, HDFC Bank and HDFC Limited, are listed on BSE and NSE and are frequently traded. Hence, we have applied the Market Price Method under the Market Approach to arrive at the relative fair value of the shares for the purpose of arriving at the Fair Equity Share Exchange Ratio.

Considering the availability of comparable listed peer set in the businesses carried out by the Companies, we have also applied the Comparable Companies Multiples method under the Market Approach to arrive at the relative fair value of the shares of the Companies for the purpose of arriving at the Fair Equity Share Exchange Ratio.

For the present valuation analysis, we have considered it appropriate to apply the Market Price Method and the Comparable Companies Multiples Method, to arrive at the relative fair value of the equity shares of the Companies for the purpose of the Proposed Amalgamation.

In light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, we recommend the following Fair Equity Share Exchange Ratio for the Proposed Amalgamation of Housing Development Finance Corporation Limited into HDFC Bank Limited:

42 equity shares of HDFC Bank Limited of INR 1/- each fully paid up for every 25 equity shares of Housing Development Finance Corporation Limited of INR 2/- each fully paid up.

Respectfully submitted,

Deloitte Touche Tohmatsu India LLP	Bansi S. Mehta & Co.
Nandita Pai, Partner Date – 4 April 2022	Drushti Desai, Partner Date – 4 April 2022 UDIN - 22102062AGHISQ8651

Deloitte Touche Tohmatsu India LLP

BANSI S. MEHTA & CO. CHARTERED ACCOUNTANTS MUMBAI

Housing Development Finance Corporation Ltd. MUMBAI

HDFC BANK
We understand your world

CIN : L65920MH1994PLC080618
E-mail : shareholder.grievances@hdfcbank.com
Website : www.hdfcbank.com

HDFC Bank Limited
Zenith House,
Opp. Race Course Gate 5 & 6,
Keshavrao Khadye Marg,
Mahalaxmi, Mumbai - 400034.
Tel.: 022-39760001 / 0012

Annexure 3C

April 25, 2022

To,
The General Manager,
Department of Corporate Services,
BSE Limited,
P.J. Towers, Dalal Street,
Mumbai – 400 001.

Sub: Confirmation by Company Secretary

I, Santosh Haldankar, being the Company Secretary of HDFC Bank Limited hereby confirms that:

a) No material event impacting the valuation has occurred during the intervening period of filing the Scheme documents with Stock Exchange and period under consideration for valuation.
b) There have been no past defaults of listed debt obligations of the entities forming part of the Scheme.

Yours faithfully

For HDFC Bank Limited

HDFC Bank Limited MUMBAI

Santosh Haldankar
Senior Vice President - Legal & Company Secretary

HDFC
HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED
www.hdfc.com

April 25, 2022

BSE Limited
P. J. Towers,
Dalal Street,
Mumbai 400 001.

Kind Attn: Sr. General Manager
DCS - Listing Department

National Stock Exchange of India Ltd.
Exchange Plaza, Plot No. C/1, Block G
Bandra-Kurla Complex, Bandra (East)
Mumbai 400 051.

Kind Attn: Head - Listing

Dear Sirs,

Sub: Application under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 for the proposed scheme composite scheme of amalgamation ("Scheme") for the amalgamation of: (i) HDFC Investments Limited and HDFC Holdings Limited, wholly-owned subsidiaries of Housing Development Finance Corporation Limited ("HDFC Limited"), with and into HDFC Limited and (ii) HDFC Limited with and into HDFC Bank Limited ("HDFC Bank")

In connection with the above application, we hereby confirm that:

1. No material event impacting the valuation has occurred during the intervening period of filing the scheme documents with Stock Exchanges and period under consideration for valuation.

2. There have been no defaults in the past with regard to any debt obligations of HDFC Limited.

3. No Objection Certificate from the lending scheduled commercial banks/financial institutions/debenture trustees as required under Para A (2) (k) of Part I of SEBI Master Circular dated November 23, 2021 will be submitted with the Exchange before the receipt of the No-objection letter in terms of Regulation 37(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

4. There are no pending dues / fines / penalties imposed by SEBI, Stock Exchanges and Depositories.

5. HDFC Limited its ~~promoters or~~ Directors have never been declared as wilful defaulter as per RBI Circular Ref. No. RBI/2015-16/100 DBR.No.CID.BC.22/ 20.16.003/2015-16 dated July 1, 2015 by the Banks.

6. HDFC Limited its ~~promoters or~~ Directors have not been directly or indirectly, debarred from accessing the capital market or have not been restrained by any regulatory authority from, directly or indirectly, acquiring the said securities.

Development Finance Corporation Ltd. MUMBAI

Corporate Office: HDFC House, H T Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai 400 020.
Tel.: 66316000, 22820282. Fax: 022-22046834, 22046758.
Regd. Office: Ramon House, H T Parekh Marg, 169, Backbay Reclamation, Churchgate, Mumbai 400 020. INDIA.
Corporate Identity Number: L70100MH1977PLC019916

7. HDFC Limited its ~~promoters or~~ Directors do not have direct or indirect relation with the companies, its promoters and whole-time directors, which are compulsorily delisted by any recognised stock exchange.

Thank you,

Yours faithfully,

CERTIFIED TO BE TRUE
For Housing Development Finance Corporation Limited

Ajay Agarwal
Company Secretary

Housing Development Finance Corporation Ltd. MUMBAI