

M&A Lab

September 14, 2022

HDFC-HDFC BANK: MERGER OF GIANT HDFC TWINS!

Announcements made on April 04, 2022 by Housing Development Finance Corporation Limited ("HDFC Limited") and HDFC Bank Limited ("HDFC Bank") regarding a proposed merger of HDFC Limited with HDFC Bank ("Merger"), took the internet by storm. Being a multi-sectoral scheme, not only did it create a stir in the banking sector, but also in other financial services sectors such as housing finance, insurance, etc. This mega-merger is being touted as the mother of all M&A deals owing to its colossal valuation of approximately USD 40 Billion. The announcement of the proposed Merger came after the respective boards gave their approvals and the disclosures to this effect were made by both HDFC Limited and HDFC Bank to the stock exchanges on the same day.

With HDFC Limited already at vanguard of the housing finance industry coupled with HDFC Bank being a forerunner in digital banking, the merger is touted to revolutionize Indian housing finance and banking sector. This financial mega-merger will not only result in HDFC Bank becoming the largest private bank in India but also put it on the global map as the 6th largest bank in the world with an expected market capitalization of USD 160 billion. It marks a beginning for Indian financial institutions to take on the challenging global markets.

The proposed Merger is designed as a two-stage process involving *first*, the merger of two wholly owned subsidiaries of HDFC Limited (HDFC Investments Pvt. Ltd. and HDFC Holdings Pvt. Ltd.) with and into HDFC Limited and *second*, the subsequent merger of HDFC Limited with and into HDFC Bank. While on one hand, the Merger will facilitate HDFC Bank to tap into the large customer base of HDFC Limited's housing portfolio and result in HDFC Bank becoming the 2nd largest bank in India by market capitalization, on the other hand, the Merger will also allow HDFC limited to increase access to its customers using the Bank's network. The resultant entity will benefit from the positive synergies and economies of scale through wider outreach, a larger balance sheet, a broader range of products and access to a common pool of resources.

The Merger is expected to close by the end of FY 2023-24 and has already received approval from multiple regulatory authorities, including the Bombay Stock Exchange, National Stock Exchange, Reserve Bank of India and the Pension Fund Regulatory and Development Authority.

Given the size of the mega-merger and the wide-reaching implications of the same on the banking and housing finance sector in India, we have made an attempt to analyze the legal, regulatory, commercial and tax considerations of the Merger in this M&A Lab.

For a detailed analysis of the commercial, legal, regulatory and tax considerations and to access the M&A Lab, please [click here](#).

— Anurag Shah, Vardhikaa Sharma, Yogesh Nayak & Nishchal Joshipura

You can direct your queries or comments to the author

DISCLAIMER

The contents of this hotline should not be construed as legal opinion. View detailed disclaimer.

This Hotline provides general information existing at the time of preparation. The Hotline is intended as a news update and Nishith Desai Associates neither assumes nor accepts any responsibility for any loss arising to any person acting or refraining from acting as a result of any material contained in this Hotline. It is recommended that professional advice be taken based on the specific facts and circumstances. This Hotline does not substitute the need to refer to the original pronouncements.

This is not a Spam mail. You have received this mail because you have either requested for it or someone must have suggested your name. Since India has no anti-spamming law, we refer to the US directive, which states that a mail cannot be considered Spam if it contains the sender's contact information, which this mail does. In case this mail doesn't concern you, please unsubscribe from mailing list.

Research Papers

Handbook on New Labour Codes

April 29, 2024

Compendium of Research Papers

April 11, 2024

Third-Party Funding for Dispute Resolution in India

April 02, 2024

Research Articles

Private Client Insights - Sustainable Success: How Family Constitutions can Shape Corporate Governance, Business Succession and Familial Legacy

January 25, 2024

Private Equity and M&A in India: What to Expect in 2024?

January 23, 2024

Emerging Legal Issues with use of Generative AI

October 27, 2023

Audio

Third-Party Funding: India & the World

April 27, 2024

IBC allows automatic release of ED attachments: Bombay HC reaffirms

April 15, 2024

The Midnight Clause

February 29, 2024

NDA Connect

Connect with us at events, conferences and seminars.

NDA Hotline

Click here to view Hotline archives.

Video

Q&A 2024 Protocol to the Mauritius India Tax Treaty

April 22, 2024

Boost to India's Space Potential: India Liberalizes Foreign Direct

