

## Housing Development Finance Corporation Limited

CMP : Rs 2028.75

July 30 ,2018

### 18% growth in the loan book

In accordance with the notifications issued by the Ministry of Corporate Affairs and National Housing Bank, the Corporation has adopted the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) notified under Section 133 of the Companies Act, 2013 with effect from April 1, 2018.

For the quarter ended June 2018, the Corporation has adopted Ind AS for its standalone financials. The comparative Statement of Profit and Loss for the quarter ended June 30, 2017 is based on the erstwhile Indian Generally Accepted Accounting Principles (Previous GAAP). This has been restated to meet Ind AS requirements.

HDFC registered a 20% rise in standalone Interest income to Rs 9940.66 crore in the quarter ended June 2018. A 10% rise in interest expenses to Rs 6352.68 crore saw net interest income (NII) grow 42% to Rs 3587.98 crore.

Other income grew 4% to Rs 11.325 crore, which took total income up 42% to Rs 3599.30 crore.

Operating expenses grew 46% to Rs 509.60 crore, after which OP grew 41% to Rs 3089.70 crore.

Provision and contingencies fell 88% to Rs 19.70 crore after which PBT grew 52% to Rs 3070 crore.

As tax expenses grew 47% to Rs 880 crore, net profit grew 54% to Rs 2190 crore.

### Quarter performance boosted by dividend from HDFC bank in Q1 against Q2 last year

For the quarter ended June 30, 2018, the Corporation received dividend of Rs 511 crore from HDFC Bank Limited, while in the previous year, dividend from HDFC Bank was received in the second quarter.

### Focus on Affordable Housing

In support of the government's flagship scheme, 'Housing For All', the Corporation has increased its efforts towards loans to the Economically Weaker Section (EWS) and Low Income Group (LIG).

During the quarter ended June 30, 2018, 37% of home loans approved in volume terms and 19% in value terms have been to customers from the EWS and LIG segment.

The Corporation on an average has been approving around 8,300 loans on a monthly basis to the EWS and LIG segment, with monthly such average approvals at approximately Rs 1,346 crore.

The average home loan to the EWS and LIG segment stood at Rs 10.1 lac and Rs 17.6 lac respectively.

### Overall Lending Operations

Total individual loan disbursements grew by 17%. The average size of individual loans stood at Rs 26.7 lakh.

On an Assets under Management (AUM) basis, the growth in the individual loan book was 18% and the non-individual loan book was 17%. The growth in the total loan book was 18%.

As at June 30, 2018, individual loans comprise 72% of the AUM.

As at June 30, 2018, the loan book stood at Rs 371,988 crore against Rs 3,13,573 crore in the previous year.

During the quarter, the Corporation sold individual loans amounting to Rs 9,714 crore (against 2,922 crore). All the loans assigned during the quarter were to HDFC Bank pursuant to the buyback option embedded in the home loan arrangement between the Corporation and HDFC Bank. Income on these loans will continue to be recognised over the life of the loan.

The increase in the amount of loans assigned to HDFC Bank was due to the fact that no loan assignments were done to HDFC Bank since August 2017. Thus, the entire loan assignments during the quarter ended June 30, 2018 pertained to the backlog under the arrangement.

### INDEX DETAILS

|                 |          |
|-----------------|----------|
| SENSEX          | 37494.40 |
| NIFTY (S&P CNX) | 11319.55 |

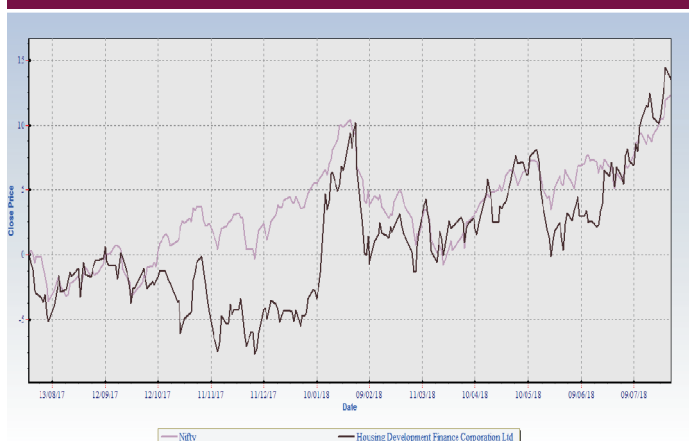
### SCRIP DETAILS

|                       |                   |
|-----------------------|-------------------|
| Industry              | Housing Finance   |
| Mkt Cap (Rs in Crore) | 342791.50         |
| Book Value (Rs)       | 372.05            |
| Free Float (%)        | 100.00            |
| Avg Vol Weekly (NSE)  | 2434976           |
| 52 Week H/L (NSE)     | 2051.00 / 1638.00 |
| Dividend Yield (%)    | 0.98              |
| BSE Code              | 500010            |
| NSE Code              | HDFC              |

### SHAREHOLDING PATTERN(%)

| PARTICULARS | LATEST QUARTER | PREVIOUS QUARTER |
|-------------|----------------|------------------|
| Promoters   | 0.00           | 0.00             |
| FIIs        | 72.89          | 73.97            |
| DIIIs       | 13.38          | 12.43            |
| Others      | 13.73          | 13.60            |
| Totals      | 100            | 100              |

### Price Comparison with Sensex



Total loans sold during the preceding twelve months was Rs 13,245 crore as against Rs 13,841 crore in the previous year.

As at June 30, 2018, the outstanding amount in respect of individual loans sold was Rs 46,810 crore. HDFC continues to service these loans and is entitled to the residual income on the loans sold. The residual income on the individual loans sold stood at 1.25% per annum and is being recognised over the life of the loans.

The growth in the individual loan book, after adding back loans sold in the preceding 12 months was 25% (19% net of loans sold). The non-individual loan book grew at 18%. The growth in the total loan book after adding back loans sold was 23% (19% net of loans sold).

### Spread and Margin

The spread on loans over the cost of borrowings for the quarter ended June 2018 stood at 2.28%.

The spread on the individual loan book was 1.91% and on the non-individual book was 3.14%.

Net Interest Margin stood at 3.5%.

### Investments

As at June 30, 2018, the unaccounted gains on listed investments in subsidiary and associate companies amounted to Rs 1,68,000 crore.

### Cost to income ratio

For the quarter ended June 2018, the cost to income ratio excluding expenses on employee stock option scheme pursuant to Ind AS and spend on corporate social responsibility stood at 9.8%.

### Capital Adequacy ratio

The Corporation's capital adequacy ratio stood at 16.3%, of which Tier I capital was 15.0% and Tier II capital was 1.3%. As per the regulatory norms, the minimum requirement for the capital adequacy ratio and Tier I capital is 12% and 6% respectively.

### Book Value

Standalone Book Value per share stands at Rs 378.7 per share at end June 2018.

## HDFC: Results

| Particulars   | Q1FY19  | Q1FY18  | Var. (%) | FY18     | FY17     | Var. (%) |
|---------------|---------|---------|----------|----------|----------|----------|
| Income        | 9940.66 | 8279.1  | 20       | 34807.1  | 32111.06 | 8        |
| Interest Exp. | 6352.68 | 5754.28 | 10       | 22235    | 20896.2  | 6        |
| NII           | 3587.98 | 2524.82 | 42       | 12572.1  | 11214.86 | 12       |
| Other Inc.    | 11.32   | 10.88   | 4        | 422.79   | 1048.54  | -60      |
| Total Inc.    | 3599.3  | 2535.7  | 42       | 12994.89 | 12263.4  | 6        |
| Op. Exp.      | 509.6   | 349.72  | 46       | 957.79   | 836.76   | 14       |
| OP            | 3089.7  | 2185.98 | 41       | 12037.1  | 11426.64 | 5        |
| Prov. & Cont. | 19.7    | 163.63  | -88      | 455      | 700      | -35      |
| PBT           | 3070    | 2022.35 | 52       | 11582.1  | 10726.64 | 8        |
| EO            | 0       | 0       | --       | 3681.59  | 0        | --       |
| PBT after Eo  | 3070    | 2022.35 | 52       | 15263.69 | 10726.64 | 42       |
| Tax           | 880     | 597.88  | 47       | 3100     | 3284     | -6       |
| PAT           | 2190    | 1424.47 | 54       | 12163.69 | 7442.64  | 63       |
| EPS*(Rs)      | #       | #       |          | 56.5     | 44.4     |          |

## NOTES

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