

HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

February 03, 2023



Current Price: ₹ 2612.80

STOCK DATA

BSE Code	500010
NSE Symbol	HDFC
Reuters	HDFC.BO
Bloomberg	HDFC IN

VALUE PARAMETERS

52 W H/L(Rs)	2855.35/2026.55
Mkt. Cap.(Rs Cr)	477298
Latest Equity(Subscribed)	365.35
Latest Reserve (cons.)	184305.98
Latest EPS (cons.) -Unit Curr.	136.83
Latest P/E Ratio -cons	19.1
Latest Bookvalue (cons.) -Unit Curr.	1010.92
Latest P/BV - cons	2.58
Dividend Yield -%	1.14
Face Value	2.00

SHARE HOLDING PATTERN (%)

Description as on	% of Holding 31/12/2022
Foreign	67.56
Institutions	21.75
Non Promoter Corp. Hold.	0.85
Public & Others	9.84

Standalone Financial Results

In Cr.

Particulars	Qtr Ended	Qtr Ended	Var %
	Dec. 22	Dec. 21	
Total Income	41206.23	31297.72	32
OPM (%)	36.60	37.50	
OP	15079.70	11735.24	29
Other income	3064.44	2470.40	24
PBIDT	18144.14	14205.64	28
Net Finance Charges	9931.79	6995.05	42
PBDT	8212.35	7210.59	14
Depreciation	151.75	89.87	69
PBT	8060.60	7120.72	13
Tax expense	982.69	952.14	3
PAT	7077.91	6168.58	15
Minority Interest	402.66	331.58	21
Profit after Minority Interest and Share of profit of Associates	6675.25	5837	14
EPS (Rs)	36.54	32.23	

Q3FY23, Margin improves, individual loan book growth at 18%, beats estimates

Consolidated financial results

HDFC has posted 14% increase in the net profit to Rs 6675.25 crore in the quarter ended December 2022 (Q3FY2023). The net interest income of the company increased at a steady pace of 13%, while the net interest margin improved on sequential basis to 3.5% in Q3FY2023 from 3.4% in Q2FY2023.

The profit before tax increased 14% to Rs 8060.60 crore in Q3FY2023 compared to Rs 7120.72 crore in Q3FY2022. For 9MFY2023, the consolidated profit after tax stood at Rs 18537 crore as compared to Rs 16136 crore in the previous year, representing a growth of 15%.

The cost to income ratio increased on sequential basis 10.3% in Q3FY2023 from 9.1% in the previous quarter, while also moved up from 9.7% in Q3FY2022 due to an increase in upfront expenses on staffing, loan processing, branch expansion and information technology to enable meeting the increased demand for home loans. There was also an increase in legal expenses. These expenses have been incurred upfront. The loan growth of the company eased to 12% end December 2022 from 14% end September 2022.

Lending operations

- During 9MFY2023, individual approvals and disbursements grew by 21% and 23% respectively compared to the corresponding period in the previous year. Growth in home loans was seen in both, the mid-income segment as well as high-end properties. During 9MFY2023, 94% of new loan applications were received through digital channels.
- The assets under management increased 13% to Rs 701485 crore end December 2022 as against Rs 618917 crore end December 2021. Individual loans comprise 82% of the Assets Under Management (AUM). On an AUM basis, the growth in the individual loan book was 18% and growth in the total loan book on an AUM basis was 13%. The average size of individual loans stood at Rs 35.7 lakh in 9MFY2023 compared to Rs 33.1 lakh in FY22.
- The company has assigned loans amounting to Rs 8892 crore in Q3FY2023 (as against Rs

7468 crore in Q3FY2022) to HDFC Bank. Loans sold in the preceding 12 months amounted to Rs 35937 crore (PY: Rs 27591 crore).

- The outstanding amount in respect of individual loans sold was Rs 97700 crore. HDFC continues to service these loans. The growth in the individual loan book, after adding back loans sold in the preceding 12 months was 26%. The growth in the total loan book after adding back loans sold was 18%.

Collection efficiency, non-performing assets & provisioning

- The collection efficiency for individual loans on a cumulative basis stood at 99% during 9MFY2023.
- The gross individual NPLs stood at 0.86% (PY: 1.44%) of the individual portfolio, while the gross non-performing non-individual loans stood at 3.89% (PY: 5.04%) of the non-individual portfolio.
- The gross NPLs end December 2022 stood at Rs 8880 crore. This is equivalent to 1.49% of the portfolio, down from 2.32% end December 2021.
- The Corporation carried a total provision of Rs 13274 crore end December 2022. The provisions carried as a percentage of the Exposure at Default (EAD) is equivalent to 2.21%.
- The Expected Credit Loss (ECL) charged to the Statement of Profit and Loss for 9MFY2023 was lower at Rs 1357 crore (PY: Rs 1531 crore).
- Annualised credit costs for Q3FY2023 stood at 22 basis points. Credit costs for 9MFY2023 stood at 28 basis points (PY: 35 basis points).

Net interest income and spreads

- The monetary policy and interest rate actions have had a short-term impact on the net interest income (NII). During 9MFY2023, though lending rates have increased, there has been a transmission lag between the interest rate increase in borrowing costs and asset repricing. The NII for Q3FY2023 stood at Rs 4840 crore compared to Rs 4284 crore in the previous year, registering a growth of 13%.
- The reported NIM for 9MFY2023 was 3.5%. The spread on loans over the cost of borrowings for 9MFY2023 was 2.29%. The spread on the individual loan book was 1.91% and on the non-individual book was 3.69%.

Investments

All investments in the Corporation's subsidiary and associate companies are carried at cost and not at fair value. Accordingly, end December 2022, the unaccounted gains on listed investments in subsidiary and associate companies amounted to Rs 255883 crore.

Capital adequacy ratio

The capital adequacy ratio stood at 23.7%, of which Tier I capital was 23.2% and Tier II capital was 0.5%. As per regulatory norms, the minimum requirement for the capital adequacy ratio and Tier I capital is 15% and 10% respectively.

Distribution network

HDFC's distribution network spans 724 outlets which include 213 offices of HDFC's distribution company, HDFC Sales Private Limited (HSPL). HDFC covers additional locations through its outreach programmes. Distribution channels form an integral part of the distribution network with home loans being distributed through HSPL, HDFC Bank Limited and third party direct selling associates. The Corporation also has online digital platforms for loans and deposits. To cater to non-resident Indians, HDFC has offices in London, Dubai and Singapore and service associates in the Middle East.

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