

# HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

November 03, 2021



Current Price: ₹ 2899.80

## STOCK DATA

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

## VALUE PARAMETERS

52 W H/L(Rs)	2947.40/1921.00
Mkt. Cap.(Rs Cr)	524344.69
Latest Equity(Subscribed)	361.64
Latest Reserve (cons.)	108114.83
Latest EPS (cons.) -Unit Curr.	66.23
Latest P/E Ratio -cons	43.78
Latest Bookvalue (cons.) -Unit Curr.	599.91
Latest P/BV - cons	4.83
Dividend Yield -%	0.79
Face Value	2

## SHARE HOLDING PATTERN (%)

Description as on	% of Holding 30/09/2021
Foreign	72.26
Institutions	17.13
Govt Holding	0.14
Non Promoter Corp. Hold.	1.11
Public & Others	9.55

## Financial Results

In Cr.

Particulars	Qtr Ended	Qtr Ended	Var %
	Sept. 21	Sept. 20	
Income	12217.40	11728.57	4
Interest Exp.	6573.47	7399.11	-11
NII	5643.93	4329.46	30
Other Inc.	10.44	4.74	120
Total Inc.	5654.37	4334.20	30
Op. Exp.	529.85	365.81	45
OP	5124.52	3968.39	29
Add: Profit on sale of investments	-1.45	-0.61	138
Less: Provision for expected credit loss	452.00	436.00	4
PBT before EO	4671.07	3531.78	32
EO	0.00	0.00	-
PBT after EO	4671.07	3531.78	32
Tax	890.57	661.66	35
PAT	3780.50	2870.12	32
EPS*(Rs)	20.91	15.98	

### HDFC Q2FY22, Strong core performance, loan growth accelerates, beats estimates

HDFC has posted strong 32% surge in the net profit to Rs 3780 crore in the quarter ended September 2021. The net interest income of the company has surged 30% with improvement in net interest margin to 3.6% in Q2FY2022 from 3.2% in Q2FY2021. The profit before tax for the quarter ended September 30, 2021 stood at Rs 4,671 crore compared to Rs 3,532 crore in the corresponding quarter of the previous year, representing a growth of 32%. After providing Rs 891 crore for tax, the reported profit after tax stood at Rs 3780 crore compared to Rs 2870 crore in the corresponding quarter of the previous year, representing a growth of 32%. The cost to income ratio eased on sequential basis to 9.4% in Q2FY2022 from 11.3% in Q1FY2022, while rose from 8.4% in Q2FY2021. The loan growth of the company accelerated to 11% end September 2021.

### Overall Lending Operations

During the half-year ended September 2021, individual approvals and disbursements grew by 67% and 80% respectively compared to the corresponding period in the previous year.

The demand for home loans continues to remain strong. Growth in home loans was seen in both, the affordable housing segment as well as in high end properties. The increasing sales momentum and new project launches augurs well for the housing sector. Individual disbursements in the month of October 21 were the highest ever in a non-quarter end month. 89% of new loan applications were received through digital channels.

The assets under management increased 11% to Rs 5,97,339 crore end September 2021 from Rs 5,40,270 crore end September 2020. Individual loans comprise 78% of the Assets Under Management (AUM). On an AUM basis, the growth in the individual loan book was 16% and growth in the total loan book on an AUM basis was 11%. During the quarter ended September 2021, the company assigned loans amounting to Rs 7,132 crore (PY: Rs 3026 crore) to HDFC

Bank. Loans sold in the preceding 12 months amounted to Rs 27,199 crore (PY: Rs 14,138 crore).

As at September 2021, the outstanding amount in respect of individual loans sold was Rs 76,366 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 23%. The growth in the total loan book after adding back loans sold was 15%. During the six months ended September 2021, the average size of individual loans stood at Rs 31.9 lakh. (For the quarter ended September 2021, the average loan size was Rs 32.7 lakh).

### **Affordable Housing**

During the half-year ended September 2021, 30% of home loans approved in volume terms and 14% in value terms have been to customers from the Economically Weaker Section (EWS) and Low Income Group (LIG). The average home loan to the EWS and LIG segment stood at Rs 11.1 lakh and Rs 19.4 lakh respectively. The Corporation continued to have the largest number of home loan customers of over 2.7 lakh who have availed benefits under the Credit Linked Subsidy Scheme (CLSS). As at September 2021, cumulative loans disbursed by the Corporation under CLSS stood at Rs 45889 crore and the cumulative subsidy amount stood at Rs 6260 crore.

#### **Collection Efficiency, Non-Performing Assets (NPAs) & Provisioning**

The collection efficiency for individual loans on a cumulative basis improved to stand at over 98% during the quarter ended September 2021.

As per regulatory norms, the gross non-performing loans as at September 2021 stood at Rs 10,341 crore. This is equivalent to 2.00% of the loan portfolio.

As per regulatory norms, the Corporation is required to carry a total provision of Rs 6605 crore. Of this, Rs 2,844 crore is towards provisioning for standard assets and Rs 3,761 crore is towards non-performing assets.

The provisions as at September 2021 stood at Rs 13,340 crore. The provisions carried as a percentage of the Exposure at Default (EAD) is equivalent to 2.56%. The Corporation's Expected Credit Loss (ECL) charged to the Statement of Profit and Loss for the half-year ended September 2021 was Rs 1,138 crore (PY: Rs 1,635 crore). For the quarter ended September 2021, the ECL charge was Rs 452 crore (PY: Rs 436 crore).

### **Impact Of Covid-19**

All offices of the Corporation are open for business and continue to follow the necessary hygiene protocols and safety precautions. The Corporation had organised various vaccination camps for the staff and their family members. The key risks to business remains another wave of infections and variants of the virus. As at September 2021, loans restructured under the RBI's Resolution Framework for COVID-19 Related Stress (OTR 1 & 2.0) was equivalent to 1.4% of the loan book (as at June 30, 2021: 0.9% of the loan book). Of the loans restructured, 63% are individual loans and 37% are non-individual loans. Of the total restructured loans, 35% is in respect of just one account. As at September 2021, loans disbursed under the Emergency Credit Line Guarantee Scheme stood at Rs 1,738 crore.

Cumulative COVID-19 provision as at September 2021 was Rs 1,304 crore. The Corporation stands comfortable on liquidity. The Corporation has committed Rs 55 crore from its Corporate Social Responsibility (CSR) budget towards COVID-19 second wave relief measures. These include the development of long-term health infrastructure such as oxygen plants, extension hospitals and provision of high-end ventilators. The Corporation has also embarked on a large vaccination programme across India for low income communities, along with various nonprofit partners, hospitals and local administration to support the government's endeavours on the same.

### **Net Interest Income**

The net interest income (NII) for the half year ended September 2021 stood at Rs 8,255 crore compared to Rs 7,039 crore in the previous year, representing a growth of 17%. Inclusive of income from assigned loans, the NII for the half-year ended September 2021 stood at Rs 8,650 crore compared to Rs 7,381 crore in the previous year, representing a growth of 17%.

### **Spreads and Net Interest Margin**

The spread on loans over the cost of borrowings for the half ended September 2021 was 2.29%. The spread on the individual loan book was 1.93% and on the non-individual book was 3.37%. The reported Net Interest Margin (NIM) was 3.6%.

### **Investments**

All investments in the Corporation's subsidiary and associate companies are carried at cost and not at fair value. Accordingly, as at September 2021, the unaccounted gains on listed investments in subsidiary and associate companies amounted to Rs 2,75,917 crore.

### **Capital Adequacy Ratio**

As at September 2021, the Corporation's capital adequacy ratio stood at 22.4%, of which Tier I capital was 21.6% and Tier II capital was 0.8%. As per regulatory norms, the minimum requirement for the capital adequacy ratio and Tier I capital is 15% and 10% respectively.

### **Consolidated Financial Results**

For the half-year ended September 2021, the consolidated profit after tax attributable to the Corporation stood at Rs 10,299 crore as compared to Rs 8,213 crore in the previous year, representing a growth of 25%.

### **Distribution Network**

HDFC's distribution network spans 616 outlets which include 202 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.

E-mail: [smc.care@smcindiaonline.com](mailto:smc.care@smcindiaonline.com)



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**Corporate Office:**

11/6B, Shanti Chamber,  
Pusa Road, New Delhi - 110005  
Tel: +91-11-30111000  
[www.smcindiaonline.com](http://www.smcindiaonline.com)

**Mumbai Office:**

Lotus Corporate Park, A Wing 401 / 402, 4th Floor,  
Graham Firth Steel Compound, Off Western  
Express Highway, Jay Coach Signal, Goreagon  
(East) Mumbai - 400063  
Tel: 91-22-67341600, Fax: 91-22-67341697

**Kolkata Office:**

18, Rabindra Sarani, Poddar Court, Gate No-4,  
5th Floor, Kolkata - 700001  
Tel.: 033 6612 7000/033 4058 7000  
Fax: 033 6612 7004/033 4058 7004

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