

# HDFC LTD

CMP: Rs.1, 961.75

DATE:12.7.2018

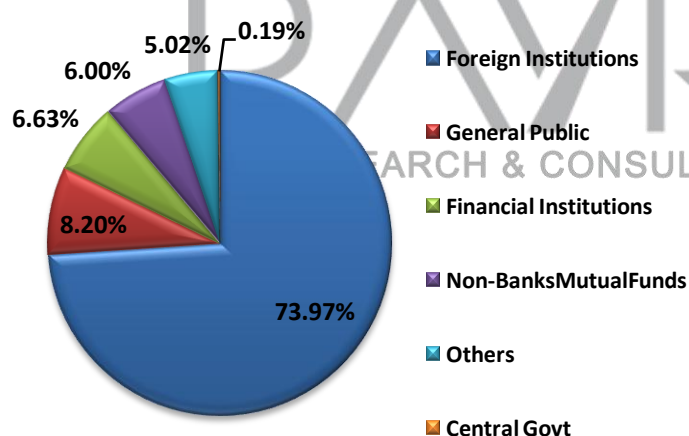
## COMPANY DETAILS

Industry Type	Financial services
Headquarter & Incorporated	Mumbai,1977
Market cap(In cr.)	Rs.330,618.87
NSE /BSECODE	HDFC/500010
52wk low/high	1620.65/1982.00

## KEY FINANCIALS(Cr.)

Year	Revenue	Expenses	Profit
2013-14	40,814.56	31,968.71	6,487.51
2014-15	48,390.03	38,273.41	6,950.92
2015-16	53,257.11	41,644.14	7,973.63
2016-17	61,087.63	48,438.08	8,628.76
2017-18	69,141.67	54,993.49	13,601.31

## SHAREHOLDING PATTERN



## HIGHLIGHTS:

India has a diversified financial sector undergoing rapid expansion, both in terms of strong growth of existing financial services firms and new entities entering the market. The sector comprises commercial banks, insurance companies, non-banking financial companies, co-operatives, pension funds, mutual funds and other smaller financial entities. The growth of financial sector in India at present is nearly 8.5% per year. The rise in the growth rate suggests the growth of the economy. The financial policies and the monetary policies are able to sustain a stable growth rate.

**HDFC Ltd.** plays an important role in financial sector. Housing Development Finance Corporation Limited (HDFC Ltd.) was established in 1977 with the primary objective of meeting a social need of

encouraging home ownership by providing long-term finance to households. HDFC Ltd., headquartered in Mumbai India having large market capitalization of Rs. 330,618.87 crore. HDFC's NSE/BSE CODE is HDFC/500010. HDFC has given a strong financial performance with healthy growth in Revenue, expenses and Profit. In FY2017-18, Revenue of the company stood at Rs. 69,141.67 crore as against Rs. 61,087.63 crore in FY2016-17, registering a growth of 13.18%. Expenses was at Rs. 54,993.49 Crore in FY2017-18 as compared to Rs. 48,438.08 crore in FY2016-17, an increase of 13.53% and Profit has shown a growth of 57.83% in FY2017-18 which stood at Rs. 13,601.31 crore in comparison with Rs. 8,628.76 crore in FY2016-17. Revenue of the company increased at

a CAGR of 11.12% over the last five years. Foreign Institutions held more shares in this company which was 73.97% of total shareholding. General public, Financial Institutions, Non-Banks Mutual Funds, Others, Central govt. held shares of 8.20%, 6.63%, 6.00%, 5.02%, 0.18% respectively.

## FINANCIAL PERFORMANCE:

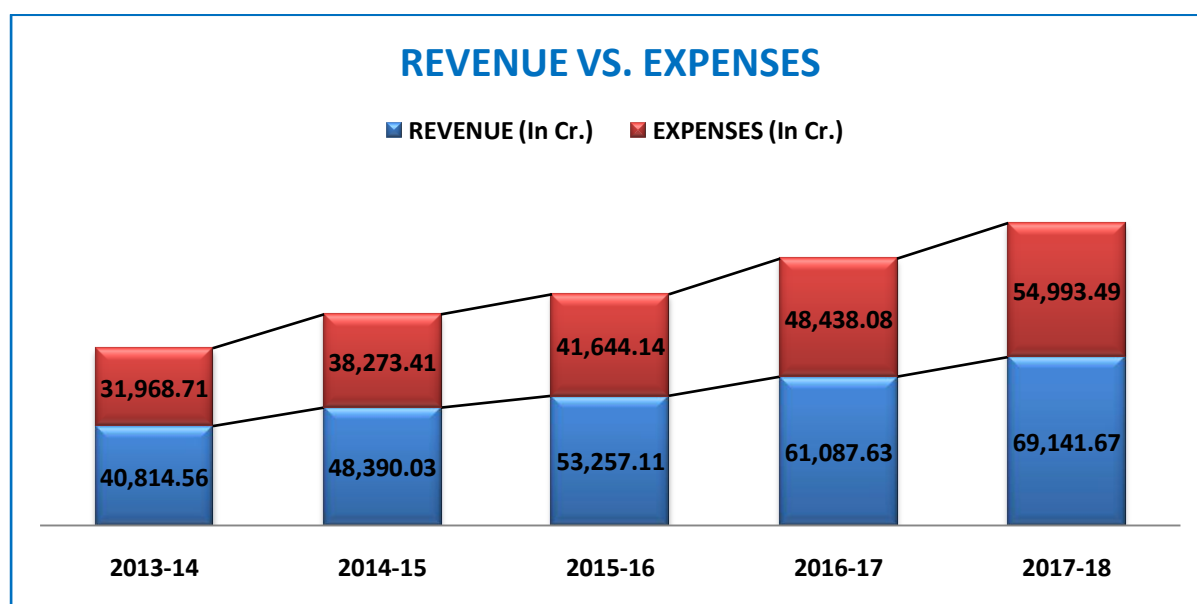
PARTICULARS	2016-17	2017-18
Balance sheet size (In Cr.)	473,158.10	562,701.26
Shareholder's fund (In Cr.)	60,008.21	86,491.02
BPS (Rs.)	377.72	516.09
EPS (Rs.)	68.87	100.35
ROA (%)	1.82	2.42
ROE (%)	14.38	15.73
ROCE (%)	2.80	3.88
Net Profit Margin (%)	14.13	19.67

The company has performed well in FY2017-18. Balance sheet size of the company has increased by 18.92% to Rs.562, 701.26 crore in FY2017-18 from Rs.473.158.10 crore in FY2016-17. Shareholder's fund has shown an increase of 44.13% in FY2017-18 from FY2016-17. BPS has increased to Rs.516.09 in FY2017-18 from Rs.377.72 in FY2016-17. EPS stood at Rs.100.35 in FY2017-18. Returns of the company have shown an increase in FY2017-18. ROA, ROE, ROCE stood at 2.42%, 15.73%, 3.88% respectively in FY2017-18. Net Profit Margin was at 19.67% in FY2017-18.

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## FINANCIAL ANALYSIS:

### REVENUE VS. EXPENSES:



By considering the graph, it could be clearly analysed that both revenue and expenses were increasing Y-O-Y. Revenue of the company has recorded a growth of 13.18% while expenses has recorded a growth of 13.53%.

### REVENUE:

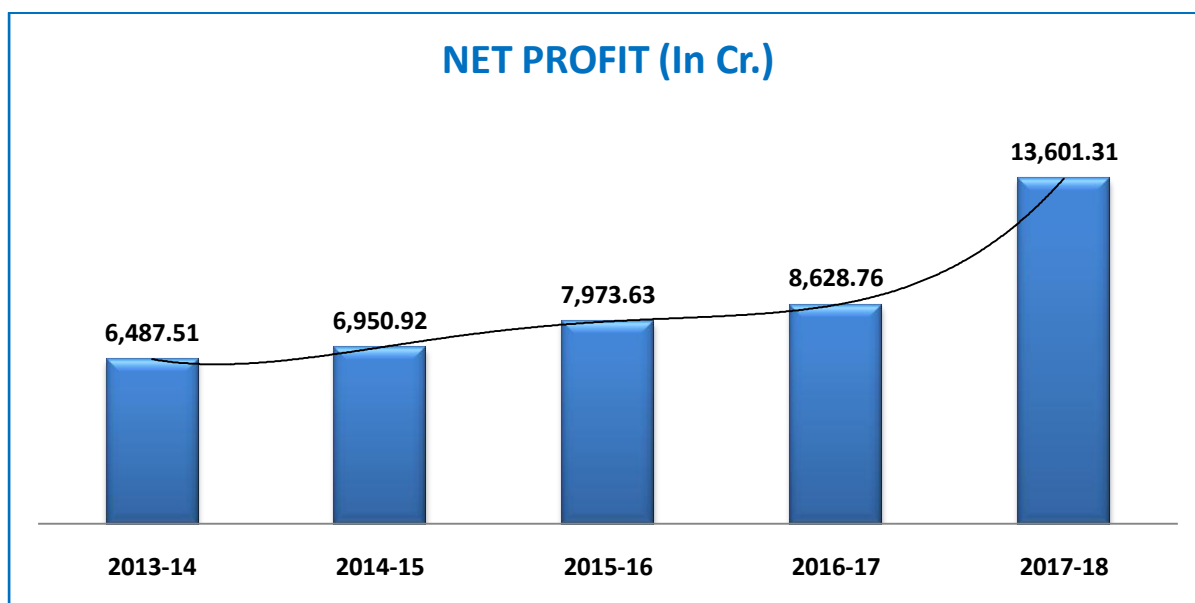
During the year FY2017-18, Revenue of the company stood at Rs.69,141.67 crore as against Rs.61,087.63 crore in FY2016-17, recording a growth of 13.18%. This growth constituted Interest on loans of 0.93%, Interest on Investments of 16.89%, Dividends of 58.13%, Management & Trusteeship Fees of 18.05%, Income from Leases of 111.18%, Premium from Insurance Business of 21.32%.

### EXPENSES:

Expenses of HDFC has increased by 13.53% in FY2017-18 from FY 2016-17 as there was a increase in Finance cost of 6.83%, Employee Benefit cost of 14.80% , Establishment Expenses of 14.12%, other expenses of 10.68%, provisions and contingencies of 1.65%. Commission and operating expenses pertaining to Insurance Business OF 33.49%, Other expenses pertaining to Insurance Business of 6.85%.

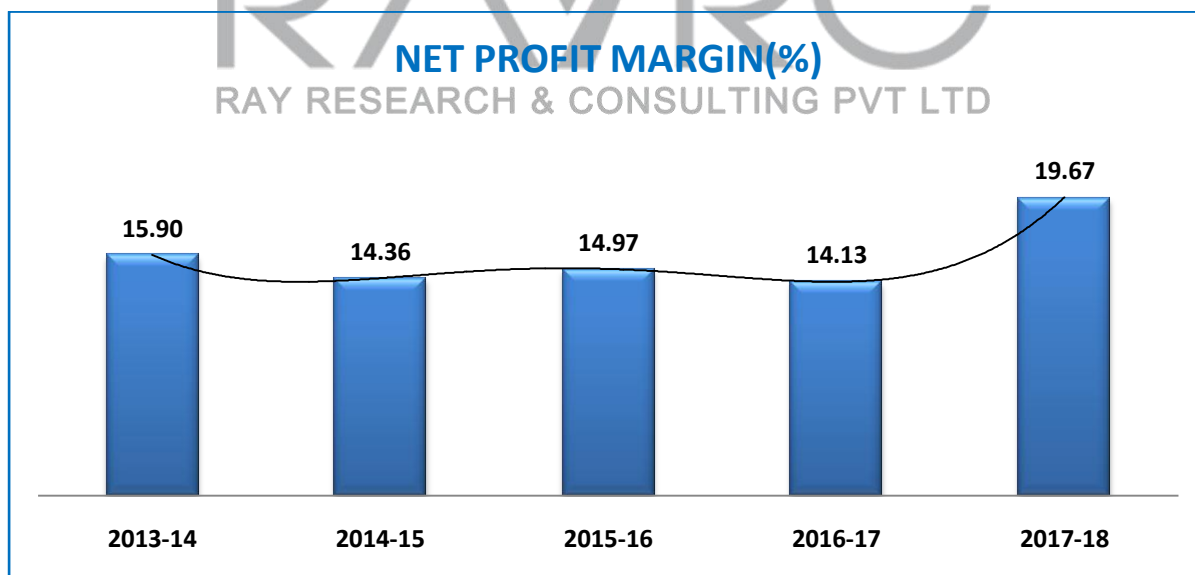
- Finance Cost increased by 6.83%, Rs.23,452.42 crore in FY2017-18 as against Rs.21,953.15 crore in FY2016-17 due to increase in Interest on Deposits of 0.38%, Bonds and debentures of 15.97%, Interest on commercial paper of 3.16%, other charges of 19.25%.
- Employee Benefit cost Increased by 6.83% in FY2017-18, Rs.1,048.14 crore as against Rs 913.02 crore in FY2016-17 on account of increase in Salaries and Bonus of 15.92%, Contribution to Provident Fund and Other Funds of 0.26%, Staff Training and Welfare Expenses of 30.07%.
- Establishment Expenses has increased by 14.12% in FY2017-18 from FY2016-17 due to increase in Rent of 13.62%, Rates and Taxes of 55.81%, Repairs and Maintenance – Buildings of 0.73%, General Office Expenses of 0.29%, Electricity Charges of 7.33%, Insurance Charges 88.59%.
- Other expenses has increased to Rs.1,193.10 crore in FY2017-18 from Rs.1,078.00 crore in FY2016-17, recording a growth of 10.68% due to increase in Travelling and Conveyance of 9.02%, Printing and Stationery of 23.00%, Postage, Telephone and Fax of 4.68%, Advertising of 14.06%, Business Development Expenses of 57.98%, Loan Processing Expenses of 10.73%, Manpower Outsourcing of 19.59%, Office Maintenance of 25.80%, Computer expenses of 19.99%, Directors' Fees and Commission of 14.32%, Miscellaneous Expenses of 14.90%.

## PROFIT:



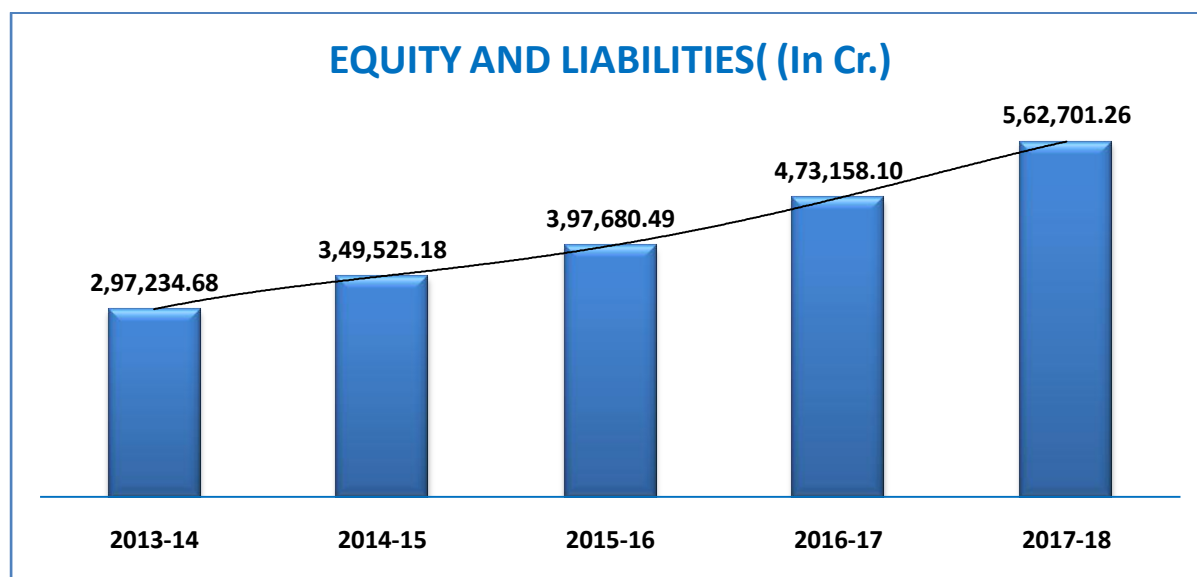
For the year ended March 31, 2018, the Company made a Net Profit of Rs.13,601.31 crore as against Rs.8,628.76 crore in the previous year, registering an increase of 57.63%.

## NET PROFIT MARGIN:



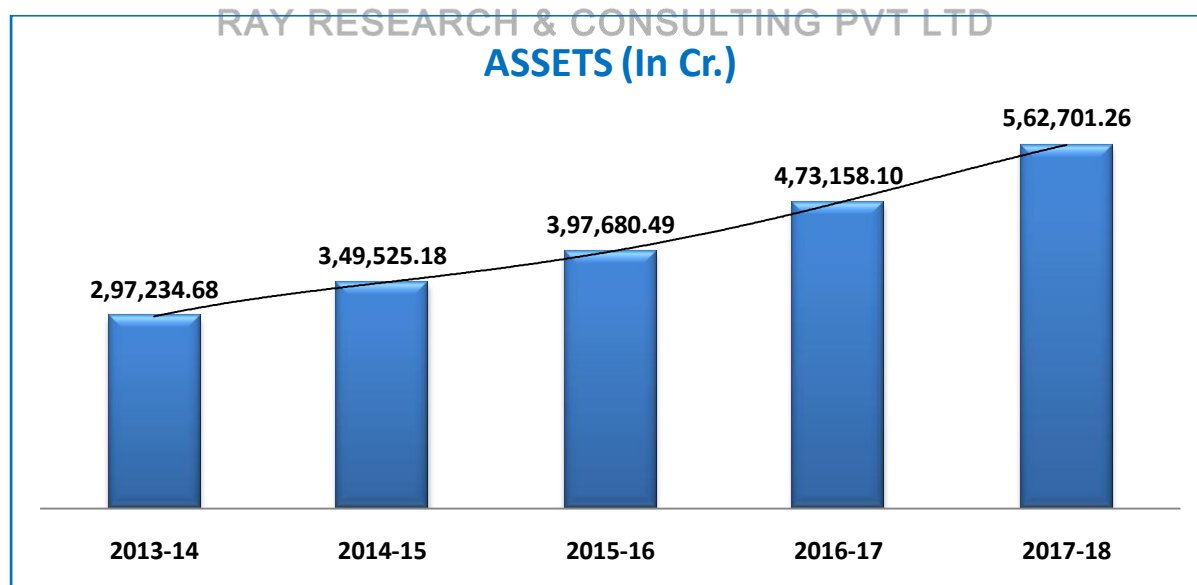
In FY2017-18, Profit Margin has increased to 19.67% from 14.13% in FY2016-17. Net profit Margin Increased that means the company has managed its operating expenses in a well manner.

## EQUITY AND LIABILITIES:



Equity & Liabilities of the company has increased to Rs.562,701.26 crore in FY2017-18 from Rs.473,158.10 crore in FY2016-17, recording a growth of 18.92%. This Increase is due to increase in share capital of 5.49%, Reserve and Surplus of 44.34%, Policy Liability of 15.74%, Other Long-term Liabilities of 20.93%, Long-term Provisions of 95.36%, Short term Borrowings of 64.01%, Trade Payables of 20.03%, Short term provisions of 14.91%.

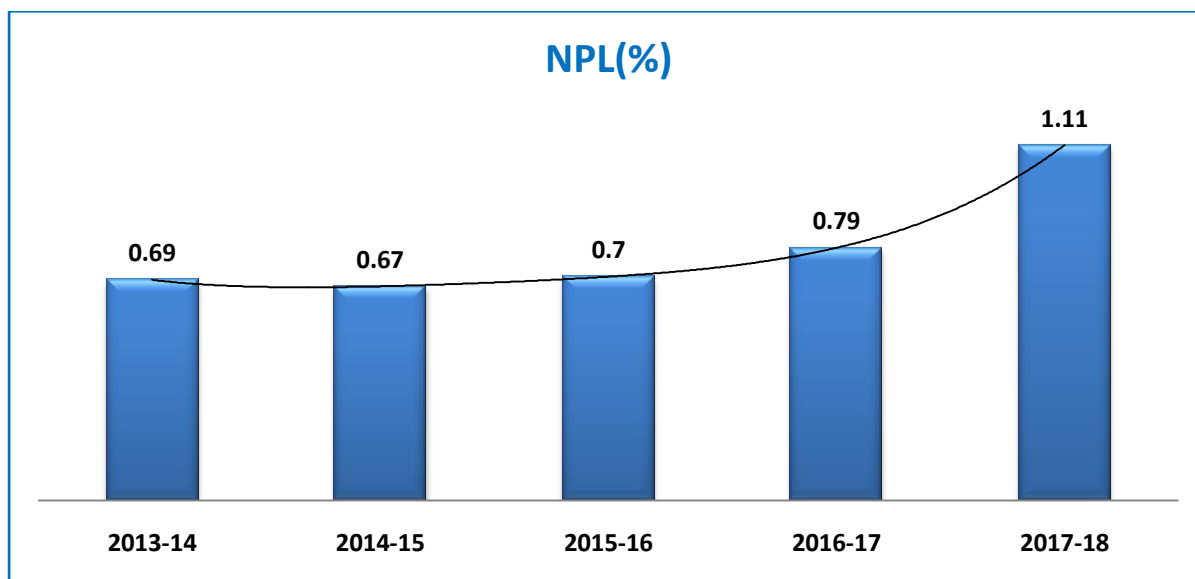
## ASSETS:



Assets of the company has shown a growth of 18.92% which stood at Rs.562,701.26 crore in FY2017-18 as compared to Rs.473,158.10 crore in FY2016-17. This growth in Assets is due to increase in Tangible assets of 2.52%, Intangible assets of 13.77%, Non-current Investments of 17.17%, Deferred tax assets of 17.42%, Loans of 27.96%, Other Non-current Assets of

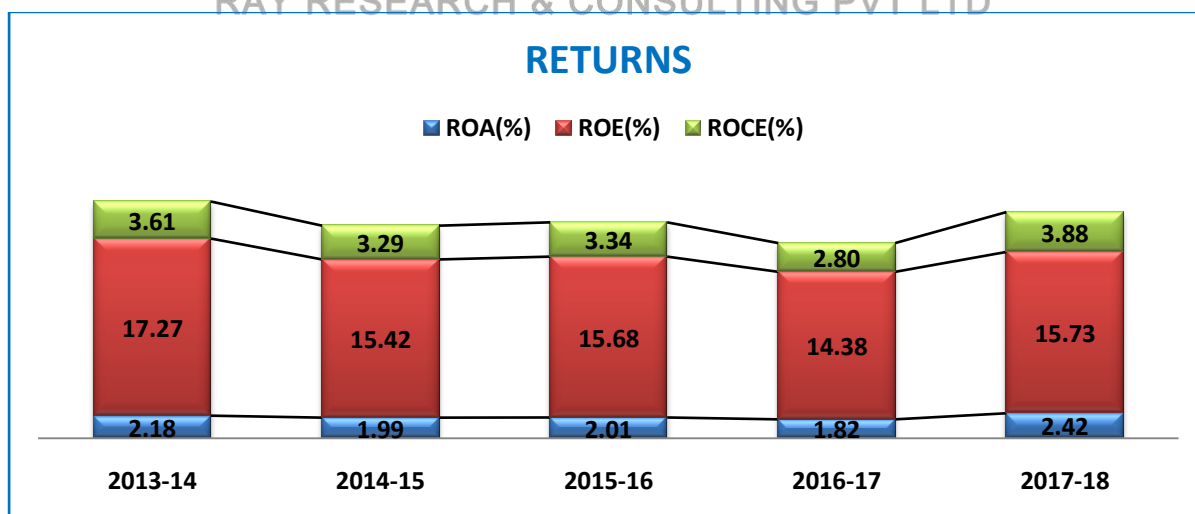
30.31%, Current Investments of 71.93%, Trade Receivables of 0.38%, Other Current Assets of 3.48%.

### NON-PERFORMING LOANS:



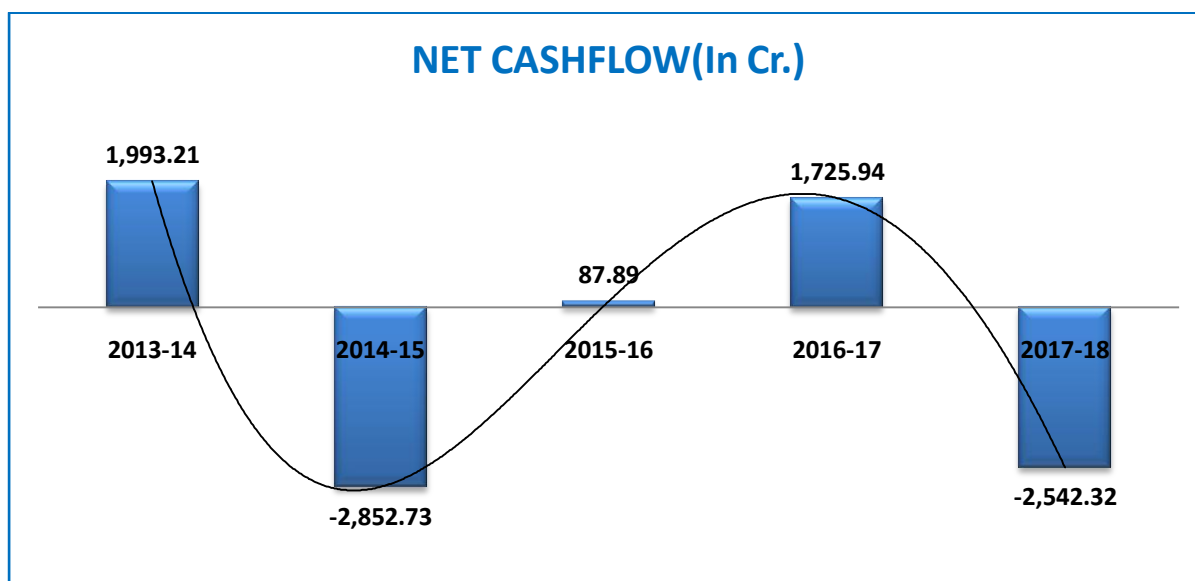
Gross non - performing loans outstanding amounted to Rs.4,019 crore as at March 31, 2018, constituting 1.11% of the loan portfolio. Non-Performing loans has increased to 1.11% in FY2017-18 from 0.79% in FY2016-17.

### RETURNS:



Returns of the company have shown an increase in FY2017-18. ROA of the company has increased to 2.42% in FY2017-18 from 1.82% in FY2016-17. ROE stood at 15.73% in FY2017-18 as compared to 14.38% in FY2016-17. ROCE was at 3.88% in FY2017-18 as against 2.80% in FY2016-17.

## CASHFLOW:



There was a negative cash flow in FY2017-18 which stood at Rs.(2542.32) crore. This Negative cash flow was due to Loss on Sale of Investments, Provision for Diminution in value of Investments, Interest Paid, Premium Paid on Redemption of Debentures, Taxes Paid, Loans disbursed, Purchase of Fixed Assets, Purchase of Investments, Repayment of long-term borrowings, Dividend Paid.

## CONCLUSION:

Housing Development Finance Corporation Limited (HDFC Ltd.) was established with the primary objective to enhance the residential housing stock in the country through the provision of Housing Finance in a systematic and professional manner, and to promote home ownership. HDFC Ltd has Extensive distribution network of 453 interconnected offices (including 140 offices of HDFC Sales) with outreach programs to several towns and cities all over India and 3 representative offices in Dubai, London and Singapore offering Home Loan products to Non-Resident Indians and Persons of Indian Origin. . HDFC has provided a steady financial performance in FY2017-18 with a Revenue growth of 13.18% which stood at Rs. 69,141.67 Crore as against Rs. 61,087.63 crore in FY2016-17. Profit was at Rs.13,601.31 crore in FY2017-18 as against Rs. 8,628.76 in FY2016-17 registering an growth of 57.63% .Over the course of 5 years ,revenue of the company increased at CAGR of 11.12%.

## FINANCIAL STATEMENT:

### PROFIT AND LOSS STATEMENT:

CONSOLIDATED PROFIT & LOSS STATEMENT					
(Rs. In crore)					
	2013-14	2014-15	2015-16	2016-17	2017-18
<b>INCOME</b>					
Revenue from Operations	25,583.15	29,075.78	31,873.34	35,005.26	38,245.24
Profit on sale of Investments	294.03	510.87	1,616.53	1,177.26	641.93
Other Income	61.39	74.34	34.18	53.28	24.1
Premium from Insurance Business	13,539.59	16,427.35	17,876.25	21,729.13	26,361.62
Other Operating Income from Insurance Business	1,336.40	2,301.69	1,856.81	3,122.70	3,868.78
<b>Total Revenue</b>	<b>40,814.56</b>	<b>48,390.03</b>	<b>53,257.11</b>	<b>61,087.63</b>	<b>69,141.67</b>
<b>EXPENSES</b>					
Finance Cost	16,607.89	18,710.29	20,295.60	21,953.15	23,452.42
Employee Benefit Cost	597.24	699.14	788.14	913.02	1,048.14
Establishment Expenses	143.14	136.95	134.88	142.49	162.61
Other Expenses	465.29	584.13	878.79	1,078.00	1,193.10
Claims paid pertaining to Insurance Business	5,969.83	9,551.25	9,486.04	11,888.33	15,337.43
Commission and operating expenses pertaining to Insurance Business	1,924.34	2,112.45	2,524.69	3,118.88	4,163.34
Other expenses pertaining to Insurance Business	6,103.93	6,244.53	6,682.58	8,491.21	9,072.73
Depreciation and Amortisation	46.85	46.63	120.52	107.98	74.11
Provision for Contingencies	110.2	188.04	732.90	745.02	489.61
<b>Total Expenditure</b>	<b>31,968.71</b>	<b>38,273.41</b>	<b>41,644.14</b>	<b>48,438.08</b>	<b>54,993.49</b>
<b>PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX</b>	<b>8,845.85</b>	<b>10,116.62</b>	<b>11,612.97</b>	<b>12,649.55</b>	<b>14,148.18</b>
<b>EXCEPTIONAL ITEMS</b>					3,454.33
<b>PROFIT BEFORE TAX</b>					17,602.51
Tax Expense					
Current Tax	2,317.05	2,883.62	3,479.32	3,504.91	4,339.38
MAT Credit Entitlement					-317.51
Deferred Tax	41.29	282.08	160.02	515.88	-20.67
<b>PROFIT FOR THE YEAR</b>	<b>6,487.51</b>	<b>6,950.92</b>	<b>7,973.63</b>	<b>8,628.76</b>	<b>13,601.31</b>
Share of profit of Minority Interest	-454.89	-482.72	-527.99	-797.02	-1,076.58
Net share of Profit From Associates	1,915.20	2,294.42	2,744.62	3,219.38	3,730.23
<b>PROFIT AFTER TAX ATTRIBUTABLE TO THE GROUP</b>	<b>7,947.82</b>	<b>8,762.62</b>	<b>10,190.26</b>	<b>11,051.12</b>	<b>16,254.96</b>
<b>EARNINGS PER SHARE (Face Value Rs. 2)</b>					



Basic (Rs.)	51.01	55.81	64.07	68.87	100.35
Diluted(Rs.)	50.61	55.30	63.59	68.30	98.88

## BALANCESHEET:

CONSOLIDATED BALANCESHEET					
(Rs. In crore)					
	2013-14	2014-15	2015-16	2016-17	2017-18
<b>EQUITY AND LIABILITIES</b>					
<b>SHAREHOLDERS' FUNDS</b>					
Share Capital	312.1	314.94	315.97	317.73	335.18
Reserves and Surplus	37,262.51	44,756.69	50,533.61	59,690.48	86,155.84
	37,574.61	45,071.63	50,849.58	60,008.21	86,491.02
Money received against warrants			51.10	51.10	50.38
	37,574.61	45,071.63	50,900.68	60,059.31	86,541.40
<b>MINORITY INTEREST</b>	1,423.88	1,820.08	2,325.97	3,472.57	4,697.65
<b>NON-CURRENT LIABILITIES</b>					
Policy Liabilities (Policyholder's Fund)	45,003.25	54,924.28	61,215.25	74,256.39	85,946.93
Long-term borrowings	91,757.78	104,545.72	118,782.38	161,952.00	161,709.86
Deferred tax liabilities (net)	15.82	231.32	970.41	2,514.22	2,493.59
Other Long-term liabilities	2,288.20	2,546.12	1,777.85	2,359.26	2,853.14
Long-term provisions	1,682.20	1,998.04	2,630.02	3,025.89	5,911.46
	140,747.25	164,245.48	185,375.91	244,107.76	258,914.98
<b>CURRENT LIABILITIES</b>					
Short-term borrowings	26,342.54	34,420.05	41,948.83	42,447.95	69,618.96
Trade Payables	2,803.27	2,984.85	3,303.66	5,927.15	7,114.45
Other current liabilities					
Policy Liabilities (Policyholder's Fund)	4,300.42	10,531.68	10,931.51	14,274.24	16,795.41
Borrowings	72,831.68	78,390.95	88,562.64	89,394.67	105,301.56
Others	7,559.93	7,864.17	9,737.93	10,622.65	10,439.84
Short-term provisions	3,651.10	4,196.29	4,593.36	2,851.80	3,277.01
Total current liabilities	117,488.94	138,387.99	159,077.93	165,518.46	212,547.23
Total liabilities	297,234.68	349,525.18	397,680.49	473,158.10	562,701.26
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS:</b>					
Fixed assets					
Tangible assets	746.16	1,203.17	1,312.56	1,206.03	1,236.40
Intangible assets	70.49	79.25	67.88	82.66	94.04
Capital work in Progress	21.01	5.6	6.58	40.48	12.62
Intangible assets under Development	0.03	3.38	12.13	13.2	11.06
GOODWILL ON CONSOLIDATION	185.59	187.81	187.81	620.04	221.85
Non-current investments	65,377.26	86,887.59	95,464.42	119,045.97	139,486.35
Deferred tax asset (net)	663.34	18.55	18.18	15.67	18.4
Long-term loans and					4,329.45

advances					
Loans	183,423.95	211,531.09	245,527.80	279,345.01	357,455.75
Others	2,899.97	3,150.97	3,234.78	7,074.10	
Other non-current assets	1,115.43	2,799.52	789.28	1,495.42	1,948.69
	254,503.23	305,866.93	346,621.42	408,938.58	504,814.61
<b>CURRENT ASSETS:</b>					
Current investments	7,536.95	6,894.83	9,256.32	13,809.31	23,742.12
Trade receivables	377.01	457.79	466.8	1,482.43	1,488.05
Cash and bank balances	8,588.11	4,261.92	6,381.05	7,496.78	3,012.39
Short-term loans and advances					4,500.39
Loans	21,324.43	26,674.83	26,557.81	32,783.64	21,717.01
Others	3,259.27	3,679.28	4,242.84	5,335.93	
Other current assets	1,645.68	1,689.60	4,154.25	3,311.43	3,426.69
<b>CURRENT ASSETS</b>	42,731.45	43,658.25	51,059.07	64,219.52	36,169.64
DEFICIT IN THE REVENUE ACCOUNT (Policyholder's Account)	-	-	-		
<b>TOTAL ASSETS</b>	297,234.68	349,525.18	397,680.49	473,158.10	562,701.26

## CASHFLOW STATEMENT:

CONOLIDATED CASHFLOW STATEMENT					
(Rs. In crore)					
	2013-14	2014-15	2015-16	2016-17	2017-18
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Profit After tax Attributable to the group	7,947.82	8,762.62	10,190.26	11,051.12	16,254.96
Add: Provision for Taxation	2,358.34	3,165.70	3,639.34	4,020.79	4,001.20
Profit Before Tax	10,306.16	11,928.32	13,829.60	15,071.91	20,256.16
Adjustments for:					
Depreciation and Amortisation *	108.87	130.73	196.87	179.45	149.23
Provision for Contingencies	110.2	188.04	732.9	745.02	2,064.61
Interest Expense	16,357.10	18,589.83	20,091.60	21,761.08	22,970.23
Net (Gain)/Loss on translation of foreign currency monetary assets and liabilities	-49.51	-16.28	55.03	34.758	309.64
Net gain on derivative valuation of INR derivatives & underlying hedging instrument				-20.59	17.2
Interest Income	-23,774.91	-26,994.73	-29,460.14	-32,360.40	-35,461.03
Employee Stock Option Expense (net of options exercised)	-	-	-		

Premium paid on redemption of Debentures	-398.2	-192.8	-		
Shelter Assistance Reserve - utilisation	-13.02	-10.83	-85.31	-146.26	-176.53
Reserve for Unexpired Risk	-0.46	-	-	407.04	464.85
Policy Liabilities (net)	180.83	104.41	189.28	16,383.87	14,211.71
Surplus from Deployment in Cash Management Schemes of Mutual Funds	9,979.18	16,152.28	6,690.80	-453.75	-440.12
Profit on sale of Investment	-344.01	-369.48	-311.67	-1,177.26	-5,671.26
Dividend Income	-294.03	-510.87	-1,616.53	-42.23	-66.78
(Profit) / Loss on Sale of Investment in Properties				2.14	
Provision for Dimunution in value of Investments	-0.38	5.06	10.17	15	-15.95
Bad debts written off	1.89	4.6	5.8	1.3	1.46
profit /loss on sale of Fixed Assets(net)	-22.41	-27.64	-7.45	-7.95	-4.92
Operating Profit before working capital changes	12,099.66	18,939.48	10,271.10	20,390.98	-4.92
Adjustments for:					
Current and Non Current Assets	266.1	-978.49	-1,998.18	564.35	1,083.61
Current and Non Current Liabilities	156.79	759.49	584.96	3,581.62	957.39
Cash generated from operations	12,522.55	18,720.48	8,857.88	24,536.95	20,649.50
Interest Received	23,271.11	26,682.39	29,129.49	30,561.21	34,794.19
Interest Paid	-15,418.73	-18,519.42	-19,687.41	32,242.88	-21,960.31
Premium Paid on Redemption of Debentures				-1,714.54	-616.17
Dividend Received	47.64	41.16	49.85	42.23	66.78
Taxes Paid	-2,910.84	-3,227.77	-3,653.24	-4,225.40	-4,600.76
Net cash from operation	17,511.73	23,696.84	14,595.71	30,463.33	28,333.23
Loans disbursed (net)	-28,647.62	-33,281.47	-33,753.21	-40,224.99	-66,331.91
Corporate Deposits (net)	299.75	466.44	-429.14	-4,411.43	5,135.28
Net cash used in operating activities	-10,836.14	-9,118.19	-19,586.64	-14,173.09	-32,863.40
* Includes depreciation included under Other expenses pertaining to Insurance Business					
CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of Fixed Assets	-255.13	-616.32	-147.88	-281.48	-222.84

Sale of Fixed Assets	31.21	57.81	11.07	63.34	20.33
Goodwill (net)	-0.51	-2.22	-	-432.23	-
Investments (net)	-12,766.59	-17,994.19	-9,175.48	-26,577.92	-23,504.34
Investments in Subsidiaries				-416.97	-
Investment in Cash Management Schemes of Mutual Funds				-386,372.00	-
Other Investments				-3,741.97	-
Sale proceeds of Investments :					-
in Subsidiary Company				1,120.50	-
in Cash Management Schemes of Mutual Funds				383,816.64	-
in other Companies and Properties				1,675.44	-
Net cash used in investing activities	-12,991.02	-18,554.92	-9,312.29	-27,228.29	-23,706.85
CASH FLOW FROM FINANCING ACTIVITIES					
Share Capital - Equity	2.83	2.84	1.03	1.76	17.45
Shares Bought Back by one of the Subsidiary Company	-20.92	-	-99.9		
Securities Premium	651.41	726.52	433.33	730.67	14,402.41
Deposits, CPs and other Short Term Borrowings (Net)				22,573.23	701.75
Proceeds from long-term borrowings				87,029.76	1,85,415.27
Repayment of long-term borrowings				-64,943.57	-144,246.11
Borrowings (net)	27,153.18	26,710.35	31,440.57		
Dividend Paid	-1,939.91	-2,505.94	-2,520.44	-2,685.52	-2,956.62
Tax paid on Dividend	-385.73	-485.43	-602.38	-597.77	-682.81
Securities Issue Expenses	-			-1.73	-72.99
Expenses on Buy Back of equity shares by a Subsidiary Company	-0.3	-22.01	-85.56		-
Increase in Minority Interest	359.81	394.05	369.07	1,020.49	1,390.28
Net cash from financing activities	25,820.37	24,820.38	28,986.82	43,127.32	54,027.93
Net (Decrease)/Increase in cash and cash equivalents	1,993.21	-2,852.73	87.89	1,725.94	-2,542.32
Cash and cash equivalents as at the beginning of the year	4,397.46	6,397.65	3,547.72	3,639.32	5,357.78
Add: Exchange difference on bank balance	6.98	2.8	3.71	-7.48	-

<b>Cash and cash equivalents as at the end of the year</b>	6,397.65	3,547.72	3,639.32	5,357.78	2,815.46
<b>Earmarked balances with banks</b>					-
<b>Unclaimed dividend account</b>	15.26	21.52	494.77	26.29	-
<b>Other against Foreign Currency Loans</b>	6.39	7.2	8.1	24.97	-
<b>Guarantees issued by banks</b>	0.24	0.13	0.06	0.3	-
<b>Others</b>	2.59	2.59	0.69	-	-
<b>Short-term bank deposits</b>	2,165.98	682.76	2,238.11	2,087.44	-
<b>Cash and Bank balances at the end of the year</b>	8,588.11	4,261.92	6,381.05	7,496.78	2,815.46

## REFERENCE:

- <https://www.bseindia.com/stock-share-price/housing-development-finance-corpltd/hdfc/500010/>
- <https://www.hdfc.com/investor-relations/annual-report>

