



**Housing Development Finance  
Corporation Limited**

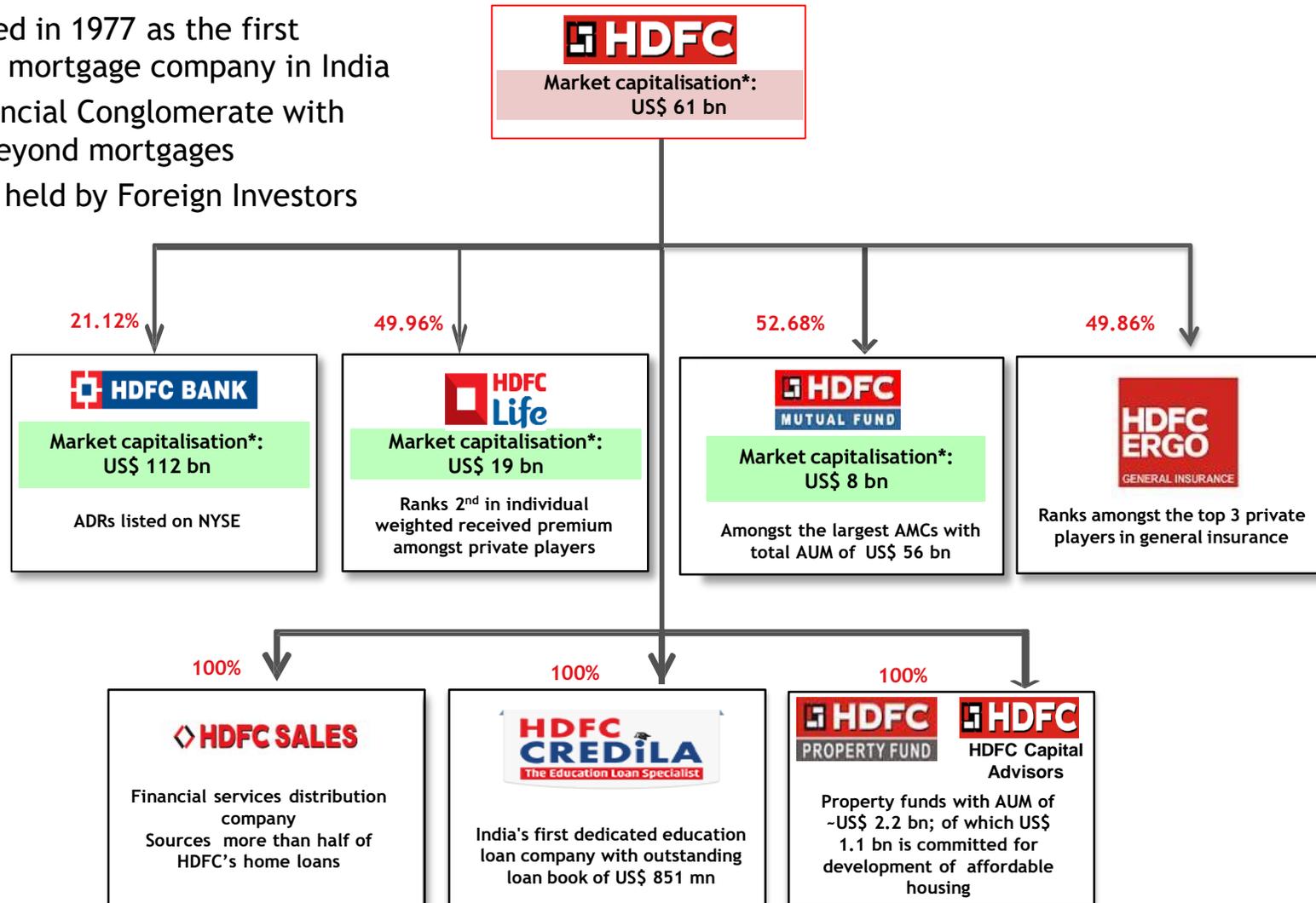
# CONTENTS

- **HDFC Snapshot**
- **Mortgage Market in India**
- **Operational and Financial Highlights: Mortgages**
- **Shareholding**
- **Financials: Standalone**
- **Key Subsidiaries and Associates**
- **Financials: Consolidated**
- **Environmental, Social & Governance**

# **HDFC SNAPSHOT**

## WHO WE ARE...

- Incorporated in 1977 as the first specialised mortgage company in India
- Now a Financial Conglomerate with interests beyond mortgages
- 73% shares held by Foreign Investors



\*As at March 31, 2021

US\$ amounts converted based on exchange rate of US\$ 1 = Rs. 73.60

# BUSINESS SUMMARY

March 2021

- **Loans Outstanding (Gross loans)** : Rs. 5,698.94 bn  
: US\$ 77.43 bn
- **Individual Loans Originated CAGR (5 years)** : 16%
- **Cumulative Housing Units Financed** : 8.4 million
- **Cost to Income Ratio** : 7.7%  
(excluding notional cost of Employee Stock Option Scheme  
& Corporate Social Responsibility Expenses)
- **Unaccounted gains on listed investments  
in subsidiary and associate companies** : Rs. 2,615.90 bn  
: US\$ 35.54 bn
- **Consolidated Profit After Tax CAGR (5 years)** : 21%

# IMPACT OF COVID-19

- Individual loan disbursements in FY21

Current Year/Previous Year	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21
Disbursements	37%	95%	126%	160%

- In H1 FY21, owing to the strict national lockdown, individual disbursements were 35% lower compared to the corresponding period in the previous year. In H2 FY21, individual disbursements were 42% higher than the corresponding period in the previous year. Thus, for FY21, individual disbursements grew by 3%.
- Owing to the uncertain environment, the Corporation maintained higher levels of liquidity which had the impact of negative carry.
- Total provisions carried as at March 31, 2021 stood at Rs 130.25 billion compared to the regulatory requirement of Rs 54.91 billion (based on period of default and standard assets)
  - COVID-19 provision as at March 31, 2021 stood at Rs 8.44 billion.
- Scale up on all digitalisation platforms for borrowers, depositors, channel partners and deposit agents, amongst others.
- Since April 2021, India has been witnessing an eruption of a second wave of infections.
  - There continues to be a great deal of uncertainty on the duration and intensity of the second wave.

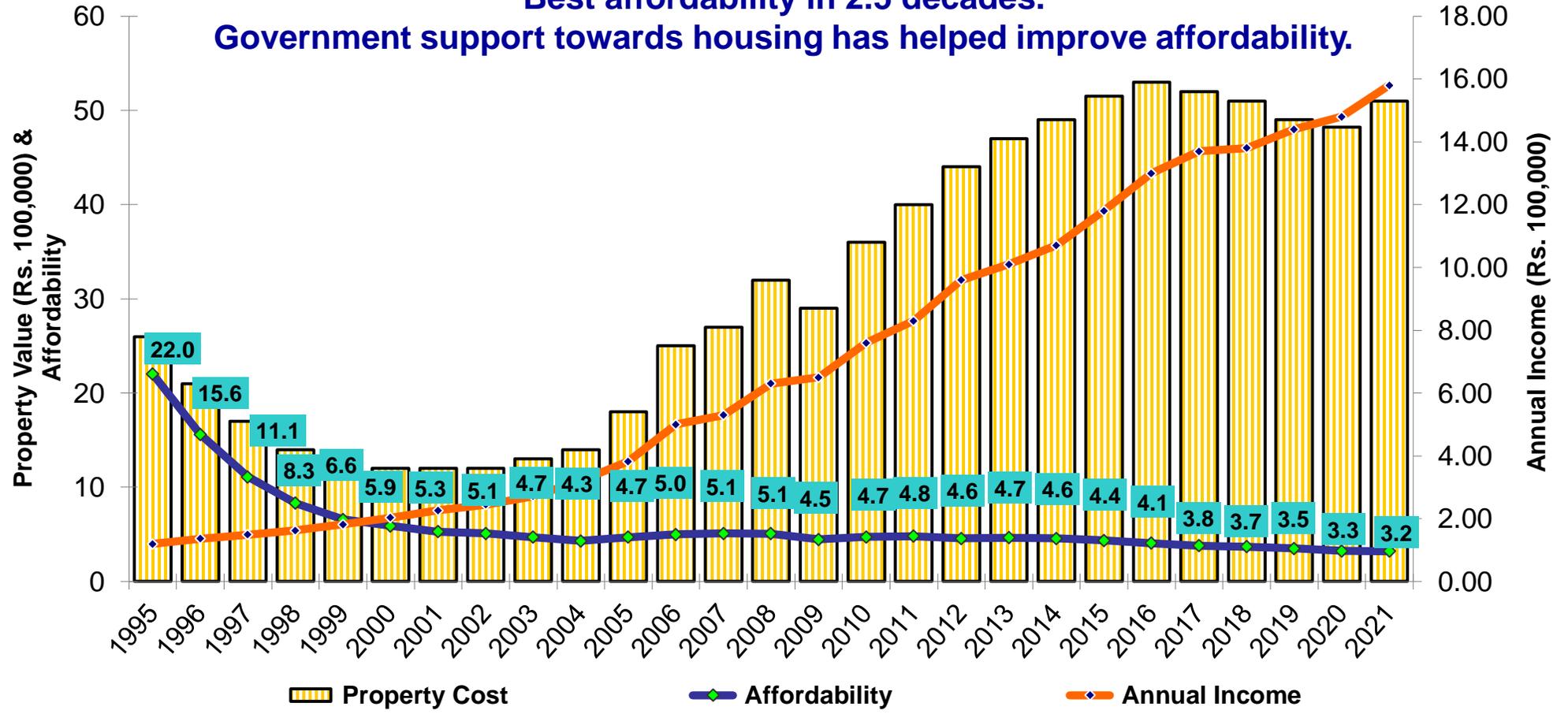
# **MORTGAGE MARKET IN INDIA**

# DRIVERS OF MORTGAGE GROWTH

- **Improved Affordability**
- **Low Penetration**
- **Government Incentives**
  - **Enhanced Fiscal Benefits**
  - **Credit Linked Subsidy Scheme**
- **Other Demand Drivers**

# IMPROVED AFFORDABILITY

Best affordability in 2.5 decades.  
 Government support towards housing has helped improve affordability.

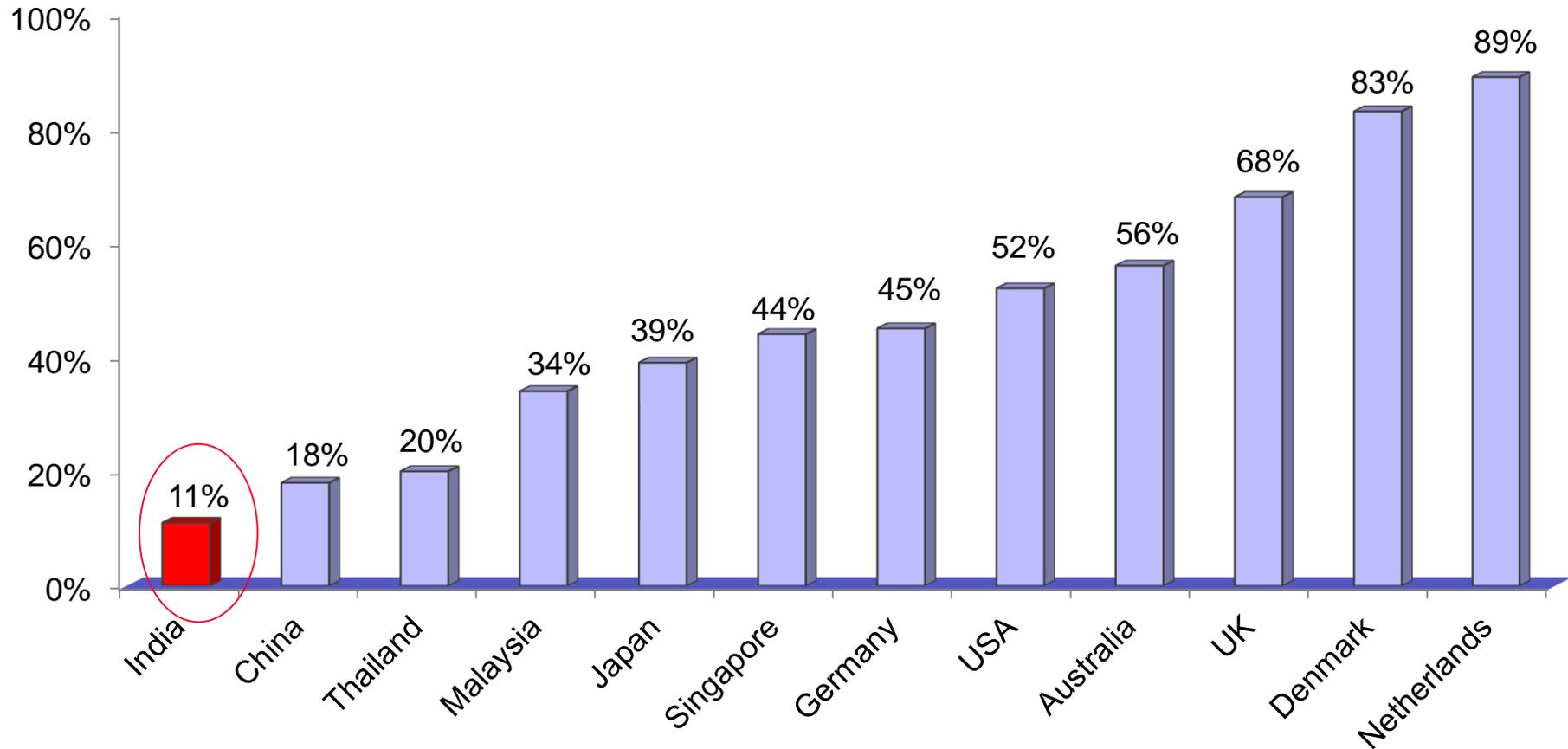


Representation of property price estimates

Affordability equals property prices by annual income

Based on customer data

## LOW PENETRATION IMPLIES ROOM FOR GROWTH MORTGAGES AS A PERCENT OF NOMINAL GDP



**Source: European Mortgage Federation, Hofinet & HDFC estimates for India.**

Note: India's lower GDP resulted in an increase in the mortgage to GDP ratio.

# GOVERNMENT/REGULATORY INITIATIVES

## Government Incentives

Tax incentives on interest and principal amount for home loan borrowers

Interest rate subsidy under the Credit Linked Subsidy Scheme for EWS/LIG\*

## Liquidity Measures

Liquidity schemes and special refinance facilities for Non-Banking Financial Companies - Housing Finance Companies

## Supply Side Incentives

Incentives to developers to build affordable housing

'Infrastructure' status accorded to affordable housing

External Commercial Borrowings/Rupee Denominated Bonds Issued Overseas

# TAX INCENTIVES HAVE LOWERED THE EFFECTIVE RATES ON MORTGAGES

	FY 2021	FY 2002	FY 2000
<b>Loan amount</b>	<b>29,50,000</b>	<b>29,50,000</b>	<b>29,50,000</b>
<b>Nominal Interest Rate(%)</b>	<b>6.75%</b>	<b>10.75%</b>	<b>13.25%</b>
<b>Max deduction for interest allowed</b>	<b>2,00,000</b>	<b>1,50,000</b>	<b>75,000</b>
<b>Deduction on principal</b>	<b>1,50,000</b>	<b>20,000</b>	<b>20,000</b>
<b>Tax rate</b>	<b>30.90%</b>	<b>31.50%</b>	<b>34.50%</b>
<b>Tenor (years)</b>	<b>20</b>	<b>20</b>	<b>20</b>
<b>Total amount paid per year</b>	<b>3,49,125</b>	<b>3,59,400</b>	<b>4,21,068</b>
<b>Interest component</b>	<b>1,99,125</b>	<b>3,17,125</b>	<b>3,90,875</b>
<b>Principal repaid</b>	<b>1,50,000</b>	<b>42,275</b>	<b>30,193</b>
<b>Tax amount saved</b>	<b>1,08,150</b>	<b>53,550</b>	<b>32,775</b>
<b>Effective interest paid on home loan</b>	<b>90,975</b>	<b>2,63,575</b>	<b>3,58,100</b>
<b>Effective interest on home loan</b>	<b>3.1%</b>	<b>8.9%</b>	<b>12.1%</b>

Note: Union Budget 2021-22: Additional interest deduction of Rs.1.5 lac for loans sanctioned from April 1, 2021 to March 31, 2022. This is for first-time home-buyers; house cost: up to Rs 450,000.

## OTHER DEMAND DRIVERS

- **Favourable Demographics:** 66% of India's population is below 35 years of age, hence large potential for home loans
- **Nuclear Households:** Rise in the number of households with a shift towards nuclear families
- **Urbanisation:** Currently 32% of the Indian population reside in cities; estimated to be 50% by 2030
- **Interest Rates:** Improved affordability through rising disposable incomes and lowest ever interest rates on home loans

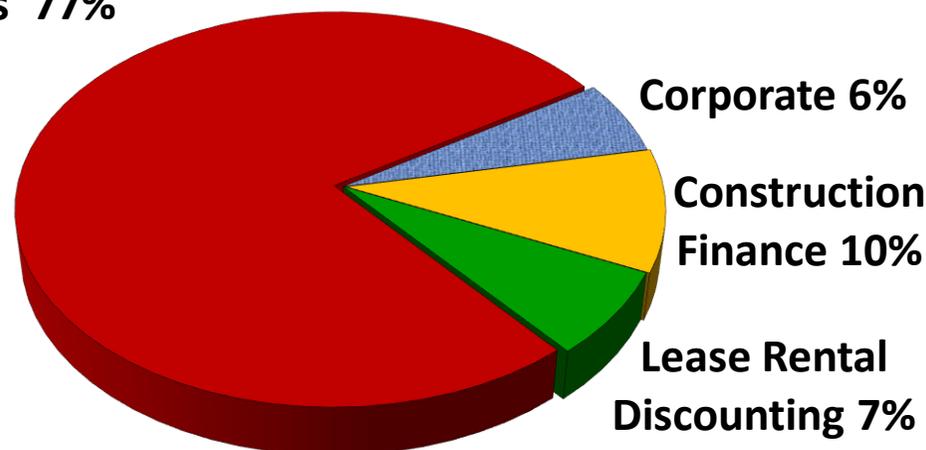
# **OPERATIONAL & FINANCIAL HIGHLIGHTS: MORTGAGES**

# CORE BUSINESS – LENDING

(As at March 31, 2021: Gross Loans - US\$ 77.43 bn)

INDIVIDUAL LOANS
- Home Loans <ul style="list-style-type: none"> <li>• Fixed rate loans</li> <li>• Floating rate loans</li> </ul>
- Home Improvement Loans
- Home Extension Loans
- Home Equity Loans
- Rural Home Loans
- Loans to NRIs

Individuals 77%



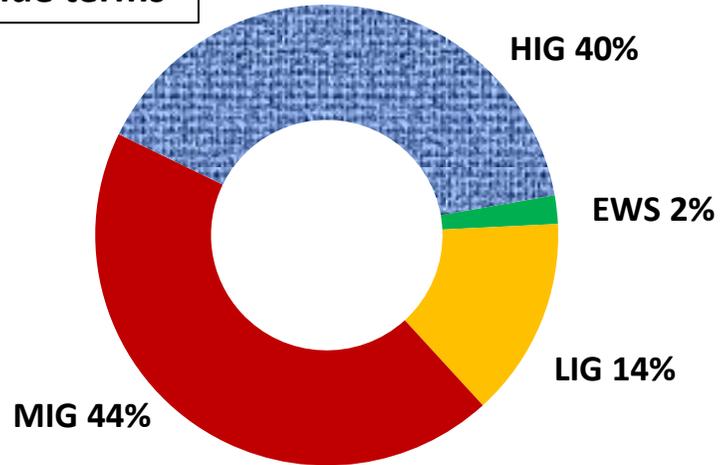
As at March 31, 2021	Loan Book Outstanding (After Sell Down)			Loan Book o/s Before Sell Down in last 12 months			Assets Under Management		
	Rs. bn	US\$ bn	%Growth	Rs. bn	US\$ bn	%Growth	Rs. bn	US\$ bn	%Growth
Individuals	3,688	50	13%	3,878	53	19%	4,402	60	12%
Non-Individuals	1,295	18	4%	1,295	18	4%	1,297	17	4%
<b>Total</b>	<b>4,983</b>	<b>68</b>	<b>11%</b>	<b>5,173</b>	<b>71</b>	<b>15%</b>	<b>5,699</b>	<b>77</b>	<b>10%</b>

Individual loans sold (outstanding): Rs. 714.21 bn (US\$ 9.70 bn)

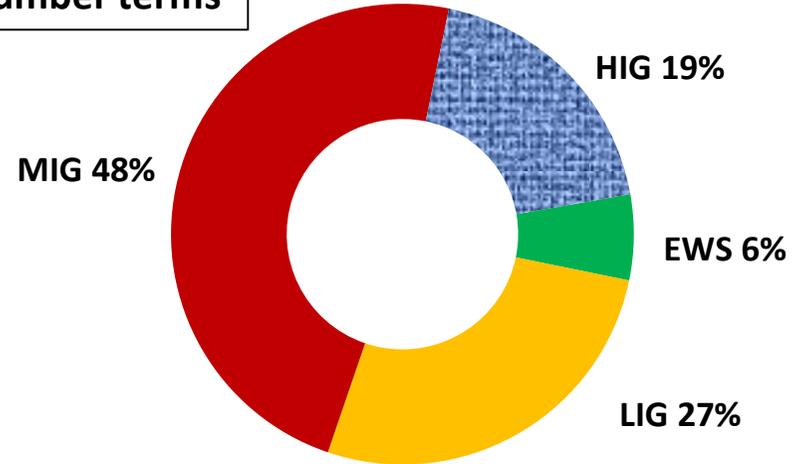
# AFFORDABLE HOUSING

## Housing Loan Approvals Based on Income Slabs FY21

In Value terms



In Number terms



Economically Weaker Section: Up to Rs 0.3 mn p.a  
 Middle Income Group: Above Rs 0.6 mn to Rs 1.8 mn p.a.

Low Income Group: Above Rs 0.3 mn to Rs 0.6 mn p.a.  
 High Income Group: Above Rs 1.8 mn p.a.

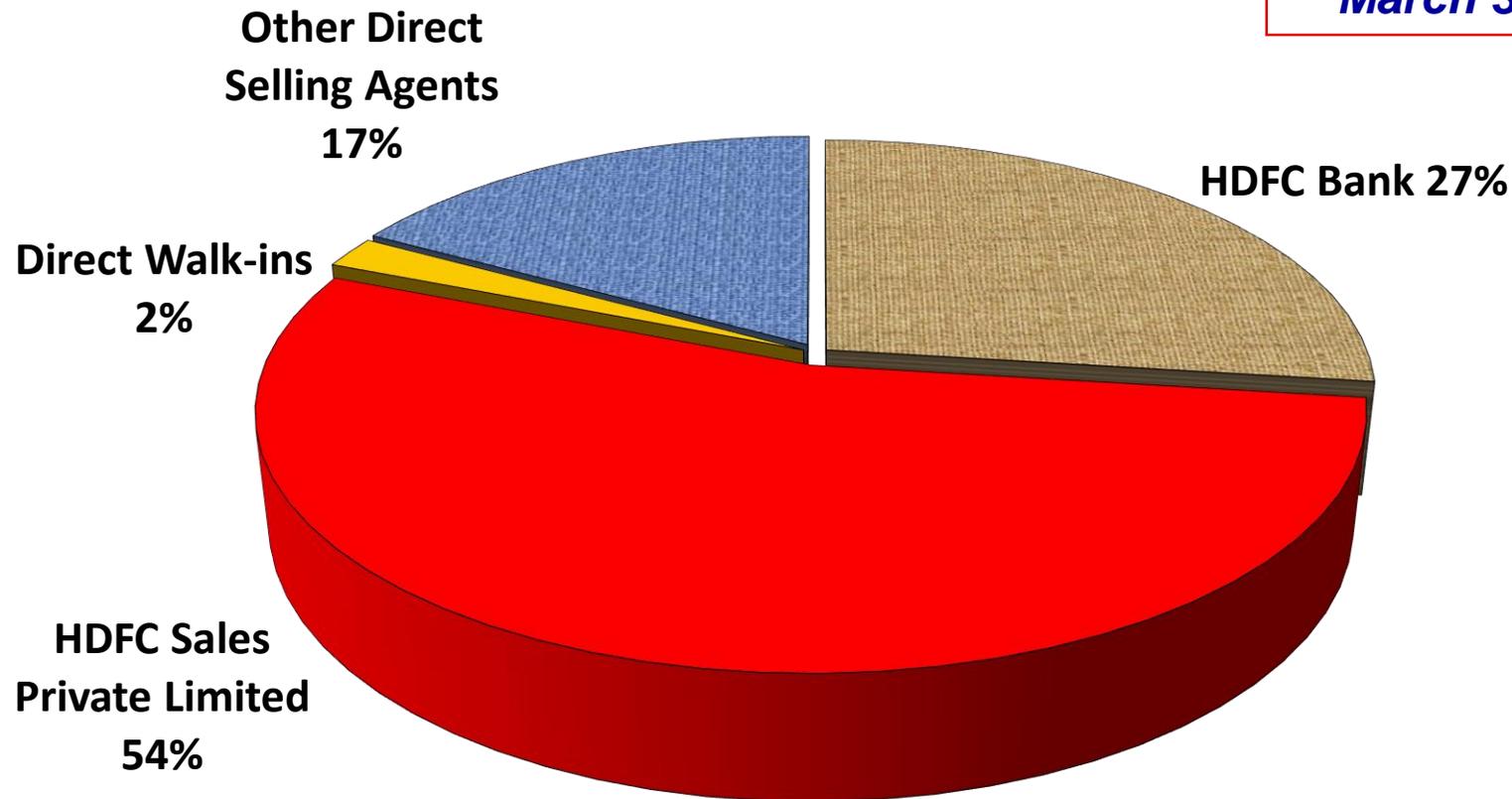
### Housing Loans to EWS & LIG Segments

- 33% of home loan approvals in volume terms has been to the EWS & LIG segments and 16% in value terms
- Average home loan – EWS: Rs 1.08 mn, LIG: Rs 1.86 mn

**Credit Linked Subsidy Scheme (CLSS):** HDFC has the highest number of beneficiaries at 233,000, with cumulative disbursements of Rs 393 bn and a subsidy amount of Rs 52 bn.

# 83% OF OUR MORTGAGES ARE SOURCED BY OURSELVES OR THROUGH OUR AFFILIATES

March 31, 2021

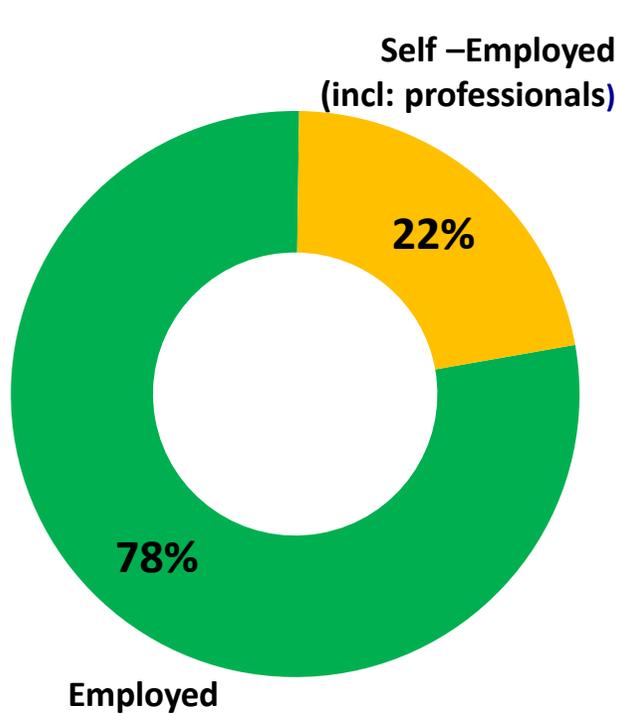


Deposit & loan products offered at several locations through outreach programmes.

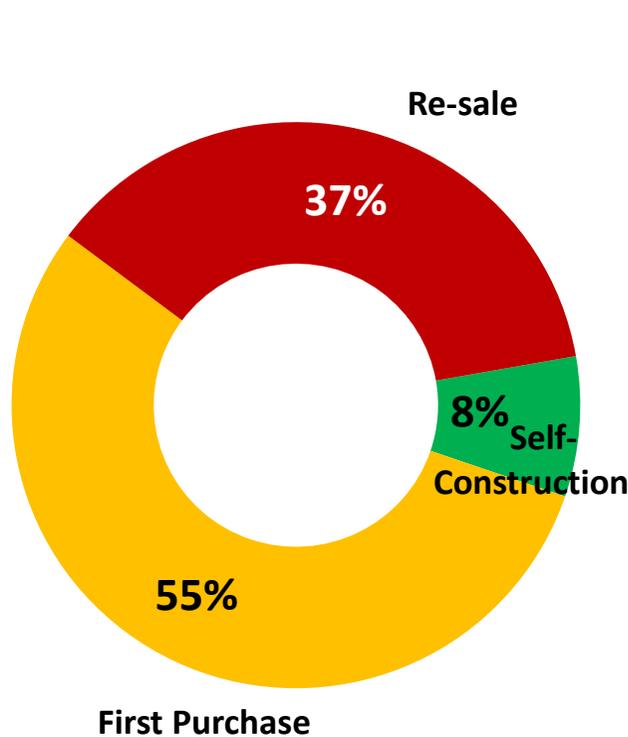
Total number of offices: **593** which is inclusive of **203** outlets of HDFC's wholly owned distribution company.

# INDIVIDUAL LOANS FY21 \*

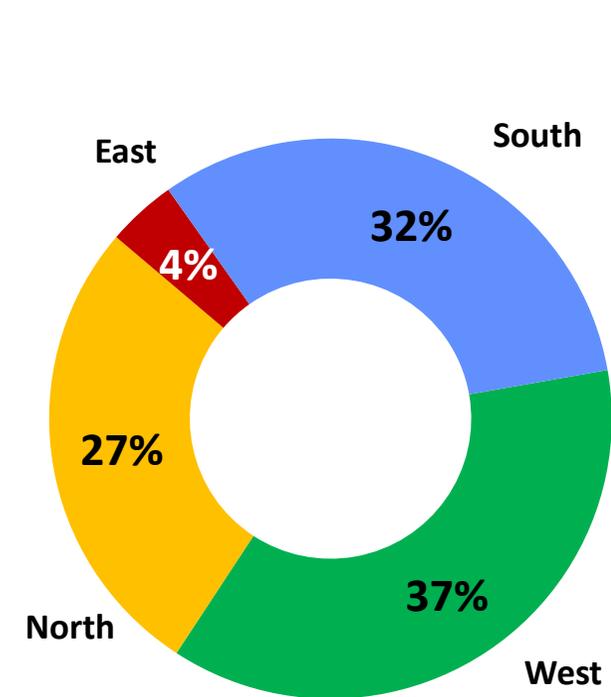
Employment



Acquisition Mode



Geographic Spread

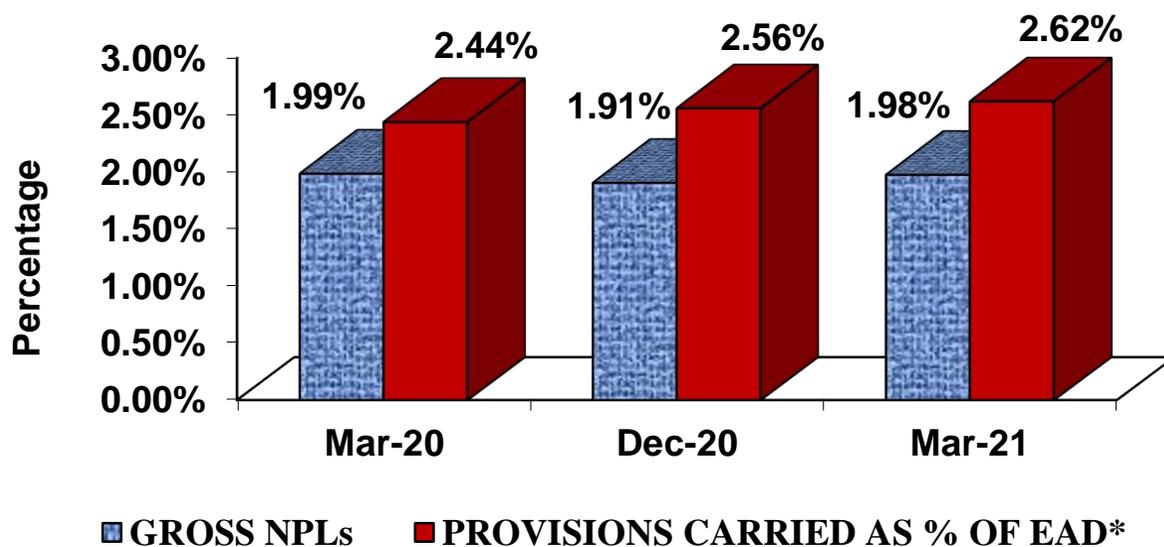


\* Based on value of approvals

## **OUR CONSERVATIVE LOAN PROFILE UNDERLIES OUR HIGH CREDIT QUALITY**

- **Average Loan Size** : Rs. 2.95 mn (~US\$ 40,000)
- **Average Loan to Value** : 69% (at origination)
- **Average Loan Term** : 11 years
- **Average Age** : 38 years
- **Primary Security** : Mortgage of property financed
- **Repayment Type** : Amortising

## NON-PERFORMING LOANS (NPLs) & PROVISIONS CARRIED



As at March 31, 2021	
(Rs. in bn)	
NPLs (3 months):	97.59
Provisions Carried:	130.25
Regulatory provision as per period of default & standard assets:	54.91

NPLs	March 31, 2021	March 31, 2020
Individual Loans	0.99%	0.95%
Non-Individual Loans	4.77%	4.71%
Overall NPLs	1.98%	1.99%

\*EAD: Exposure at Default

# EXPECTED CREDIT LOSS (ECL) BASED ON EXPOSURE AT DEFAULT (EAD)

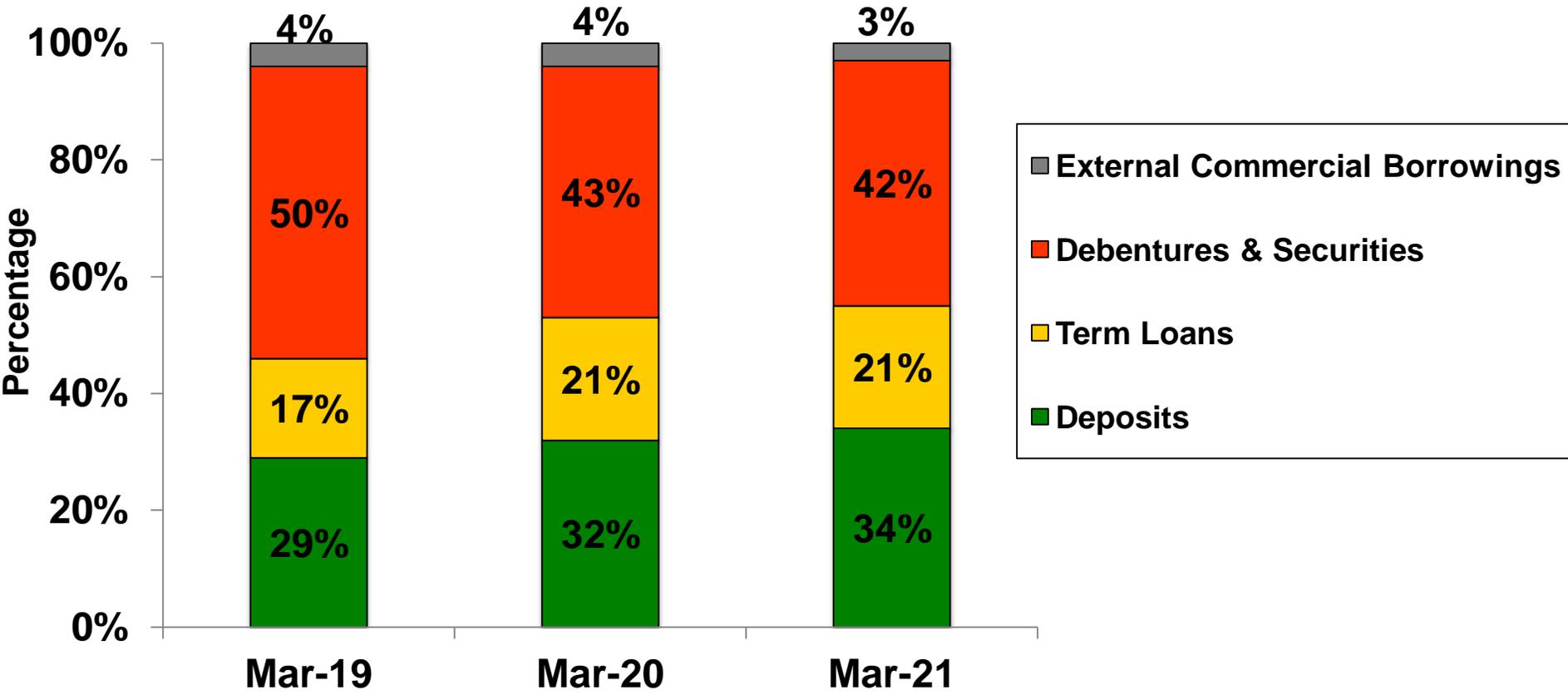
Rs bn

As per IND AS	Mar-21	Dec-20	Mar-20
Gross Stage 1	4,540.29	4,375.07	4,158.64
ECL Provision Stage 1	10.87	8.92	3.46
Net Stage 1	4,529.42	4,366.15	4,155.18
Coverage Ratio % Stage 1	0.24%	0.20%	0.08%
Gross Stage 2	315.47	342.08	247.94
ECL Provision Stage 2	58.81	60.08	57.50
Net Stage 2	256.66	282.00	190.44
Coverage Ratio % Stage 2	19%	18%	23%
Gross Stage 3	116.32	110.02	102.73
ECL Provision Stage 3	60.57	54.42	48.92
Net Stage 3	55.75	55.60	53.81
Coverage Ratio % Stage 3	52%	49%	48%
EAD	4,972.08	4,827.17	4,509.31
ECL Provision	130.25	123.42	109.88
Net	4,841.83	4,703.75	4,399.43
ECL/EAD	2.62%	2.56%	2.44%

Note: Loans under the one-time restructuring framework due to COVID-19 stress and Emergency Credit Line Guarantee Scheme are classified under Stage 2.

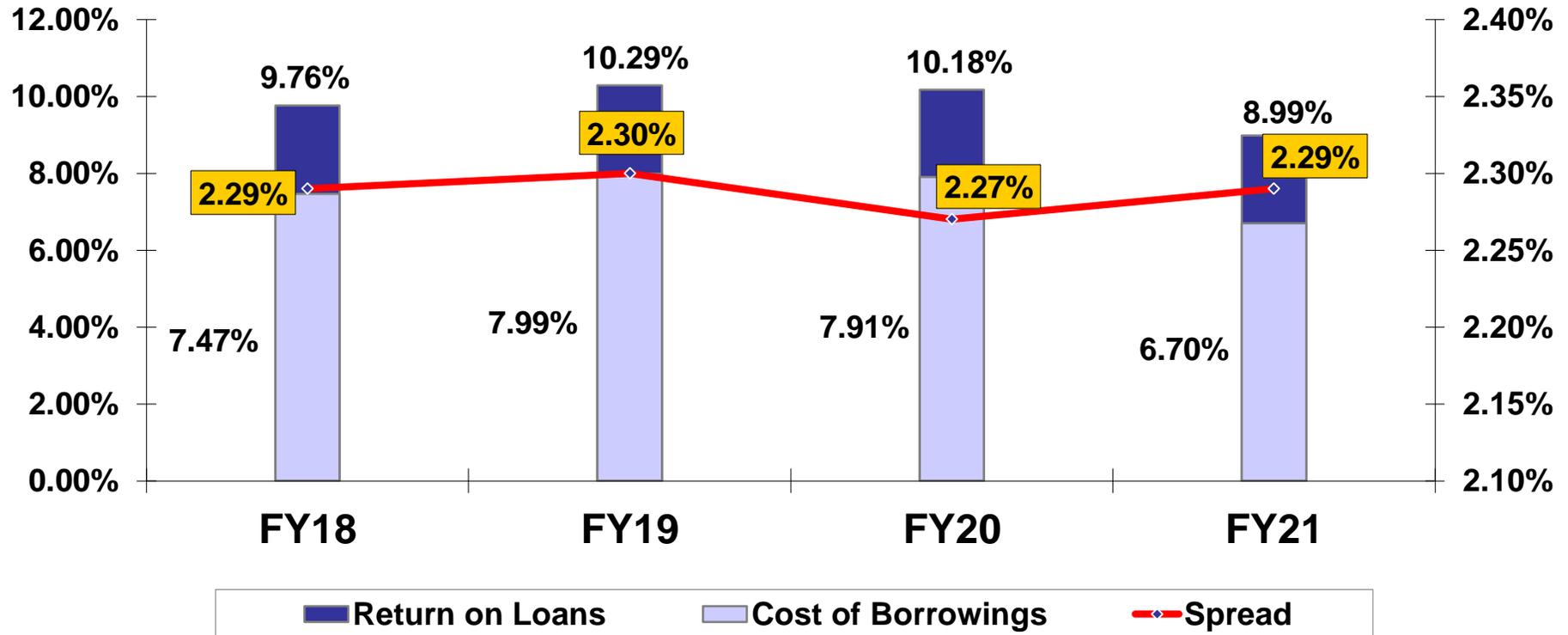
# MULTIPLE SOURCES OF BORROWINGS

(As at March 31, 2021: Total Borrowings - US\$ 59.97 bn)



Total Borrowings: Rs 4,413.65 bn (US\$ 59.97 bn)

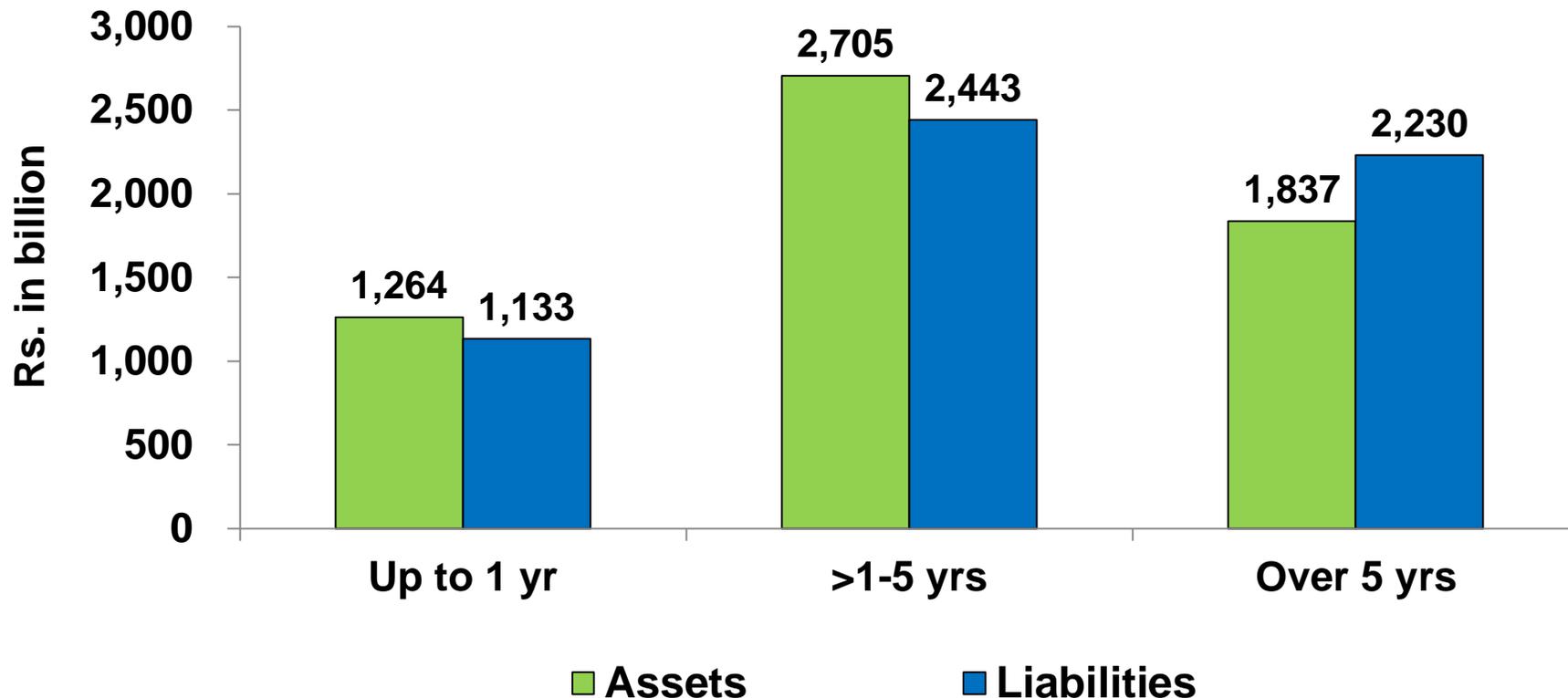
# LOAN SPREADS



	FY21
<b>Spread earned on:</b>	
Individual Loans	1.93%
Non-individual Loans	3.22%
Loan Book	2.29%

# MATURITY PROFILE

(As at March 31, 2021)



The above graph reflects adjustments for prepayments and renewals in accordance with the guidelines issued by National Housing Bank.

# PRODUCTIVITY RATIOS

	FY21	FY20
<b>Number of employees</b>	<b>3,226</b>	<b>3,095</b>
<b>Number of outlets</b>	<b>390</b>	<b>379</b>
<b>Profit per employee (US\$ '000)*</b>	<b>468</b>	<b>407</b>
<b>Assets per employee (US\$ mn)</b>	<b>23.2</b>	<b>22.1</b>
<b>Admin costs/assets (%)^</b>	<b>0.21</b>	<b>0.24</b>
<b>Cost income ratio (%)^</b>	<b>7.7</b>	<b>9.0</b>

*\*To make ratios comparable, profit on sale of strategic investments have not been considered.*

*^Excluding notional cost of ESOS and CSR expenses*

# KEY FINANCIAL METRICS

	FY21	FY20
<b>Net Interest Margin(%)</b>	<b>3.5</b>	<b>3.4</b>
<b>Pre Tax RoAA (%)<sup>^</sup></b>	<b>2.6</b>	<b>2.5</b>
<b>Post Tax RoAA (%)<sup>^</sup></b>	<b>2.1</b>	<b>2.0</b>
<b>Return on Equity (%)<sup>*</sup></b>	<b>12.3</b>	<b>21.7</b>
<b>Return on Tier 1 Capital (%)</b>	<b>14.8</b>	<b>14.8</b>
<b>Capital Adequacy (%)</b>	<b>22.2</b>	<b>17.6</b>
<b>Of which Tier I (%)</b>	<b>21.5</b>	<b>16.5</b>
<b>Tier II (%)</b>	<b>0.7</b>	<b>1.1</b>

<sup>^</sup>Adjusted for profit on sale of investments of strategic investments

<sup>\*</sup> In FY20, GRUH Finance merged with Bandhan Bank. As per IndAS, the Corporation had on derecognition of the investment in GRUH, recorded a fair value gain of Rs 90.20 billion through the Statement of Profit and Loss of FY20.

# VALUATION & SHAREHOLDING

# VALUATION – METHOD 1

- Number of shares outstanding: 1.80 billion
- Share Price (CMP as at March 31, 2021): Rs. 2,499
- Market Capitalisation: Rs. 4,508.1 billion (~US\$ 61 bn)

	Rs bn	US\$ bn
<b>Net Worth</b>	<b>1,088</b>	<b>14.8</b>
<i>Add:</i> Unaccounted gains on strategic listed investments	<b>2,616</b>	<b>35.5</b>
<i>Add:</i> Unaccounted gains on unlisted investments	<b>205</b>	<b>2.8</b>
<b>Adjusted Networkth</b>	<b>3,909</b>	<b>53.1</b>
<b>Market Capitalisation</b>	<b>4,508</b>	<b>61.3</b>
<b>Adjusted Price to Book Ratio</b>	<b>1.2</b>	<b>1.2</b>

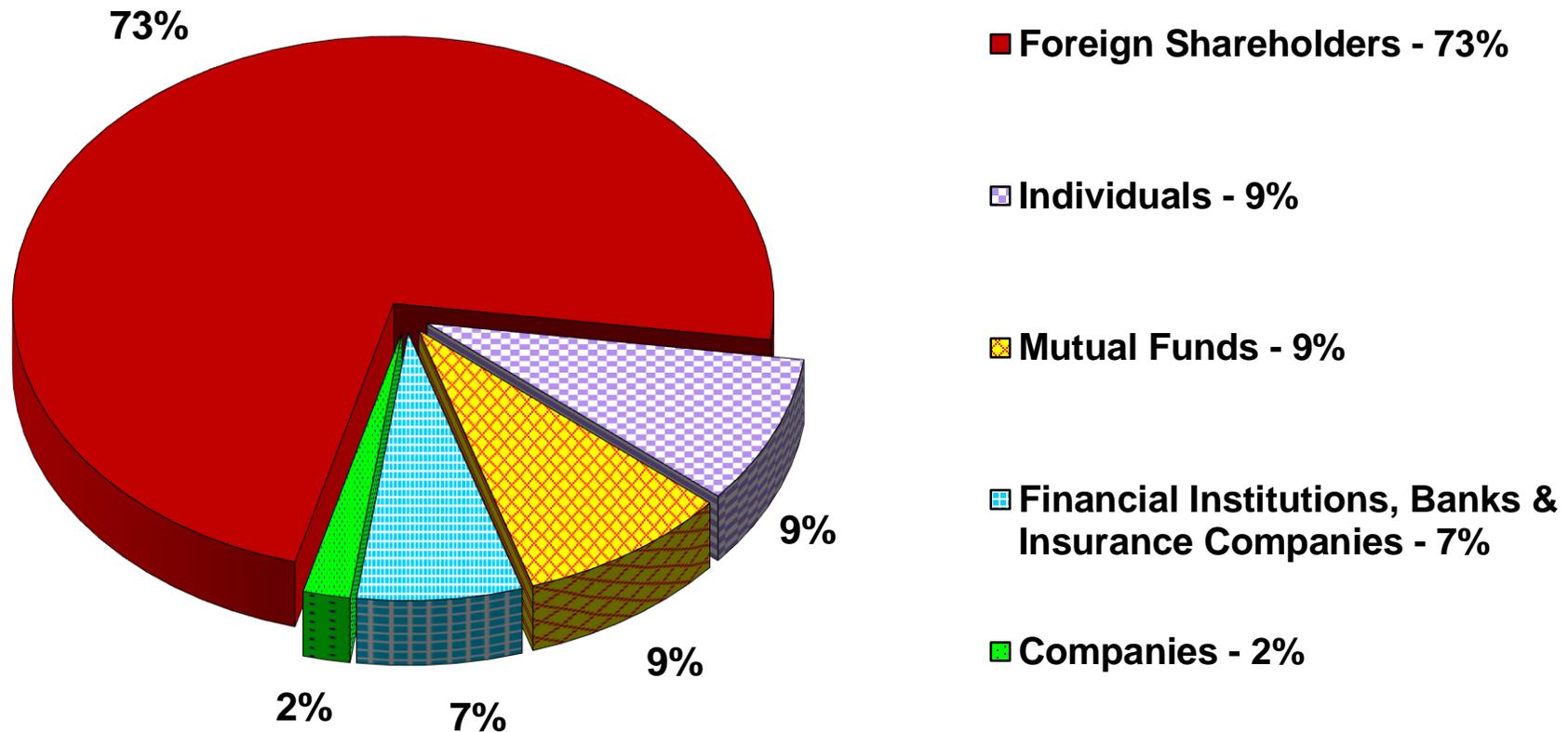
# VALUATION – METHOD 2

- Number of shares outstanding: 1.80 billion
- Share Price (CMP as at March 31, 2021): Rs. 2,499
- Market Capitalisation: Rs. 4,508.1 billion (~US\$ 61 bn)

Valuation	Rs bn	US\$ bn
Market Capitalisation	4,508	61.3
<i>Less: Unaccounted gains on strategic listed investments</i>	2,616	35.5
<i>Less: Unaccounted gains on unlisted investments</i>	205	2.8
Adjusted Market Capitalisation	1,687	22.9
Net Worth	1,088	14.8
<b>Adjusted Price to Book Ratio</b>	<b>1.6</b>	<b>1.6</b>

# SHAREHOLDING PATTERN

As at March 31, 2021



# **FINANCIALS**

## **Standalone**

### **(Based on Indian Accounting Standards)**

# BALANCE SHEET

	<u>Mar-21</u>	<u>Mar-20</u>	<u>Growth</u>
	(Rs in billion)	(Rs in billion)	(%)
<b>Sources of Funds</b>			
Shareholders' Funds	1,087.83	861.58	
Borrowings	4,413.65	4,191.02	5%
Current Liabilities & Provisions	174.51	188.34	
	<b>5,675.99</b>	<b>5,240.94</b>	<b>8%</b>
<b>Application of Funds</b>			
Loans <sup>^</sup>	4,982.98	4,509.03	11%
Investments	686.37	649.44	
Current/ Fixed Assets	6.64	82.47	
	<b>5,675.99</b>	<b>5,240.94</b>	<b>8%</b>

<sup>^</sup>Net of loans sold during the preceding 12 months amounting to Rs 189.80 billion of individual loans. If these loans were included, the growth in loans would have been 15%.

# STATEMENT OF PROFIT AND LOSS – Q4FY21

	Jan-Mar-21 (Rs in billion)	Jan-Mar-20 (Rs in billion)	Growth (%)
Interest Income	106.31	112.26	
Interest Expenses	65.66	76.62	-14%
<b>Net Interest Income</b>	<b>40.65</b>	<b>35.64</b>	<b>14%</b>
Add: Net gain on derecognition of assigned loans	4.38	2.38	
Add: Fees Net of Commission (EIR)	(0.38)	(0.21)	
Add: Other Operating Income	0.90	1.01	
<b>Net Operating Income</b>	<b>45.55</b>	<b>38.82</b>	<b>17%</b>
Less: Non Interest Expenses	3.07	3.00	
Less: Amortisation of ESOS and CSR Expenses	1.92	0.53	
Add: Other Income	0.10	0.06	
<b>Profit Before Sale of Investments, Dividend, Fair Value Changes and ECL</b>	<b>40.66</b>	<b>35.35</b>	<b>15%</b>
Add: Net gain/(loss) on Fair Value Changes	4.66	4.28	
Add: Dividend	1.11	0.02	
Add: Profit on Sale of Investments	-	0.02	
Less: Expected Credit Loss (ECL)	7.19	12.74	
<b>Profit Before Tax</b>	<b>39.24</b>	<b>26.93</b>	<b>46%</b>
Provision for Tax	7.44	4.60	
<b>Profit After Tax Before Other Comprehensive Income</b>	<b>31.80</b>	<b>22.33</b>	<b>42%</b>
Other Comprehensive income	(12.05)	(60.12)	
<b>Total Comprehensive Income</b>	<b>19.75</b>	<b>(37.79)</b>	
<b>Effective tax rate (%)</b>	<b>19.0%</b>	<b>17.1%</b>	

# ANALYSIS OF PROFITS – Q4 FY21

	Q4 FY21	Q4 FY20	Growth
	Rs in billion	Rs in billion	
<b>Reported Profit Before Tax</b>	<b>39.24</b>	<b>26.93</b>	<b>46%</b>
<b>Less</b>			
Dividend	1.11	0.02	
Profit on Sale of Investments	-	0.02	
Net gain on Fair Value Changes	4.66	4.28	
Net gains on loans assigned	4.37	2.38	
<b>Add</b>			
Employee Stock Options	1.44	0.02	
Expected Credit Loss	7.19	12.74	
<b>Adjusted Profit Before Tax</b>	<b>37.73</b>	<b>32.99</b>	<b>14%</b>

# STATEMENT OF PROFIT AND LOSS – FY21

	FY21 (Rs in billion)	FY20 (Rs in billion)	Growth (%)
Interest Income	437.87	439.05	
Interest Expenses	286.15	310.01	-8%
<b>Net Interest Income</b>	<b>151.72</b>	<b>129.04</b>	<b>18%</b>
Add: Net gain on derecognition of assigned loans	11.90	9.68	
Add: Fees net of Commission (EIR)	(2.02)	(1.56)	
Add: Other Operating Income	2.87	2.98	
<b>Net Operating Income</b>	<b>164.47</b>	<b>140.14</b>	<b>17%</b>
Less: Non Interest Expenses	12.70	12.73	
Less: Amortisation of ESOS and CSR Expenses	5.28	2.25	
Add: Other Income	0.26	0.24	
<b>Profit Before Sale of Investments, Dividend, Fair Value Changes and ECL</b>	<b>146.75</b>	<b>125.40</b>	<b>17%</b>
Add: Net gain/(loss) on Fair Value Changes	9.56	0.99	
Add: Gain on Scheme of Amalgamation	-	90.20	
Add: Dividend	7.34	10.81	
Add: Profit on Sale of Investments	13.98	35.24	
Less: Expected Credit Loss (ECL)	29.48	59.13	
<b>Profit Before Tax</b>	<b>148.15</b>	<b>203.51</b>	
Provision for Tax	27.88	25.81	
<b>Profit After Tax Before Other Comprehensive Income</b>	<b>120.27</b>	<b>177.70</b>	
Other Comprehensive income	17.35	(66.53)	
<b>Total Comprehensive Income</b>	<b>137.62</b>	<b>111.17</b>	
<i>Effective tax rate (%)</i>	<i>18.8%</i>	<i>12.7%</i>	

Note: Profit numbers are not comparable with that of the previous year. The merger of GRUH Finance with Bandhan Bank was effective October 17, 2019. As per IndAS, the Corporation had on derecognition of the investment in GRUH, recorded a fair value gain of Rs 90.20 billion through the Statement of Profit and Loss of FY20.

# ANALYSIS OF PROFITS – FY21

	FY21	FY20	Growth
	Rs in billion	Rs in billion	
<b>Reported Profit Before Tax</b>	<b>148.15</b>	<b>203.51</b>	<b>-27%</b>
<b>Less</b>			
Dividend	7.34	10.81	
Profit on Sale of Investments	13.98	35.24	
Net gain on Fair Value Changes	9.56	0.99	
Gain on Scheme of Amalgamation	-	90.20	
Net gains on loans assigned	11.90	9.68	
<b>Add</b>			
Employee Stock Options	3.38	0.14	
Expected Credit Loss	29.48	59.13	
<b>Adjusted Profit Before Tax</b>	<b>138.23</b>	<b>115.86</b>	<b>19%</b>

# **KEY ASSOCIATES AND SUBSIDIARIES**

# HDFC BANK

- **21.1% owned by HDFC**
- **ADRs listed on NYSE**
- **5,608 banking outlets, 16,087 ATMs**
- **Key business areas**
  - Wholesale banking      Retail banking      Treasury operations
- **Financials (as per Indian GAAP) for the year ended March 31, 2021**
  - Advances as at March 31, 2021, stood at Rs. 11,328 bn – an increase of 14% over the previous year
  - Total deposits stood at Rs. 13,351 bn – an increase of 16% over the previous year
  - PAT (Indian GAAP): Rs. 311.17 bn – an increase of 19% over the previous year
- **Arrangement between HDFC & HDFC Bank**
  - HDFC Bank sources home loans for a fee
  - Loans originated in the books of HDFC
  - HDFC offers a part of the disbursed loans for assignment to HDFC Bank (up to 70% of loans sourced by HDFC Bank)
  - HDFC retains a spread on the loans that have been assigned
- **Market Capitalisation (March 31, 2021): ~US\$ 112 bn**

# **HDFC LIFE INSURANCE COMPANY LIMITED**

## **(HDFC LIFE)**

- **49.96% owned by HDFC and Standard Life (Mauritius Holdings) 2006 Limited holds 8.9% of the equity of HDFC Life.**
- **Total premium income for the year ended March 31, 2021 stood at Rs. 386 bn – growth of 18% over the previous year**
- **HDFC Life ranked 2<sup>nd</sup> in terms of Individual WRP with private market share of 16%. The private market share within the group and overall new business segment stood at 28% and 22% respectively.**
  - **New Business Margin for the year ended March 31, 2021 (post overrun): 26.1% (PY: 25.9%)**
  - **Indian Embedded Value stood at Rs. 266.2 bn as at March 31, 2021 (PY: Rs. 206.5 bn)**
  - **Operating Return on Embedded Value for the year ended March 31, 2021 stood at 18.5% (PY: 18.1%)**
  - **Assets Under Management as at March 31, 2021 stood at Rs. 1,738 bn (PY: Rs. 1,272 bn)**
  - **PAT for the year ended March 31, 2021 (Indian GAAP): Rs. 13.60 bn (PY: Rs. 12.95 bn)**
- **Product mix - Unit Linked: 24%, Non-Par Savings: 31%, Par Protection: 34%, Term & Health: 7%, Annuity: 4%**
- **Market capitalisation (March 31, 2021): ~US\$ 19 bn**

# **HDFC ASSET MANAGEMENT**

- **52.7% owned by HDFC and Standard Life Investments holds 21.2% of the equity of HDFC Asset Management.**
- **Quarterly Average Assets under Management (QAAUM) as at March 31, 2021, stood at Rs. 4.16 trillion (US\$ 56 bn) with an overall market share of 12.9%**
- **India's largest actively managed equity mutual fund with a market share of 13.3% as on March 31, 2021**
  - **Equity-oriented assets of HDFC MF as a proportion of total AUM was 43%**
- **Individual accounts of HDFC MF as at March 31, 2021**
  - **9 million live accounts**
  - **58% of total monthly average AUM is contributed by individuals**
  - **Market share of 13.7% of individual monthly average AUM**
- **PAT for the year ended March 31, 2021 (as per Ind AS): Rs. 13.3 bn**
- **Market capitalisation (March 31, 2021): ~US\$ 8 bn**

# **HDFC ERGO GENERAL INSURANCE COMPANY LTD.**

- **HDFC holds 49.86% and ERGO holds 41.80% and Munich Health Holding AG holds 7.20% of the equity of HDFC ERGO General Insurance Company Limited (HDFC ERGO)**
- **During the year ended March 31, 2021, following the receipt of requisite approvals, HDFC ERGO Health Insurance Limited (formerly Apollo Munich Health Insurance Company Limited) merged with HDFC ERGO General Insurance Company Limited (HDFC ERGO). The appointed date of the Scheme of Amalgamation for the merger is March 1, 2020.**
- **Gross direct premium for the year ended March 31, 2021 stood at Rs. 123 bn**
- **Products: Motor, health, travel, home and personal accident in the retail segment; property, marine, aviation and liability insurance in the corporate segment and crop insurance in the rural segment**
  - **Retail accounts for 62% of the total business**
- **Market share of 10.8% (private sector) and 6.2% (overall) in terms of gross direct premium for the year ended March 31, 2021 (Source: GI Council)**
- **As at March 31, 2021: Combined Ratio – 103.2%, Solvency Ratio – 190% (as against regulatory requirement of 150%)**
- **Profit After Tax for the year ended March 31, 2021 (Indian GAAP): Rs. 5.92 bn**

# PROPERTY FUNDS

## HDFC PROPERTY VENTURES

- **HDFC India Real Estate Fund International LLC comprises two funds:**
- **HIREF International LLC**
  - Launched in 2007
  - Fund corpus : US\$ 800 million
  - Fund has made 14 investments
  - 9 exits have been made and the Fund is in the process of exiting from the balance investments;
- **HIREF International LLC II Pte Ltd.**
  - Fund corpus: US\$ 321 million
  - Final close in April 2015
  - International investors, 8 year close-ended fund
  - Fund has made 10 investments of which 3 investments have been profitably exited

## HDFC CAPITAL ADVISORS

- **HDFC Capital Affordable Real Estate Fund (HCARE)**
  - Set up as a SEBI registered AIF in 2016
  - HCARE 1 & 2 together create a US\$ 1.1 bn platform targeting affordable & mid-income residential projects
  - The objective is to provide long-term equity and mezzanine capital to developers building affordable and middle- income housing across India’s leading 20 cities
  - Primary investors in HCARE 1 & 2 is a wholly owned subsidiary of Abu Dhabi Investment Authority (ADIA) along with the National Investment and Infrastructure Fund (NIIF) in HCARE-2
  - HDFC Capital Advisors is the investment manager for the funds and is one of the largest real estate fund managers in the country
  - Also an investment advisor to a special situations fund focused on high yield opportunities in the Indian residential real estate sector.

# **HDFC CREDILA**

- **HDFC holds 100% in HDFC Credila**
- **HDFC Credila is a non-banking finance company and was the first Indian lender to exclusively focus on education loans**
- **The company lends to under-graduate and post-graduate students studying in India or abroad**
- **As at March 31, 2021**
  - **Profit After Tax (as per Ind AS): Rs. 1.55 bn – 26% growth**
  - **Cumulative loans disbursed: Rs 121 bn**
  - **Loan book outstanding as at March 31, 2021: Rs. 63 bn**
    - **42% of the loan book is collateralised**
  - **Average loan: Rs. 2.7 mn**
  - **Gross non-performing assets: 0.26%**

# **FINANCIALS**

## **Consolidated**

**(Based on Indian Accounting Standards)**

# BALANCE SHEET (Consolidated)

	<b>FY21</b>	<b>FY20</b>	<b>Growth</b>
	(Rs in billion)	(Rs in billion)	(%)
<b>Sources of Funds</b>			
Shareholders' Funds	1,656.17	1,338.36	24%
Liabilities Pertaining to Insurance Business	1,952.42	1,484.30	32%
Loan Funds	4,470.13	4,253.68	5%
Current Liabilities & Provisions	214.83	221.81	
	<b>8,293.55</b>	<b>7,298.15</b>	<b>14%</b>
<b>Application of Funds</b>			
Loans	4,909.48	4,454.69	10%
Assets pertaining to Insurance Business	2,071.39	1,571.95	32%
Investments	1,107.94	999.11	11%
Current Assets, Advances & Fixed Assets	188.73	256.39	
Goodwill on Consolidation	16.01	16.01	
	<b>8,293.55</b>	<b>7,298.15</b>	<b>14%</b>

## STATEMENT OF PROFIT AND LOSS – FY21

	Rs. billion		
	Mar-21	Mar-20	Growth
Interest & Other Operating Income	473.36	486.47	
Income from Insurance Business	886.25	424.56	
Profit on Sale of Investment Properties	(0.02)	0.35	
Profit on Loss of Control of a subsidiary	-	97.99	
Net gain on fair value change	19.72	(1.80)	
Net gain on derecognition of assigned loans	11.03	9.68	
Other Income	0.37	0.70	
<b>Total Income</b>	<b>1,390.71</b>	<b>1,017.95</b>	<b>37%</b>
Finance costs	290.81	321.09	
Expenses from Insurance Business	865.84	405.52	
Non-Interest Expenses	30.59	27.36	
Impairment on financial instruments	30.31	59.51	
<b>Total Expenses</b>	<b>1,217.55</b>	<b>813.48</b>	<b>50%</b>
Share of profit of associates (equity method)	69.21	57.46	
<b>Profit before tax</b>	<b>242.37</b>	<b>261.93</b>	
Total tax expense	37.49	33.67	
<b>Net Profit After Tax</b>	<b>204.88</b>	<b>228.26</b>	
Other Comprehensive Income	15.82	(62.13)	
<b>Total Comprehensive Income</b>	<b>220.70</b>	<b>166.13</b>	
<b>Profit Attributable to the Corporation</b>	<b>187.40</b>	<b>214.35</b>	

Note: During FY20, GRUH was amalgamated with Bandhan Bank which resulted in a gain of Rs 98 billion in the P&L A/c.

# CONSOLIDATED PROFIT AFTER TAX – Q4 FY21

## (As per Ind-AS)

	FY21	FY20	Growth
	(Rs in billion)	(Rs in billion)	
<b>HDFC Profit After Tax</b>	<b>31.80</b>	<b>22.33</b>	<b>42%</b>
HDFC Life	1.35	0.81	
HDFC Ergo	0.47	1.20	
HDFC Bank	17.99	15.42	
HDFC AMC	1.66	1.31	
HDFC Credila	0.44	0.24	
GRUH Finance	-	0.30	
Property Funds (incl GRIHA)	0.73	0.17	
HDFC Invt & HDFC Holdings	0.06	0.10	
HDFC Edu, Sales, Property Cos, Others	0.34	(0.10)	
Adjustments:			
Adjustment on account of dilution of stake in associates	1.19	0.77	
Elimination of Profit from Sale of Investments	-	-	
Dividend & Other Adjustments	(2.53)	(1.39)	
<b>Net Profit Attributable to the Corporation</b>	<b>53.50</b>	<b>41.16</b>	<b>30%</b>

# CONSOLIDATED PROFIT AFTER TAX – FY21

## (As per Ind-AS)

	FY21	FY20
	(Rs in billion)	(Rs in billion)
<b>HDFC Profit After Tax</b>	<b>120.27</b>	<b>177.70</b>
HDFC Life	8.45	5.88
HDFC Ergo	3.36	2.74
HDFC Bank	66.51	54.39
HDFC AMC	6.98	6.38
HDFC Credila	1.55	1.15
GRUH Finance	-	1.10
Property Funds (incl GRIHA)	(0.31)	0.19
HDFC Invt & HDFC Holdings	0.24	3.17
HDFC Edu, Sales, Property Cos, Others	0.08	(0.16)
Adjustments:	-	-
Adjustment on account of dilution of stake in associates	2.81	2.97
Elimination of Profit from Sale of Investments	(13.76)	(27.42)
Dividend & Other Adjustments	(8.78)	(13.74)
<b>Net Profit Attributable to the Corporation</b>	<b>187.40</b>	<b>214.35</b>

# CONSOLIDATED EARNINGS

As per Ind-AS

(As at March 31, 2021)

	<u>HDFC</u>	<u>Consolidated</u>
Return on Equity	12.3%	13.7%
Return on Average Assets	2.3%	2.6%
Earnings per share (Rs)	68	107
Profit After Tax (Rs in bn)	120.27	204.88
Total Assets (Rs in bn)	5,675.99	8,293.55

# **ESG & OTHER INITIATIVES**

# THE ESG WAY: ENCOMPASSING ALL STAKEHOLDERS

ENVIRONMENTAL	SOCIAL	GOVERNANCE
<ul style="list-style-type: none"> <li>• MSCI ESG Ratings – HDFC’s environmental impact: minimal</li> <li>• Long-term commitment to finance affordable &amp; green housing</li> <li>• Focus on responsible lending</li> <li>• 2/3rd of lease rental discounting portfolio certified as green buildings by the Indian Green Building Council or the Leadership in Energy and Environmental Design</li> <li>• Supporting programmes for environmental sustainability, recycling, conservation, animal &amp; wildlife protection and the ecology</li> <li>• Employee sensitisation on environmental impact; initiatives to facilitate carbon offsets</li> <li>• Recycling efforts at HDFC – paper, plastic, wet waste, e-waste</li> </ul>	<ul style="list-style-type: none"> <li>• Shelter Assistance Reserve created in 1987: Set aside a portion of profits each year to support socially high impact projects</li> <li>• Cumulatively financed 8.4 million housing units</li> <li>• Focus on inclusion &amp; diversity; employee engagement / training;</li> <li>• First institution to have over 0.23 mn beneficiaries under the government’s Credit Linked Subsidy Scheme</li> <li>• HDFC primarily implements its CSR initiatives through the H T Parekh Foundation, a charitable institution set up by HDFC</li> <li>• CSR focus areas: COVID-19 relief, healthcare, education, skilling &amp; livelihoods</li> </ul>	<ul style="list-style-type: none"> <li>• Founding principles of kindness, fairness, efficiency &amp; effectiveness</li> <li>• Recent Awards for Governance -                     <ul style="list-style-type: none"> <li>Golden Peacock Award for Excellence in Corporate Governance 2020</li> <li>Governance QualityScore of 1 by ISS: highest quality of governance practices</li> <li>Best Audit Committee – 2019 by the Asian Centre for Corporate Governance &amp; Sustainability</li> <li>Felicited under the ‘Leadership’ in the Corporate Governance Score Card, 2020 under a joint initiative by IFC-IIAS-BSE</li> </ul> </li> <li>• No promoter holding</li> <li>• Well reputed, independent directors since inception; core competencies directly linked to the strategy of HDFC</li> <li>• Undertaken board refreshment</li> </ul>

# ESG REPORTS

- **Integrated Report**
- **Report of Directors on Corporate Governance**
- **Annual Report on Corporate Social Responsibility (CSR) Activities**
- **Business Responsibility Report**
- **HDFC COVID-19 Relief Response: Impact Assessment Report**
- **Social Initiatives Report**
- **Independent Review of HDFC's Sustainability Initiatives**

Reports are available on the website:

<https://www.hdfc.com/investor-relations#environmental-social-and-governance>

## IT & DIGITALISATION INITIATIVES

- **Board level Information Technology Committee – comprising two independent directors, a whole-time director and members of senior management.**
- **Information Security and Steering Committee monitors the progress of information security and cyber security.**
- **Emphasis on regulation and compliance with respect to consent management, data protection & privacy.**
- **Online portals for home loan customers, depositors, channel partners and deposit agents - growing trend of digital on-boarding of customers.**
- **HDFC's website in six vernacular languages to serve the needs of customers in Tier II and Tier-III cities and rural areas.**
- **Advanced conversational chatbot with Natural Language Processing (NLP) and Machine Learning (ML) technology.**
- **Using digital and social media marketing strategies and tools to reach out customers.**
- **Lifecycle management programme for upselling and cross-selling products to HDFC's existing customers using advanced predictive analytical tools.**

*Thank You*