



**Housing Development Finance  
Corporation Limited**

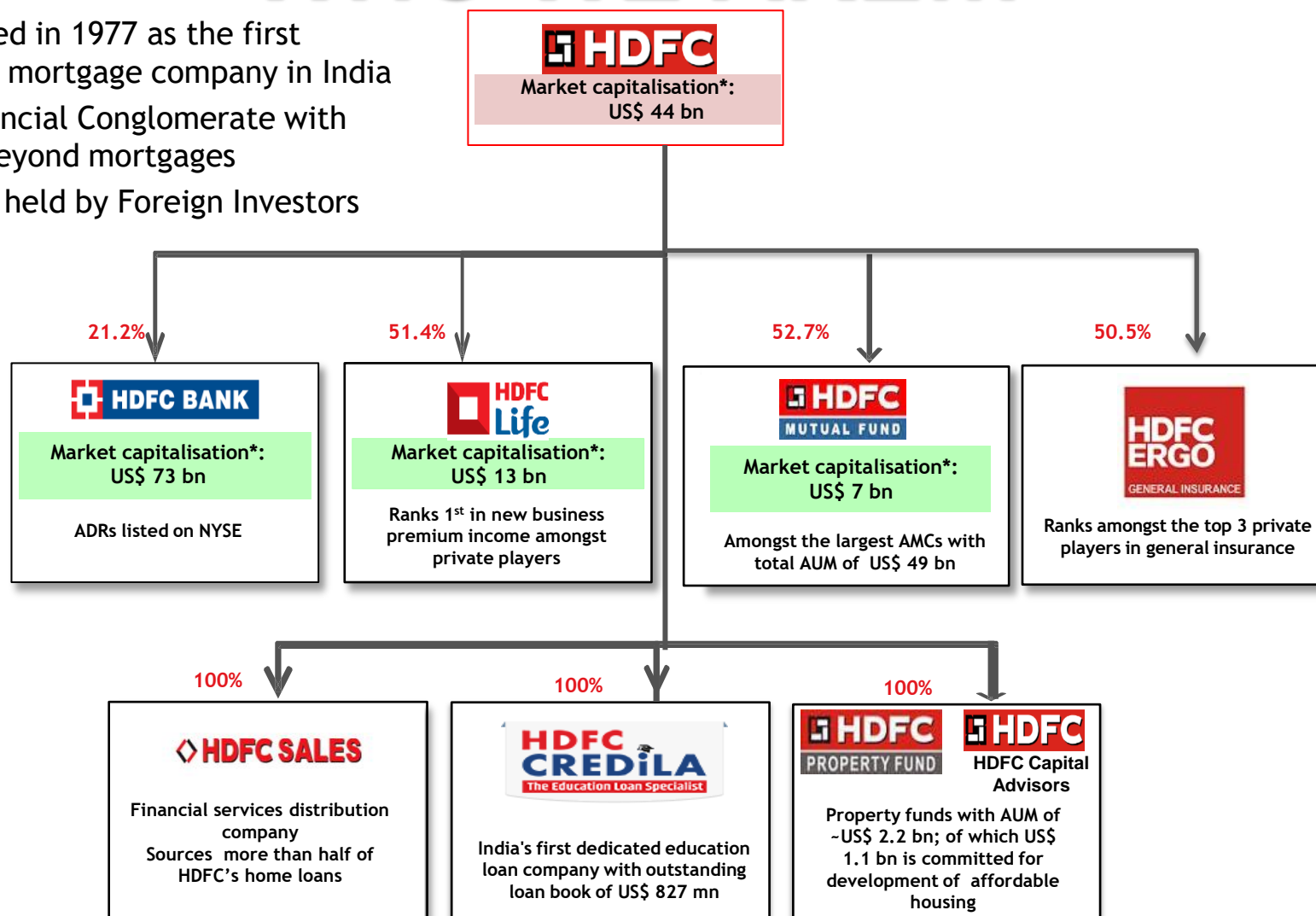
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# **HDFC SNAPSHOT**

# WHO WE ARE...

- Incorporated in 1977 as the first specialised mortgage company in India
- Now a Financial Conglomerate with interests beyond mortgages
- 71% shares held by Foreign Investors



\*As at April 30, 2020

US\$ amounts converted based on exchange rate of US\$ 1 = Rs. 75.67

# BUSINESS SUMMARY

- Loans Outstanding (Gross loans)**  
*(As at March 31, 2020)*
: Rs. 5,167.73 bn  
: US\$ 68.29 bn
- Individual Loans Originated CAGR (5 years)**
: 18%
- Cumulative Housing Units Financed**
: 7.7 million
- Cumulative loan write offs since inception**  
*(of cumulative disbursements)*
: 14 basis points
- Cost to Income Ratio**
: 9.0%
- Unaccounted gains on listed investments**  
**in subsidiary and associate companies**  
*(As at March 31, 2020)*
: Rs. 1,544.61 bn  
: US\$ 20.41 bn
- Consolidated Profit After Tax CAGR (5 years)**
: 21%

# IMPACT OF COVID-19

	IMPACT
<b>Coronavirus (COVID-19)</b>	World Health Organisation declares COVID-19 as a pandemic on March 11, 2020. India announced a strict national lockdown effective March 25, 2020. Lockdown date extended 4 times. Effective May 18, 2020, some relaxations granted in non-containment zones.
<b>Individual Loans</b>	Loan approvals and servicing of loans are available online. Mar-20: Individual disbursements impacted in the latter half of the month due to the lockdown. 97% of loans repaid through electronic mechanisms; 3% of borrowers unable to pay due to the lockdown.
<b>Collections</b>	Recovery efforts such as field visits hampered due to the lockdown, resulting an uptick in individual non-performing loans as at March 31, 2020.
<b>Moratorium</b>	In line with Reserve Bank of India (RBI) guidelines, moratorium offered to customers whose loans were standard as at February 29, 2020 for the period March 1, 2020 to May 31, 2020. In May 2020, RBI permits extension of the moratorium for another 3 months i.e. up to August 30, 2020. ~21% of individual loans and 26% of total loans under management have opted for the moratorium.
<b>Resource Mobilisation</b>	HDFC is well capitalised and carries significantly higher liquidity. The Corporation has continued to raise resources from the capital markets, banks, refinance facilities and deposits (online facility).
<b>Corporate Social Responsibility</b>	HDFC Group together committed Rs 1.50 bn to the Prime Minister's Citizen Assistance & Relief in Emergency Situations Fund (PM-CARES). HDFC, through its Foundation has tied up with partners across 12 states to provide cooked meals and hygiene safety kits for vulnerable sections of society. Also provided PPE kits, masks and ventilators to state government and charitable hospitals treating COVID-19 patients.
<b>Resumption of Business</b>	Over 90% of HDFC offices now opened for business, following guidelines issued by respective authorities. All staff/visitors following hygiene protocols and social distancing. Staff on a rotational basis follow the Work From Home protocol.

# **MORTGAGE MARKET IN INDIA**

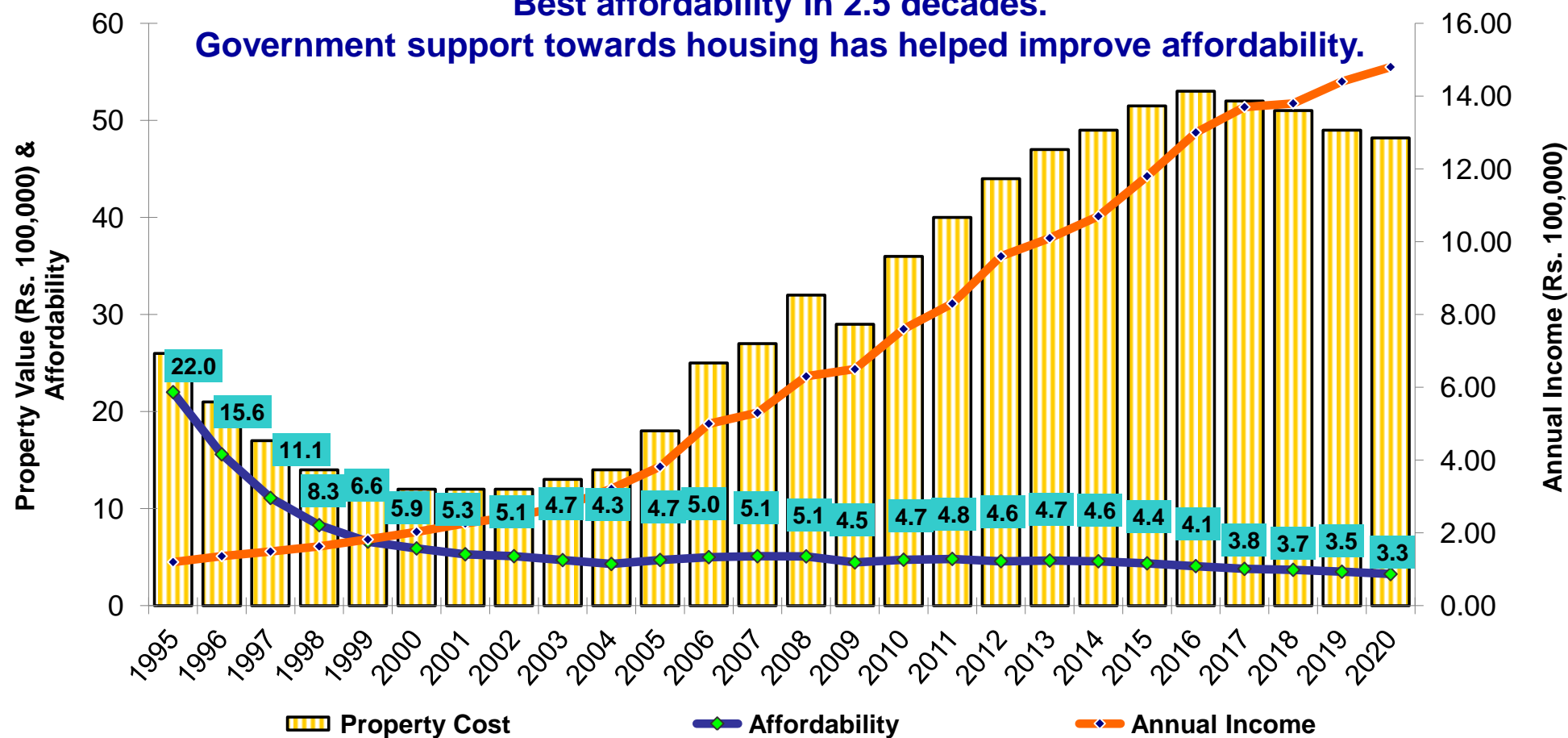
# **DRIVERS OF MORTGAGE GROWTH**

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



# IMPROVED AFFORDABILITY

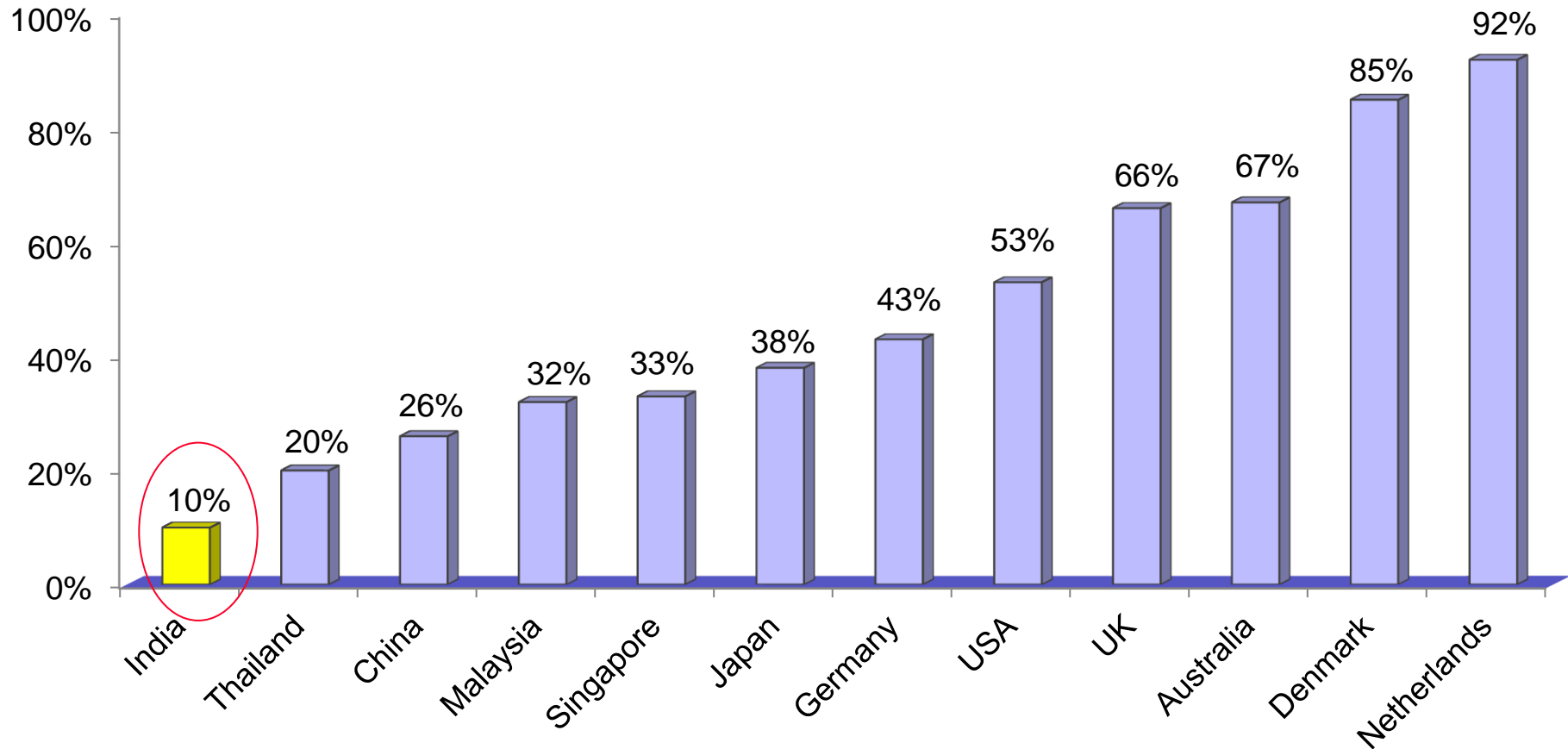
Best affordability in 2.5 decades.  
Government support towards housing has helped improve affordability.



Representation of property price estimates

Affordability equals property prices by annual income

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



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

# GOVERNMENT INITIATIVES

## Fiscal Incentives

Tax incentives on interest and principal amount for home loan borrowers

## Interest Subvention Scheme

Interest rate subsidy under the Credit Linked Subsidy Scheme (CLSS) widened to include middle-income groups

Extension of timeframe and rationalisation of conditions under the CLSS

## 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 & THE CREDIT LINKED SUBSIDY SCHEME (CLSS) HAVE LOWERED THE EFFECTIVE RATES ON MORTGAGES

	FY 2020	FY 2002	FY 2000
Loan amount (Rs)	27,00,000	27,00,000	27,00,000
Less: Subsidy under CLSS	2,30,156	-	-
Revised loan amount	24,69,844	27,00,000	27,00,000
Nominal Interest Rate(%)	7.50%	10.75%	13.25%
Max deduction for interest allowed	2,00,000	1,50,000	75,000
Deduction on principal	1,50,000	20,000	20,000
Tax rate	30.90%	31.50%	34.50%
Tenor (years)	20	20	20
Total amount paid per year	3,35,238	3,28,944	3,85,380
Interest component	1,85,238	2,90,250	3,57,750
Principal repaid	1,50,000	38,694	27,630
Tax amount saved	1,08,150	53,550	32,775
Effective interest paid on home loan	77,088	2,36,700	3,24,975
Effective interest on home loan	2.9%	8.8%	12.0%

# CREDIT LINKED SUBSIDY SCHEME – AN ENABLER

- The Credit Linked Subsidy Scheme (CLSS) is one of the key components under the government’s flagship programme, ‘Housing for All by 2022.’
- The interest subsidy on the home loan is paid to the beneficiary upfront, thereby reducing the amount of the equated monthly instalment (EMI).
- The eligible beneficiary family should not own a home.
- Applicable for home loans disbursed after January 1, 2017.
- CLSS for middle-income groups extended by one year up to March 31, 2021.
- HDFC ranked as the top performing primary lending for CLSS beneficiaries

## KEY FEATURES OF THE CLSS SCHEME

	Economically Weaker/ Low Income Group	Middle Income Group -I	Middle Income Group-II
Household Income p.a.	Up to Rs 600,000 (US\$ 8,000)	Rs > 600,000 up to 1,200,000 (>US\$ 8,000 to 15,900)	> Rs 1,200,000 to 1,800,000 (>US\$ 15,900 to 23,800)
Property size (sq mtrs)	60	160	200
Maximum amount of loan qualifying for subsidy	Rs 600,000 (US\$ 8,000)	Rs 900,000 (US\$ 11,900)	Rs 1,200,000 (US\$ 15,900)
Interest Subsidy (% per annum)	6.50%	4%	3%
Subsidy under CLSS*	Rs 267,280 (US\$ 3,500)	Rs 235,068 (US\$ 3,100)	Rs 230,156 (US\$ 3,000)

\*NPV discount rate at 9% for 20 years

## OTHER DEMAND DRIVERS

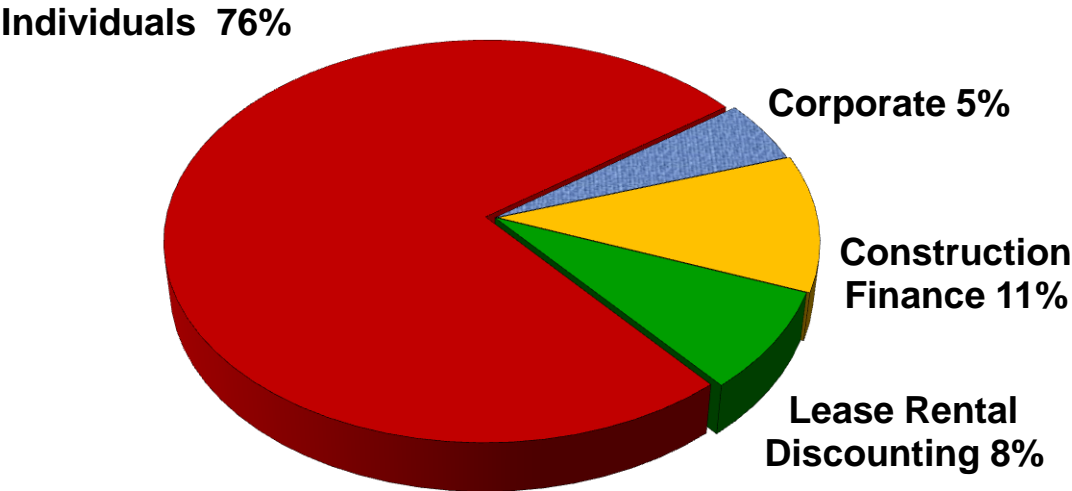
- **Favourable Demographics:** 66% of India's population is below 35 years of age, hence large potential for home loans
- **Nuclear Households:** Rise in the number of households with a shift towards nuclear families
- **Urbanisation:** Currently 32% of the Indian population reside in cities; estimated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

# **OPERATIONAL & FINANCIAL HIGHLIGHTS: MORTGAGES**

# CORE BUSINESS – LENDING

(As at March 31, 2020: Gross Loans - US\$ 68.29 bn)

- INDIVIDUAL LOANS
- Home Loans
    - Fixed rate loans
    - Floating rate loans
  - Home Improvement Loans
  - Home Extension Loans
  - Home Equity Loans
  - Rural Home Loans
  - Loans to NRIs



As at March 31, 2020	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	3,259	43	13%	3,500	46	21%	3,916	51	14%
Non-Individuals	1,250	17	6%	1,250	17	6%	1,252	17	6%
Total	4,509	60	11%	4,750	63	17%	5,168	68	12%

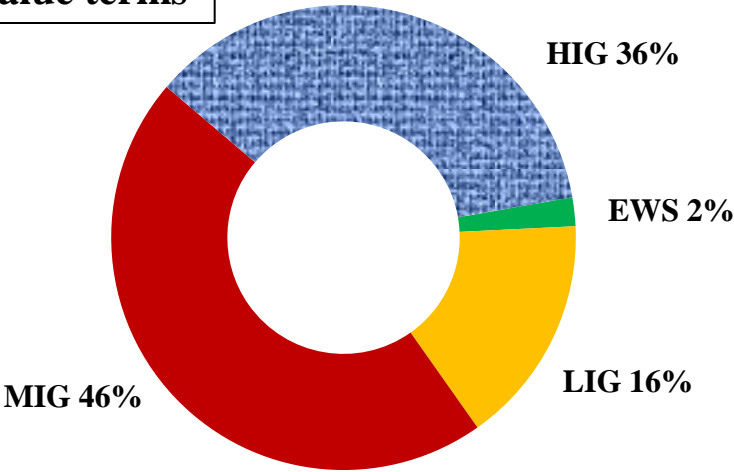
Individual loans sold (outstanding): Rs. 656.95 bn (US\$ 8.68 bn)



# AFFORDABLE HOUSING

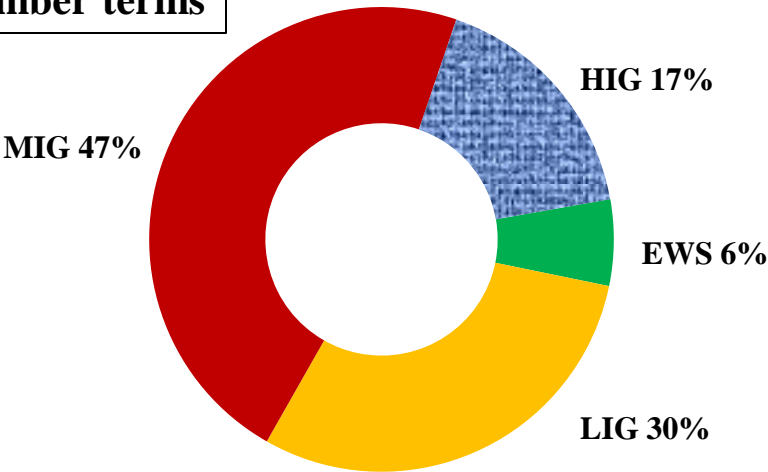
## Housing Loan Approvals Based on Income Slabs: FY20

In Value 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.

In Number terms



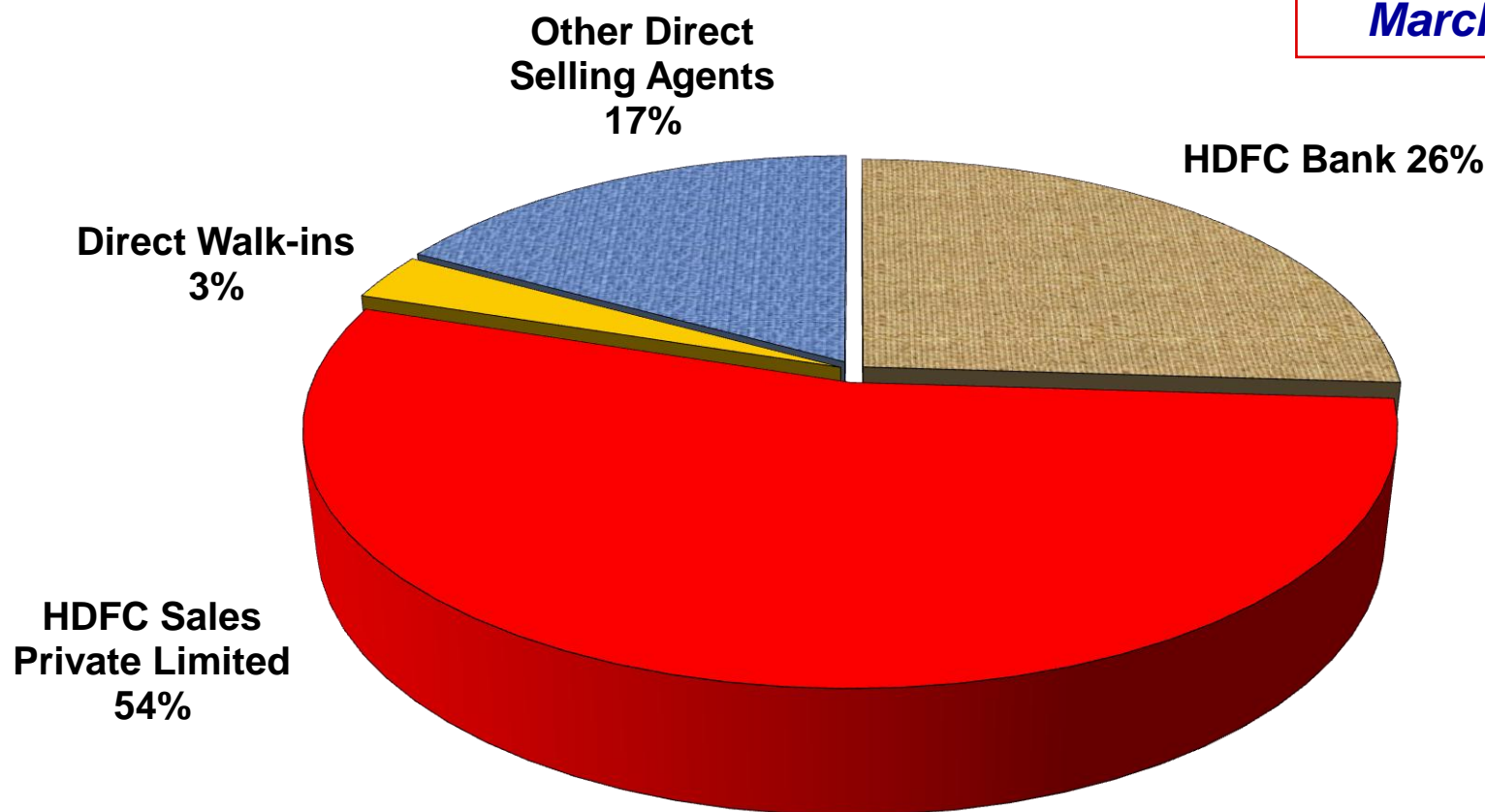
Low Income Group: Above Rs 0.3 mn to Rs 0.6 mn p.a.  
High Income Group: Above Rs 1.8 mn p.a.

### Increase in Housing Loans to EWS & LIG Segments – Volume Driven Business

- 36% of home loan approvals in volume terms has been to the EWS & LIG segments and 18% in value terms
- Approving ~9,640 loans monthly in EWS/LIG segment; monthly average approvals: Rs 15.89 bn
- Average home loan – EWS: Rs 1.03 mn, LIG: Rs 1.77 mn

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

*March 31, 2020*

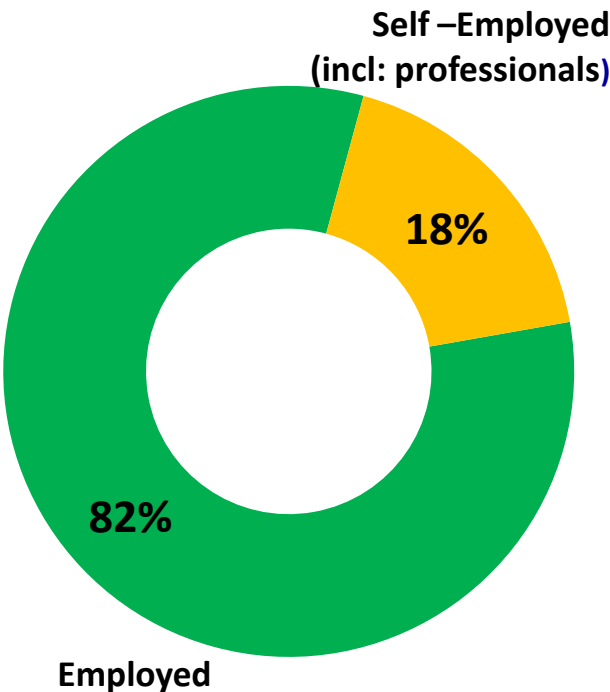


Deposit & loan products offered at several locations through outreach programmes.

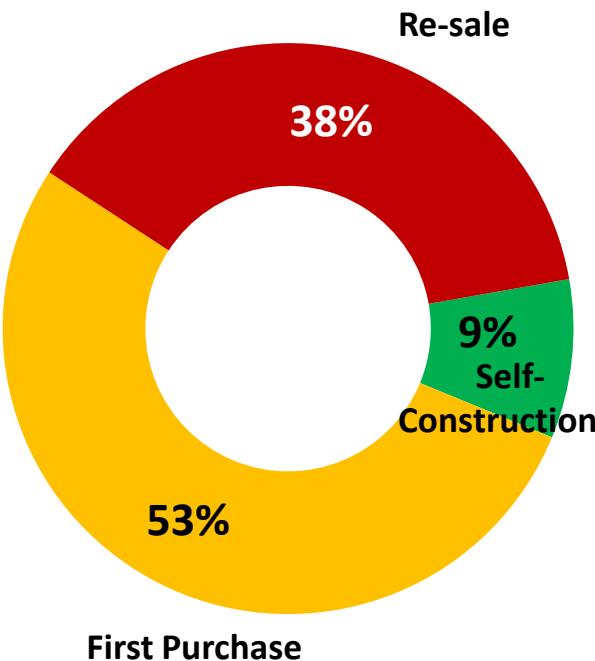
Total number of offices: **585** which is inclusive of **206** outlets of HDFC's wholly owned distribution company.

# INDIVIDUAL LOANS\*: FY20

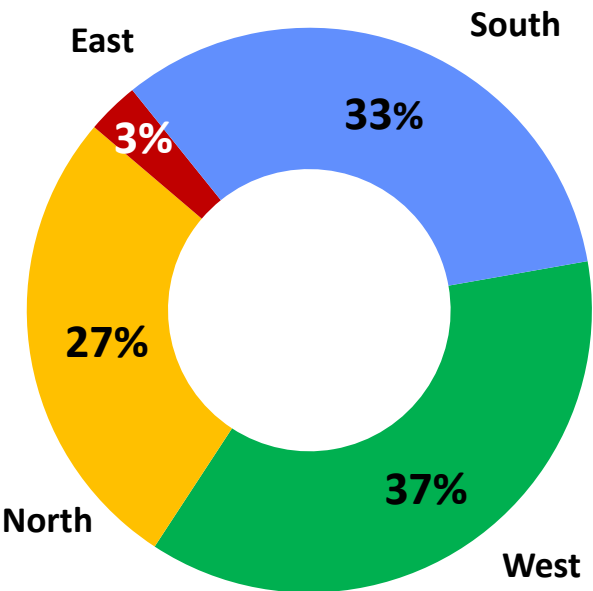
Employment



Acquisition Mode



Geographic Spread

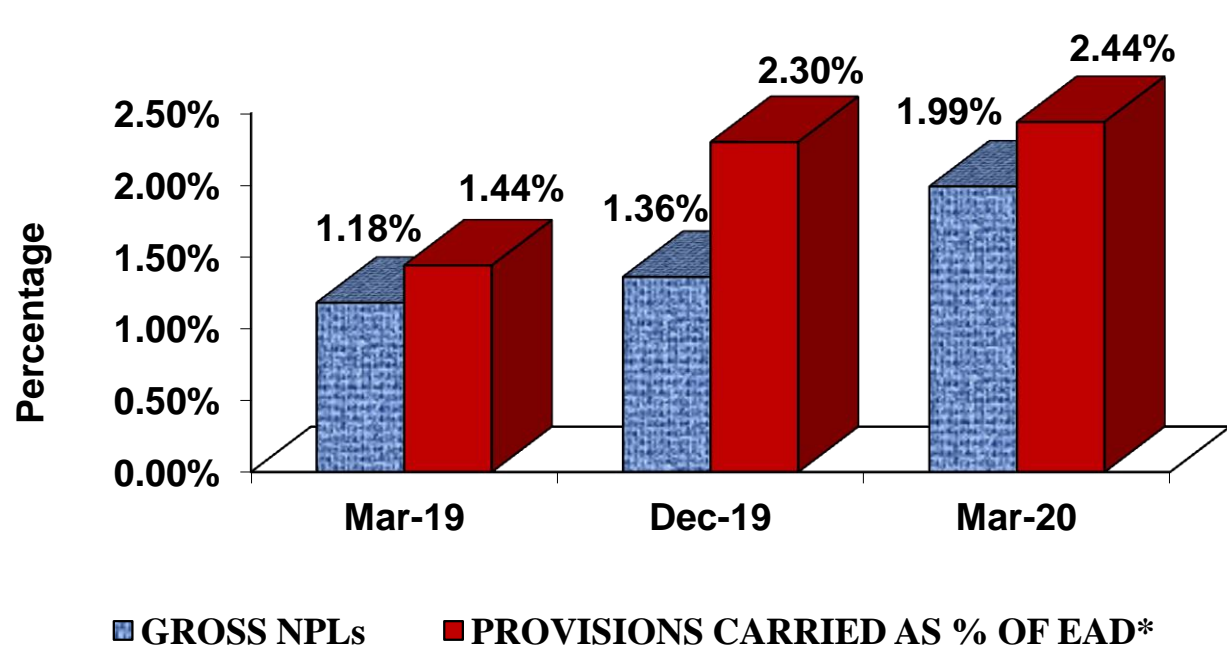


\* Based on value of approvals

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

- **Average Loan Size** : Rs. 2.7 mn (~US\$ 35,681)
- **Average Loan to Value** : 70% (at origination)
- **Average Loan Term** : 12 years
- **Average Age** : 39 years
- **Primary Security** : Mortgage of property financed
- **Repayment Type** : Amortising

# NON-PERFORMING LOANS (NPLs) & PROVISIONS CARRIED



Total loan write offs since inception is 14 basis points of cumulative disbursements.

As at March 31, 2020	
	(Rs. in bn)
NPLs (3 months):	89.08
Provisions Carried:	109.88
Regulatory provision as per period of default & standard assets:	41.98
NPLs as % of the loan portfolio:	
Individual Loans:	0.95%
Non-individual Loans:	4.71%
Total:	1.99%

\*EAD: Exposure at Default

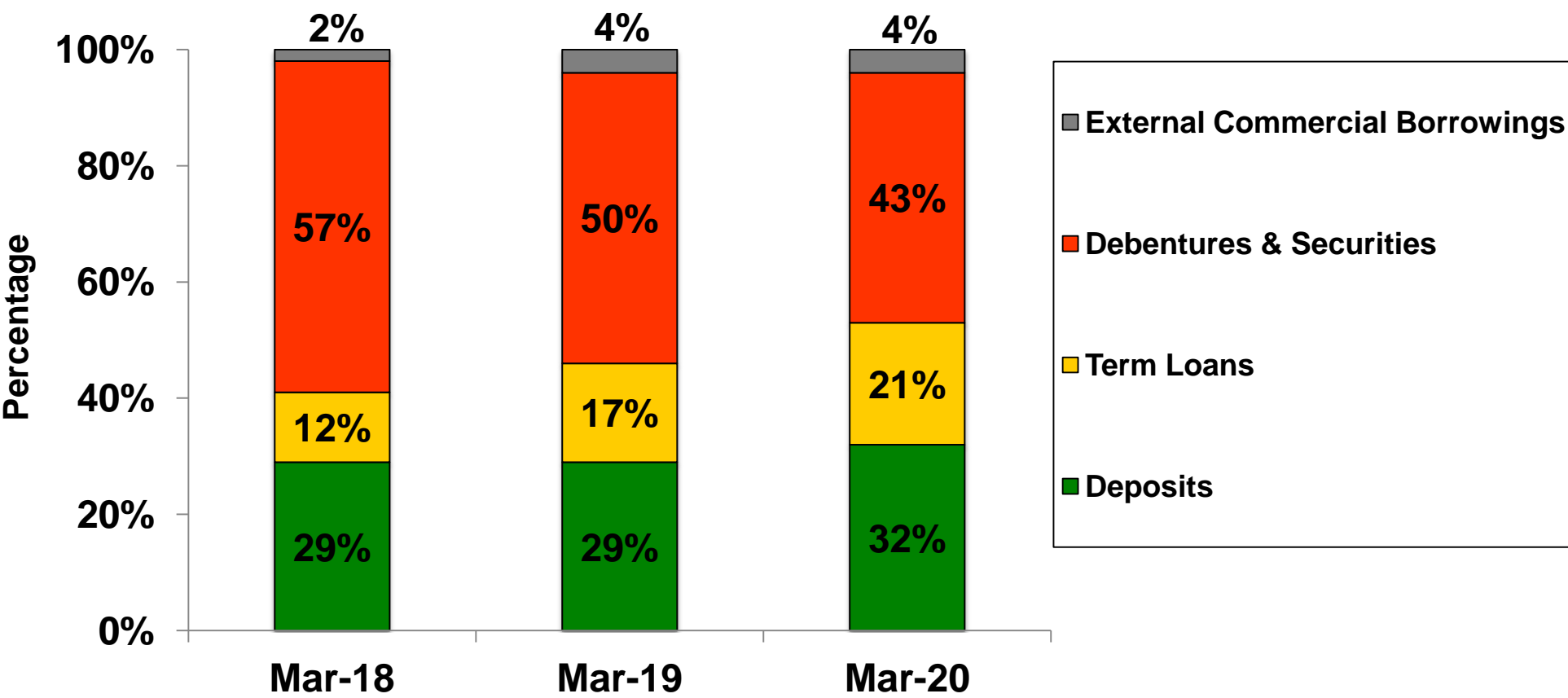
# EXPECTED CREDIT LOSS (ECL) BASED ON EXPOSURE AT DEFAULT (EAD)

Rs bn

As per IND AS	Mar-20	Mar-19
Gross Stage 1	4,147.49	3,837.08
ECL Provision Stage 1	3.46	2.39
Net Stage 1	4,144.03	3,834.69
Coverage Ratio % Stage 1	0.08%	0.06%
Gross Stage 2	248.65	176.81
ECL Provision Stage 2	57.50	31.40
Net Stage 2	191.15	145.41
Coverage Ratio % Stage 2	23%	18%
Gross Stage 3	102.92	57.43
ECL Provision Stage 3	48.92	24.99
Net Stage 3	54.00	32.44
Coverage Ratio % Stage 3	48%	44%
EAD	4,499.06	4,071.32
ECL Provision	109.88	58.78
Net	4,389.18	4,012.54
ECL/EAD	2.44%	1.44%

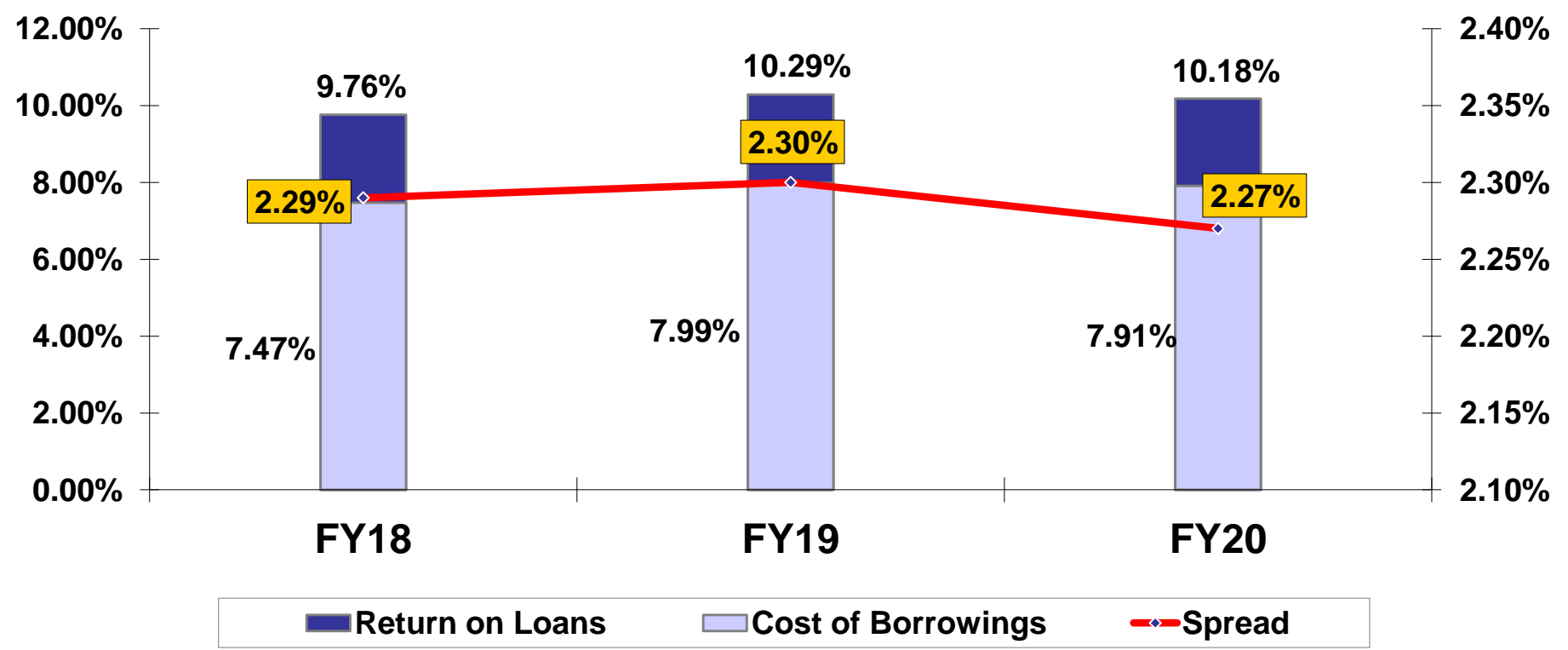
# MULTIPLE SOURCES OF BORROWINGS

(As at March 31, 2020: Total Borrowings - US\$ 55.39 bn)



Total Borrowings: Rs. 4,191.02 bn (US\$ 55.39 bn)

# LOAN SPREADS

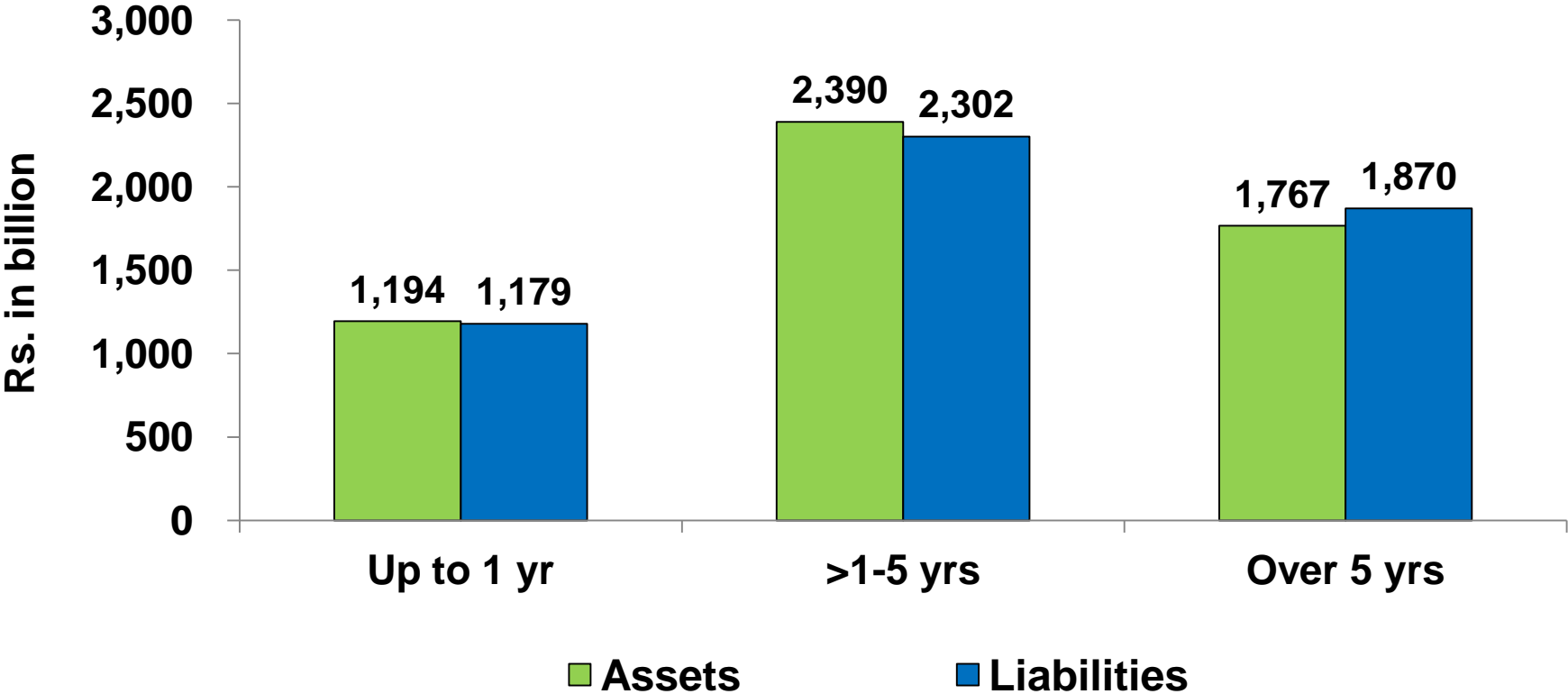


	FY20
Spread earned on:	
Individual Loans	1.92%
Non-individual Loans	3.14%
Loan Book	2.27%



# MATURITY PROFILE

(As at March 31, 2020)



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

# PRODUCTIVITY RATIOS

	FY20	FY19
Number of employees	3,095	2,840
Number of outlets	379	358
Profit per employee (US\$ '000)*	457	476
Assets per employee (US\$ mn)	21.6	20.6
Admin costs/assets (%)^	0.24	0.25
Cost income ratio (%)	9.0	8.9

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

*^Excluding ESOS cost and CSR expenses*

# KEY FINANCIAL METRICS

	FY20	FY19
Net Interest Margin(%)	3.4	3.3
Pre Tax RoAA (%)^	2.5	3.0
Post Tax RoAA (%)^	2.0	2.1
Return on Equity (%)^	21.7	13.5
Capital Adequacy (%)	17.6	19.2
Of which Tier I	16.5	17.6
Tier II	1.1	1.6

*^Adjusted for profit on sale of investments of strategic investments*

# VALUATION & SHAREHOLDING

# VALUATION – METHOD 1

As at March 31, 2020

- Number of shares outstanding: 1.732 billion
- Share Price (CMP as at March 31, 2020): Rs 1,633
- Market Capitalisation: Rs. 2,828 billion (~US\$ 37.4 bn)

	Rs in billion	US\$ bn
Net Worth	862	11.4
<i>Add:</i> Unaccounted gains on listed investments	1,545	20.4
<i>Add:</i> Unaccounted gains on unlisted investments	128	1.7
Adjusted Networkth	2,535	33.5
Market Capitalisation	2,828	37.4
Adjusted Price to Book Ratio	1.1	1.1

# VALUATION – METHOD 2

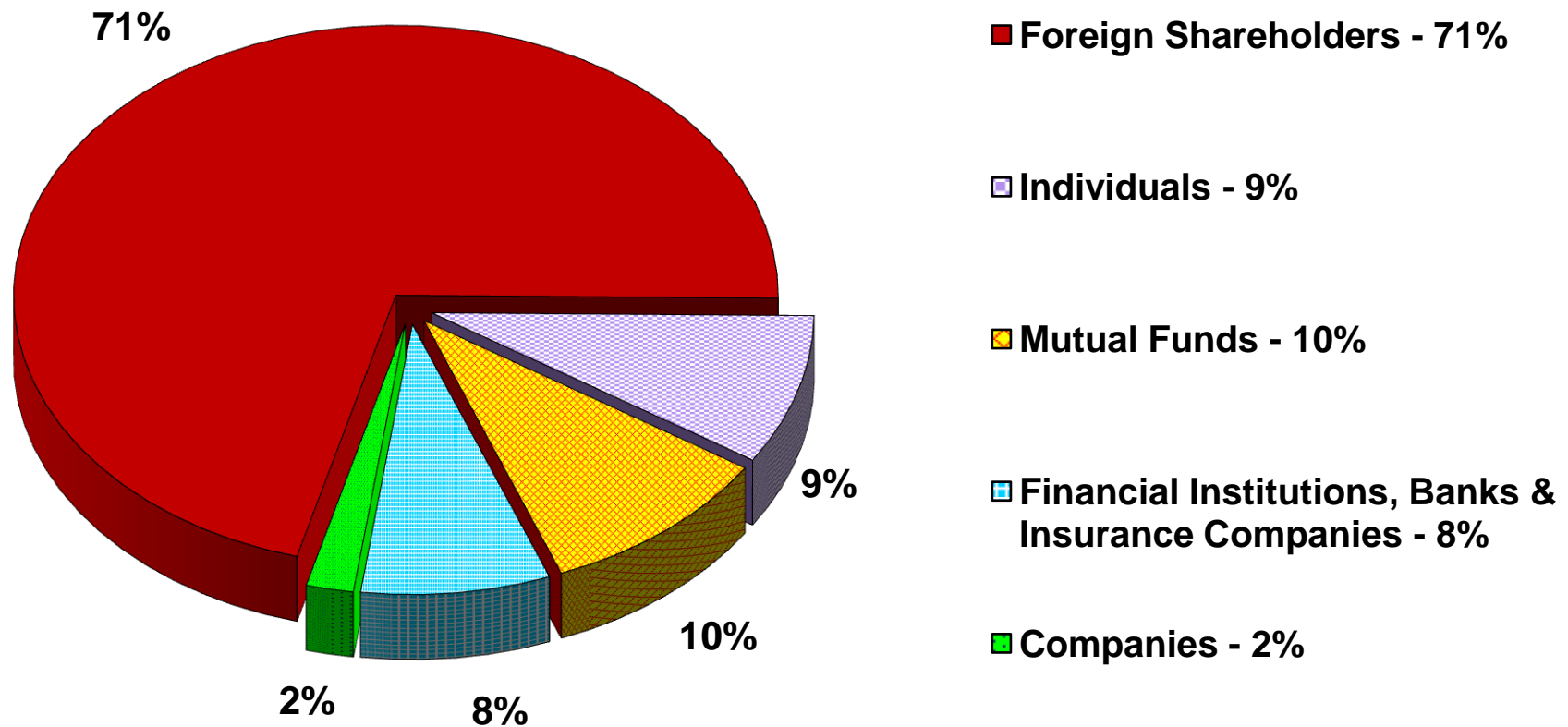
As at March 31, 2020

- Number of shares outstanding: 1.732 bn
- Share Price (CMP as at March 31, 2020): Rs 1,633
- Market Capitalisation: Rs. 2,828 (~US\$ 37.4bn)

Valuation	Rs in billion	US\$ bn
Market Capitalisation	2,828	37.4
<i>Less: Unaccounted gains on listed investments</i>	1,545	20.4
<i>Less: Unaccounted gains on unlisted investments</i>	128	1.7
Adjusted Market Capitalisation	1,155	15.3
Net Worth	862	11.4
Adjusted Price to Book Ratio	1.3	1.3

# SHAREHOLDING PATTERN

As at March 31, 2020



# **FINANCIALS**

## **Standalone**

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



# BALANCE SHEET

	<u>Mar-20</u>	<u>Mar-19</u>	<u>Growth</u>
	(Rs in billion)	(Rs in billion)	(%)
<b>Sources of Funds</b>			
Shareholders' Funds	861.58	773.55	
Borrowings	4,191.02	3,662.14	14%
Current Liabilities	188.34	152.09	
	<b>5,240.94</b>	<b>4,587.78</b>	<b>14%</b>
<b>Application of Funds</b>			
Loans <sup>^</sup>	4,509.03	4,066.07	11%
Investments	649.44	462.40	
Current/ Fixed Assets	82.47	59.31	
	<b>5,240.94</b>	<b>4,587.78</b>	<b>14%</b>

<sup>^</sup>Net of loans sold during the preceding 12 months amounting to Rs 241.27 billion of individual loans. If these loans were included, the growth in loans would have been 17%.

# STATEMENT OF PROFIT AND LOSS – FY20

	<u>Apr-Mar-20</u> (Rs in billion)	<u>Apr-Mar-19</u> (Rs in billion)	<u>Growth</u> (%)
Interest Income	439.05	392.95	12%
Interest Expenses	310.01	278.38	11%
<b>Net Interest Income</b>	<b>129.04</b>	<b>114.57</b>	<b>13%</b>
Add: Net gain on derecognition of assigned loans	9.68	8.60	
Add: Fees Net of Commission (EIR)	(1.56)	(0.15)	
Add: Other Operating Income	2.98	3.14	
<b>Net Operating Income</b>	<b>140.14</b>	<b>126.16</b>	<b>11%</b>
Less: Non Interest Expenses	12.73	11.18	14%
Less: Amortisation of ESOS and CSR Expenses	2.25	3.69	
Add: Other Income	0.24	0.30	
<b>Profit Before Sale of Investments, Dividend, Fair Value Changes and ECL</b>	<b>125.40</b>	<b>111.59</b>	<b>12%</b>
<b>Changes and ECL</b>			
Add: Net gain/(loss) on Fair Value Changes	0.99	5.52	
Add: Gain on Scheme of Amalgamation	90.20	-	
Less: Expected Credit Loss (ECL)	59.13	9.35	
Add: Dividend	10.81	11.31	
Add: Profit on Sale of Investments	35.24	12.12	
<b>Profit Before Tax</b>	<b>203.51</b>	<b>131.19</b>	<b>55%</b>
Provision for Tax	25.81	34.86	
<b>Profit After Tax Before Other Comprehensive Income</b>	<b>177.70</b>	<b>96.33</b>	<b>84%</b>
Other Comprehensive income	(66.53)	(1.32)	
<b>Total Comprehensive Income</b>	<b>111.17</b>	<b>95.01</b>	<b>17%</b>
<b>Effective tax rate (%)</b>	<b>12.7%</b>	<b>26.6%</b>	

# ANALYSIS OF PROFITS – FY20

	FY20 Rs in billion	FY19 Rs in billion	Growth
Total Income	587.63	433.78	35%
Total Expense	384.12	302.59	27%
<b>Profit Before Tax</b>	<b>203.51</b>	<b>131.19</b>	<b>55%</b>
Tax	25.81	34.86	
<b>Profit After Tax</b>	<b>177.70</b>	<b>96.33</b>	<b>84%</b>
Net Interest Income	137	123	11%
<b>Special Items</b>			
Dividend	10.81	11.31	
Profit on Sale of Investments	35.24	12.12	
Fair Value Adjustments	0.99	5.52	
Less: Provisions	59.13	9.35	
Gain on Scheme of Amalgamation	90.20	-	
	<b>78.11</b>	<b>19.60</b>	
<b>Profit Before Tax (Reported)</b>	<b>203.51</b>	<b>131.19</b>	
<b>Adjustments</b>	<b>78.11</b>	<b>19.60</b>	
<b>Adjusted Profit Before Tax</b>	<b>125.40</b>	<b>111.59</b>	<b>12%</b>
Tax	25.81	34.86	
<b>Adjusted Profit After Tax</b>	<b>99.59</b>	<b>76.73</b>	<b>30%</b>

# **KEY ASSOCIATES AND SUBSIDIARIES**

## HDFC BANK

- 21.2% owned by HDFC
- ADRs listed on NYSE
- 5,416 banking outlets, 14,901 ATMs
- Key business areas
  - Wholesale banking      Retail banking      Treasury operations
- Financials (as per Indian GAAP) for the year ended March 31, 2020
  - Advances as at March 31, 2020, stood at Rs. 9,937 bn – an increase of 21% over the previous year
  - Total deposits stood at Rs. 11,475 bn – an increase of 24% over the previous year
  - PAT (Indian GAAP): Rs. 262.57 bn – an increase of 25% 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 (April 30, 2020): ~US\$ 73 bn

# **HDFC LIFE INSURANCE COMPANY LIMITED**

## **(HDFC LIFE)**

- **51.4% owned by HDFC and Standard Life (Mauritius Holdings) 2006 Limited holds 10.3% of the equity of HDFC Life.**
- **Total premium income for the year ended March 31, 2020 stood at Rs. 327 bn – growth of 12% over the previous year**
- **For the year ended March 31, 2020, HDFC Life had a market share of 22% in terms of total new business premium (private sector)**
- **Financial Highlights**
  - **New Business Margin for the year ended March 31, 2020 (post overrun): 26% (PY: 25%)**
  - **Indian Embedded Value stood at Rs. 207 bn as at March 31, 2020 (PY: Rs. 183 bn)**
  - **Operating Return on Embedded Value for the year ended March 31, 2020 stood at 18.1% (PY: 20.1%)**
  - **Assets Under Management as at March 31, 2020 stood at Rs. 1,272 bn (PY: Rs. 1,256 bn)**
  - **PAT for the year ended March 31, 2020 (Indian GAAP): Rs. 13 bn (PY: Rs. 12.8 bn)**
- **Product mix - Unit Linked: 28%, Non-Par Savings: 45%, Non-Par Protection: 8%, Traditional Par: 19%**
- **Market capitalisation (April 30, 2020): ~US\$ 13 bn**

# **HDFC ASSET MANAGEMENT**

- **52.7% owned by HDFC and Standard Life Investments holds 26.9% of the equity of HDFC Asset Management.**
- **Total quarterly average Assets under Management (AUM) as at March 31, 2020, stood at Rs. 3.70 trillion (US\$ 49 bn)**
  - **Equity-oriented assets of HDFC MF as a proportion of total AUM was 43%**
- **Amongst India's largest mutual funds**
  - **Overall market share: 13.7%**
  - **Market share of equity oriented funds: 15.2%**
- **Individual accounts of HDFC MF as at March 31, 2020**
  - **9.4 million live accounts**
  - **57% of total monthly average AUM of HDFC MF is contributed by individuals**
  - **Market share of 15% of individual monthly average AUM**
- **PAT for the year ended March 31, 2020 (as per Ind AS): Rs. 12.6 bn – an increase of 36% over the previous year**
- **Market capitalisation (April 30, 2020): ~US\$ 7 bn**

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

- **HDFC holds 50.5% and ERGO holds 48.2% of the equity of HDFC ERGO**
- **Gross direct premium for the year ended March 31, 2020 stood at: Rs 93.1 bn compared to Rs 86.1 bn in the previous year**
- **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 58% of the total business**
- **Market share of 8.8% (private sector) and 4.9% (overall) in terms of gross direct premium for the year ended March 31, 2020 (Source: GI Council)**
- **As at March 31, 2020: Combined Ratio – 102.6%, Solvency Ratio – 189% (as against regulatory requirement of 150%)**
- **Profit After Tax for the year ended March 31, 2020 (Indian GAAP): Rs 4.48 bn (PY: Rs 3.83 bn)**

## **Acquisition of a Health Insurance Company**

- **Immense potential in health insurance given the low penetration levels**
- **In January 2020, HDFC acquired 51.2% of the equity share capital of HDFC ERGO Health Insurance Limited (formerly Apollo Munich Health Insurance Company Limited) for a total consideration of Rs 14.96 bn.**
- **HDFC ERGO Health Insurance Limited (HDFC ERGO Health) is currently a subsidiary of HDFC. The company will subsequently be merged with HDFC ERGO General Insurance Company Limited (HDFC ERGO), subject to approval of the National Company Law Tribunal.**
  - **Share exchange ratio: for every 385 equity shares of Rs 10 each held in HDFC ERGO Health, 100 equity shares of Rs 10 each of HDFC ERGO would be allotted.**



# PROPERTY FUNDS

## HDFC PROPERTY VENTURES

- **HDFC India Real Estate Fund**
  - Launched in 2005
  - Fund corpus : Rs. 10 billion – fully invested
  - Domestic investors, close-ended fund
  - Fund has been substantially exited; 1.6 X of the fund corpus has been returned to investors
- **HIREF International LLC**
  - Launched in 2007
  - Fund corpus : US\$ 800 million
  - International investors, 9 year close-ended fund
  - Some exits have been made and the Fund is in the process of exiting from the balance investments; 1.3X corpus has been returned to investors
- **HIREF International LLC II Pte Ltd.**
  - Fund corpus: US\$ 321 million
  - Final close in April 2015
  - International investors, 8 year close-ended fund

## HDFC CAPITAL ADVISORS

- **HDFC Capital Affordable Real Estate Fund (HCARE)**
  - HCARE-1 was set up as a SEBI registered AIF in 2016 with a fund size of US\$ 450 mn
  - HCARE-2, set up in December 2017, achieved its final close in October 2018 with a fund size of US\$ 650 mn
  - 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

# **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, 2020**
  - **Profit After Tax (as per Ind AS): Rs. 1.23 bn**
  - **Cumulative Disbursements: Rs. 104.8 bn**
  - **Loan book outstanding as at March 31, 2020: Rs. 62.6 bn – growth of 17% over previous year**
    - **43% of the loan book is collateralised**
  - **Average loan: Rs. 2.27 mn**
  - **Gross non-performing assets: 0.12%**

# **FINANCIALS**

## **Consolidated**

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

# BALANCE SHEET (Consolidated)

	<u>Mar-20</u>	<u>Mar-19</u>	<u>Growth</u>
	(Rs in billion)	(Rs in billion)	(%)
<b>Sources of Funds</b>			
Shareholders' Funds	1,338.36	1,179.79	13%
Liabilities Pertaining to Insurance Business	1,484.30	1,365.19	
Loan Funds	4,253.68	3,867.55	10%
Current Liabilities & Provisions	221.81	196.22	
	<u>7,298.15</u>	<u>6,608.75</u>	10%
<b>Application of Funds</b>			
Loans	4,454.69	4,223.64	5%
Assets pertaining to Insurance Business	1,572.00	1,432.86	
Investments	991.11	767.12	
Current Assets, Advances & Fixed Assets	264.34	178.88	
Goodwill on Consolidation	16.01	6.25	
	<u>7,298.15</u>	<u>6,608.75</u>	10%

## STATEMENT OF PROFIT AND LOSS – FY20

	Mar-20 (Rs. in billion)	Mar-19 (Rs. in billion)	Growth (%)
Interest & Other Operating Income	486.47	446.16	9%
Income from Insurance Business	424.56	497.07	
Fair Value Gain-merger of GRUH Finance with Bandhan Bank	97.99	-	
Net gain/(loss) on fair value change	(1.80)	7.11	
Profit on Sale of Investments & Properties	0.35	0.22	
Income on derecognised/ assigned loans	9.68	8.60	
Other Income	0.71	2.80	
<b>Total Income</b>	<b>1,017.96</b>	<b>961.96</b>	<b>6%</b>
Finance Costs	321.09	295.26	9%
Expense from Insurance Business	405.53	480.65	
Non-Interest Expenses	27.36	29.04	
Impairment on financial instruments	59.51	9.91	
<b>Total Expenses</b>	<b>813.49</b>	<b>814.86</b>	<b>0%</b>
Share of profit of associates (equity method)	57.46	73.89	
<b>Profit before tax</b>	<b>261.93</b>	<b>220.99</b>	<b>19%</b>
Total tax expense	33.67	45.18	
<b>Net Profit after tax</b>	<b>228.26</b>	<b>175.81</b>	<b>30%</b>
Other Comprehensive Income	(62.13)	0.82	
<b>Total Comprehensive Income</b>	<b>166.13</b>	<b>176.63</b>	<b>-6%</b>
<b>Profit attributable to the Corporation</b>	<b>214.35</b>	<b>162.32</b>	<b>32%</b>

# CONSOLIDATED PROFIT AFTER TAX – FY20

## (As per Ind-AS)

	Mar-20	Mar-19	Growth
	(Rs in bn)	(Rs in bn)	
<b>HDFC Profit After Tax</b>	<b>177.70</b>	<b>96.33</b>	<b>84%</b>
HDFC Life	5.88	6.13	-4%
HDFC Ergo	2.06	1.64	
HDFC ERGO Health	0.67	-	
HDFC Bank	54.39	46.70	16%
HDFC AMC	6.38	4.64	38%
HDFC Credila	1.15	0.93	24%
GRUH Finance	1.10	2.39	
Property Funds (incl GRIHA)	0.19	0.10	
HDFC Invt & HDFC Holdings	3.17	1.79	77%
HDFC Edu, Sales, Property Cos, Others	(0.16)	(0.02)	
Adjustments:			
Profit on Sale of Investments in Subsidiaries	-	(8.91)	
Adjustment on account of dilution of stake in associates	2.97	27.19	
Fair Value Adjustment /Profit on Sale of GRUH	(27.42)	(3.14)	
Dividend & Other Adjustments	(13.73)	(13.45)	
<b>Net Profit Attributable to the Corporation</b>	<b>214.35</b>	<b>162.32</b>	<b>32%</b>

# CONSOLIDATED EARNINGS

As per Ind-AS  
(As at March 31, 2020)

	<u>HDFC</u>	<u>Consolidated</u>
Return on Equity	21.7%	18.1%
Return on Average Assets	2.0%	3.3%
Earnings per share (Rs)	103	124
Profit After Tax (Rs in bn)	177.70	228.26
Total Assets (Rs in bn)	5,240.94	7,298.15

# THE ESG WAY: ENCOMPASSING ALL STAKEHOLDERS

ENVIRONMENTAL	SOCIAL	GOVERNANCE
<ul style="list-style-type: none"><li>• MSCI ESG Ratings – HDFC ranks in the top quartile; environmental impact: minimal</li><li>• Long-term commitment to finance affordable housing</li><li>• Responsible Lending Policy</li><li>• 3/4<sup>th</sup> 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 7.7 million housing units</li><li>• Focus on inclusion &amp; diversity; employee engagement / training;</li><li>• First institution to have over 100,000 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>• HDFC through its CSR initiatives supports projects focused on healthcare (including water &amp; sanitation), education, skilling &amp; livelihoods and rehabilitation of disaster affected homes</li></ul>	<ul style="list-style-type: none"><li>• Founding principles of kindness, fairness, efficiency &amp; effectiveness</li><li>• Felicitated under the ‘Leadership’ Category (the highest category) in the Corporate Governance Score Card, 2019 under a joint initiative by IFC-liAS-BSE</li><li>• The score is on the basis of factors including treatment of shareholders, disclosures and transparency</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

Reports available on the website

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

*Thank You*