



HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED  
www.hdfc.com

Ref. No.: SE/2022-23/221

November 15, 2022

BSE Limited  
P. J. Towers  
Dalal Street  
Mumbai 400 001

National Stock Exchange of India Limited  
Exchange Plaza, Plot No. C/1, G Block  
Bandra-Kurla Complex  
Bandra (East), Mumbai 400 051

**Kind Attn:** Sr. General Manager  
DCS – Listing Department

**Kind Attn:** Head – Listing

Dear Sirs,

**Sub: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015**

Pursuant to the above-mentioned regulations, we wish to inform you that the Corporation participated in the investor meeting as given below:

Date	Organised by	Type of Meeting/Event	Location
November 15, 2022	CLSA Ltd.	Investor Conference “25 <sup>th</sup> Annual Citic CLSA India Forum 2022”	Mumbai

Please note that no unpublished price sensitive information was shared/discussed by the Corporation in the said investor meeting.

A copy of the investor presentation is enclosed for your reference and the same is placed on the Corporation’s website.

We request you to kindly take the same on record.

Thank you.

Yours faithfully,  
For **Housing Development Finance Corporation Limited**

**Ajay Agarwal**  
**Company Secretary**

Encl. a/a

**Corporate Office:** HDFC House, HT Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai 400 020.

Tel.: 66316000, 22820282. Fax: 022-22046834, 22046758.

**Regd. Office:** Ramon House, HT Parekh Marg, 169, Backbay Reclamation, Churchgate, Mumbai 400 020.  
INDIA. Corporate Identity Number: L70100MH1977PLC019916



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# Investor Presentation

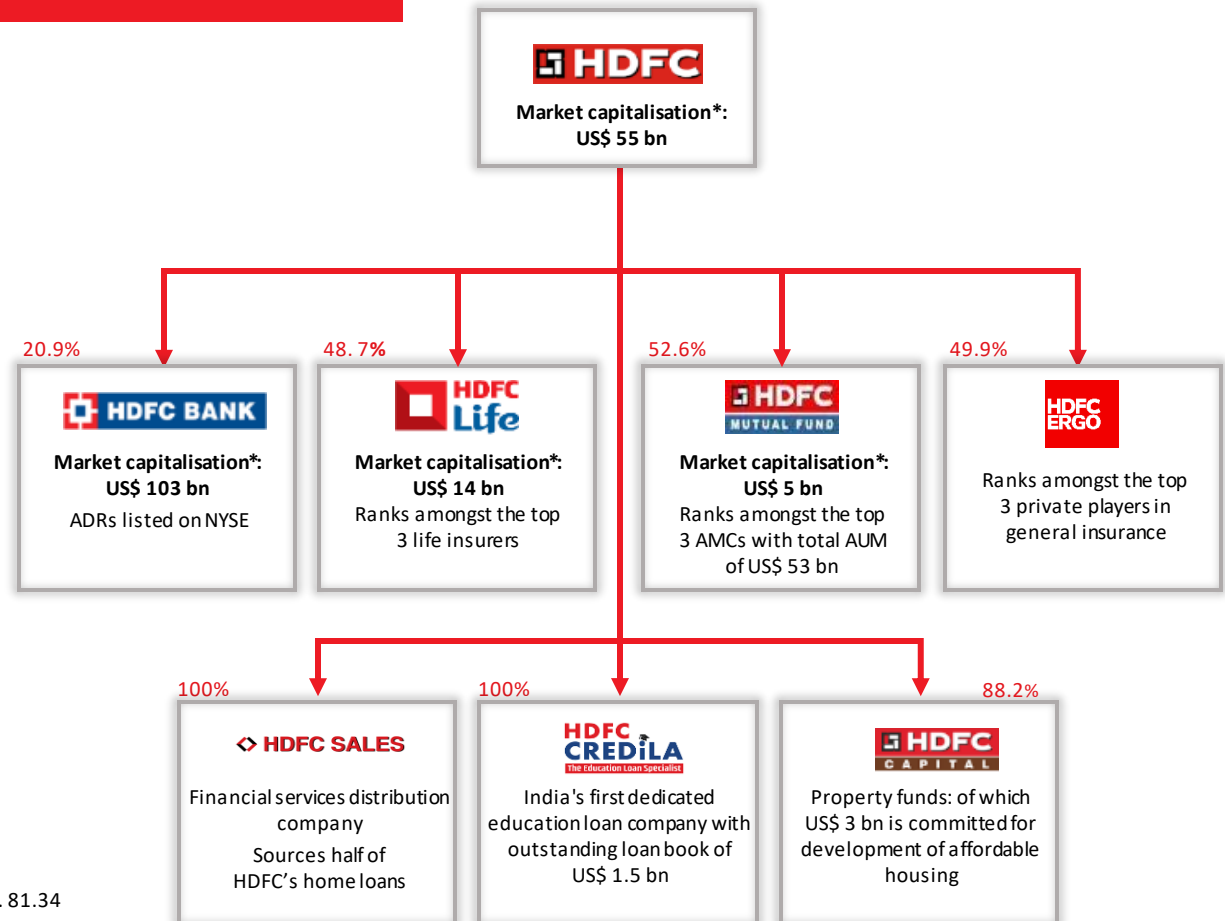
Housing Development Finance Corporation

## CONTENTS

- Who we Are
- Material Developments
- HDFC Snapshot
- Mortgage Market in India
- Operational and Financial Highlights: Mortgages
- Shareholding
- Financials: Standalone
- Key Subsidiaries and Associates
- Financials: Consolidated
- Environmental, Social & Governance & Other Initiatives

## WHO WE ARE...

- Incorporated in 1977 as the first specialised mortgage company in India
- A financial conglomerate with interests beyond mortgages
- 68% shares held by foreign investors



\*As at October 31, 2022  
US\$ amounts converted based on exchange rate of US\$ 1 = Rs. 81.34



# MATERIAL DEVELOPMENTS

## MATERIAL DEVELOPMENTS

### Proposed Transformational Combination of HDFC with HDFC Bank

- On April 4, 2022, the Board of Directors of HDFC and HDFC Bank at their respective meetings, approved a composite Scheme of Amalgamation (Scheme) for:
  - The amalgamation of HDFC's wholly owned subsidiaries, HDFC Investments Limited and HDFC Holdings Limited, with and into HDFC; and
  - HDFC with and into HDFC Bank
- Subsidiaries/associates of HDFC Limited will become subsidiaries/associates of HDFC Bank
- Shareholders of HDFC as on the record date will receive 42 shares of HDFC Bank (FV Re. 1 each) for 25 shares of HDFC (FV Rs. 2 each)
- HDFC's shareholding in HDFC Bank will be extinguished upon the Scheme becoming effective
- Post the above, HDFC Bank will be 100% owned by public shareholders and existing shareholders of HDFC will own 41% of HDFC Bank
- Till date, the stock exchanges (NSE & BSE), Pension Fund Regulatory and Development Authority, SEBI and RBI have accorded “no objection” for the above scheme
- On October 14, 2022, the National Company Law Tribunal (NCLT) passed an order for the Corporation to convene a meeting of the shareholders on November 25, 2022
  - This is to seek the approval of shareholders to the Scheme of Amalgamation
- The merger proposal is subject to various statutory and regulatory approvals

## **RATIONALE**

### **Proposed Transformational Combination of HDFC with HDFC Bank**

- The option to merge has been evaluated from time to time
- In the recent period, various regulatory changes for banks and NBFCs have considerably reduced the barriers for a potential merger:
  - Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) of banks have reduced from 27% to 22.5%
  - Prevailing interest rates give spreads on reserves
  - RBI permits Priority Sector Lending Certificates to meet Priority Sector Lending (PSL) norms
  - Long tenor infrastructure & affordable housing bonds are exempt from CRR, SLR and PSL
  - Recent harmonisation of regulations between banks and NBFCs

## **BENEFITS OF A COMBINED ENTITY**

### **Proposed Transformational Combination of HDFC with HDFC Bank**

- Synergies
  - Access to lower cost of funds
  - Wider distribution network: presently HDFC Bank does not source mortgages from all its offices
  - HDFC Bank to have access to 45 years of expertise in mortgage origination and loan servicing processes of HDFC
  - Operational efficiencies: will be able to offer the mortgage product seamlessly
  - Cross-selling: 70% of HDFC customers do not bank with HDFC Bank; of the 71 million customers of HDFC Bank, only 5% have a mortgage from other mortgage providers and only 2% have a mortgage from HDFC
- Overcome issues of a holding company discount
- Cancellation of shares of HDFC Bank held by HDFC - will be EPS accretive for HDFC Bank; provide leg room for foreign shareholding (HDFC's equity in HDFC Bank qualifies as indirect foreign investment)
- Through mortgages, HDFC Bank will get longer duration assets on its books
- HDFC Bank can build a housing loan portfolio and enhance product offerings to its existing customer base
- Overcome drag on Return on Equity





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# HDFC SNAPSHOT



## BUSINESS SUMMARY

- Loans Outstanding (Gross loans)  
(As at September 30, 2022) : Rs. 6,902.84 bn  
: US\$ 84.86 bn
- Individual Loans Originated CAGR (5 years) : 16%
- Cumulative Housing Units Financed : 9.8 million
- Cost to Income Ratio : 9.5%  
(excluding notional cost of Employee Stock Option Scheme  
& Corporate Social Responsibility Expenses)
- Unaccounted gains on listed investments : Rs. 2,247.81 bn  
in subsidiary and associate companies : US\$ 27.63 bn  
(As at September 30, 2022)
- Consolidated Profit After Tax CAGR (5 years) : 15%

## BUSINESS HIGHLIGHTS – Q2FY23

- Continued momentum in the demand for home loans
- 92% of new loan applications were received through the digital mode
- Approvals and disbursements grew by 35% and 36% respectively during the half year ended September 30, 2022
- 28% growth in individual loans (after adding back loans sold in the preceding 12 months)
- Significant improvement in asset quality
  - The collection efficiency for individual loans on a cumulative basis during the quarter ended September 30, 2022 was over 99%
  - Reduction in aggregate of Stage 2 and Stage 3 assets to 5.8% of the Exposure at Default as at September 30, 2022 compared to a peak of 9.2% as at June 30, 2021
  - Annualised credit costs for the half-year ended September 30, 2022 at 0.31% (PY: 0.40%)
- Outstanding loans restructured under RBI's Resolution Framework OTR 1.0 and 2.0 at 0.7% of the loan book (down from the peak of 1.4% in Sep-21)



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# MORTGAGE

Click here for more information

NEXT

## MORTGAGE MARKET IN INDIA

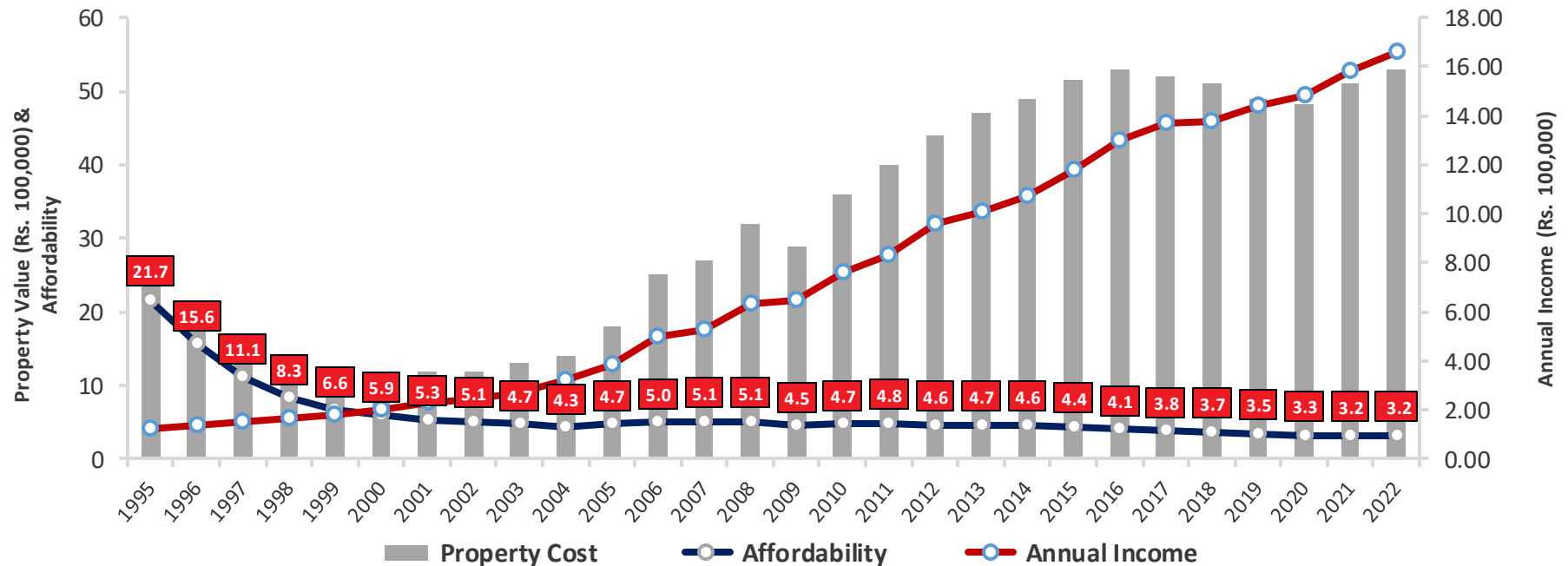
## DRIVERS OF MORTGAGE GROWTH

- Improved Affordability
- Low Penetration
- Government Incentives
  - Enhanced Fiscal Benefits
  - Incentives for Affordable Housing
- Other Demand Drivers

## IMPROVED AFFORDABILITY

Best affordability in 2.5 decades

Government support towards housing has helped improve affordability



Representation of property price estimates

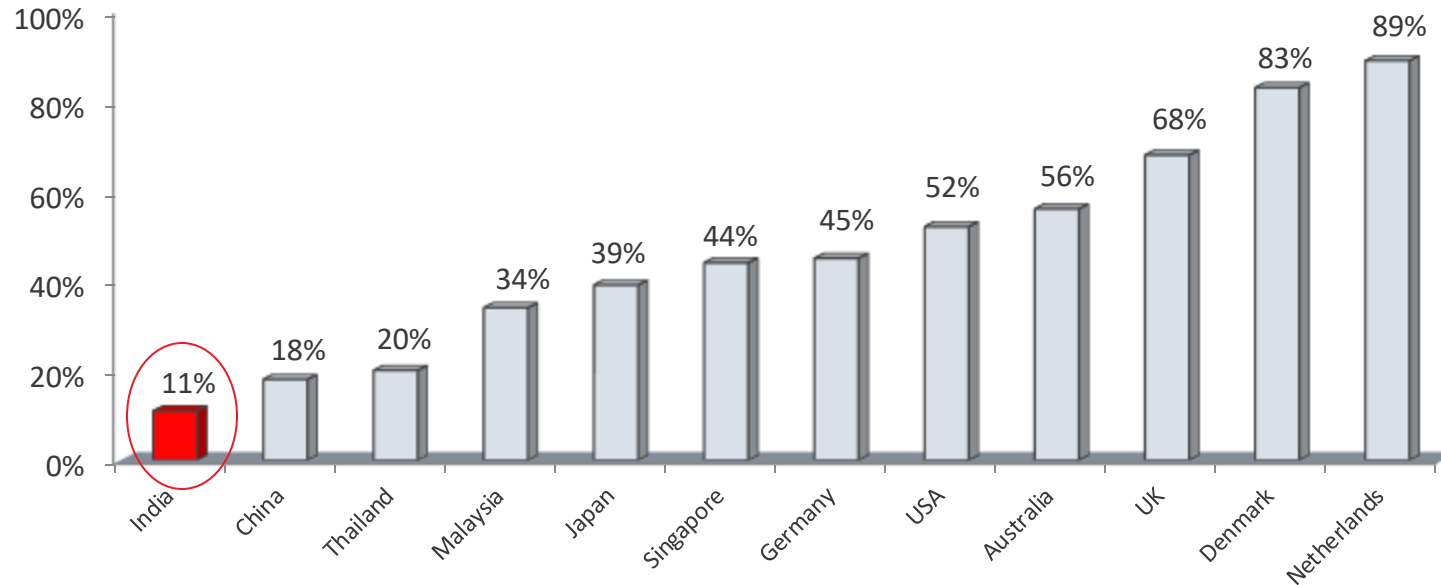
Affordability equals property prices by annual income

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

Increased budget allocations for housing for affordable housing

### Liquidity Measures

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 2023	FY 2002	FY 2000
Loan amount	3,570,000	3,570,000	3,570,000
<b>Nominal Interest Rate (%)</b>	<b>8.40%</b>	<b>10.75%</b>	<b>13.25%</b>
Max deduction for interest allowed	200,000	150,000	75,000
Deduction on principal	150,000	20,000	20,000
<b>Tax rate</b>	<b>34.32%</b>	<b>31.50%</b>	<b>34.50%</b>
Tenor (years)	20	20	20
Total amount paid per year	449,880	434,928	509,556
Interest component	299,880	383,775	473,025
Principal repaid	150,000	51,153	36,531
Tax amount saved	120,120	53,550	32,775
Effective interest paid on home loan	179,760	330,225	440,250
<b>Effective interest on home loan</b>	<b>5.0%</b>	<b>9.3%</b>	<b>12.3%</b>

## 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 40% by 2030
- **Interest Rates:** Improved affordability through rising disposable incomes and relatively low interest rates on home loans

# OPERATIONAL & FINANCIAL HIGHLIGHTS: MORTGAGES

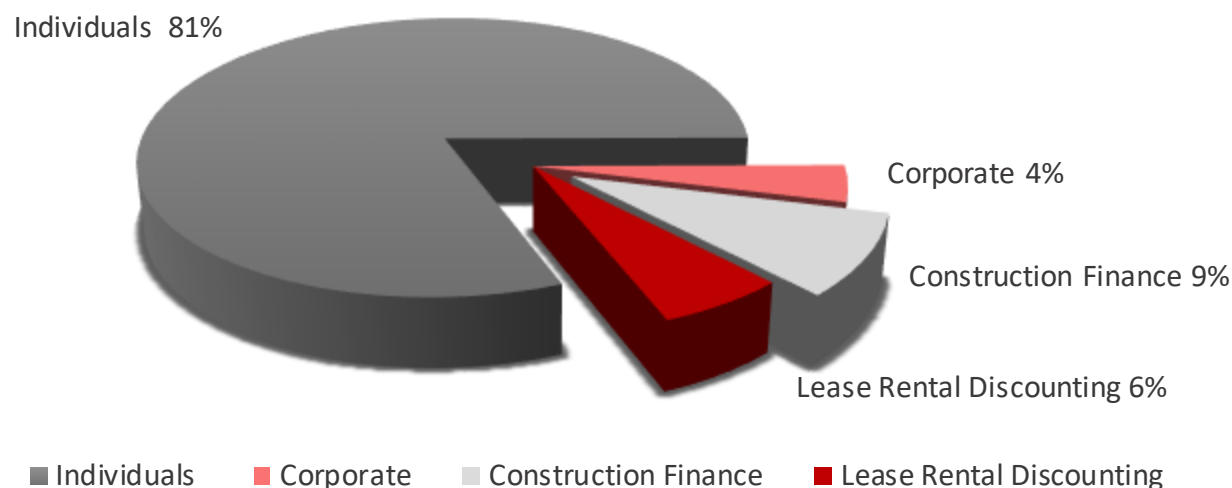


## CORE BUSINESS – LENDING

(As at September 30, 2022: Gross Loans - US\$ 84.86 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 September 30, 2022	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	4,658	57	19%	5,003	62	28%	5,593	69	20%
Non-Individuals	1,295	16	-	1,310	16	1%	1,310	16	1%
<b>Total</b>	<b>5,953</b>	<b>73</b>	<b>14%</b>	<b>6,313</b>	<b>78</b>	<b>21%</b>	<b>6,903</b>	<b>85</b>	<b>16%</b>

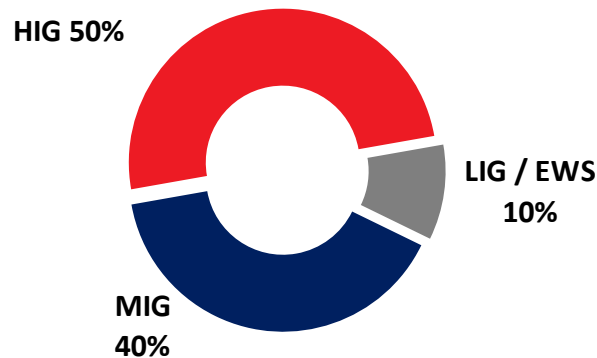
Individual loans sold (outstanding): Rs. 935.66 bn (US\$ 11.50 bn)



## HOUSING ACROSS INCOME GROUPS

Housing Loan Approvals Based on Income Slabs: H1FY23

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



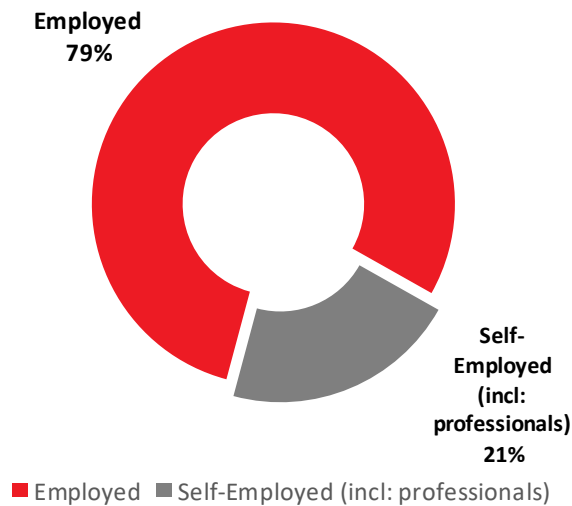
Low Income Group: Above Rs. 0.3 mn to Rs. 0.6 mn p.a.  
High Income Group: Above Rs. 1.8 mn p.a.

### Housing Loans to EWS & LIG Segments

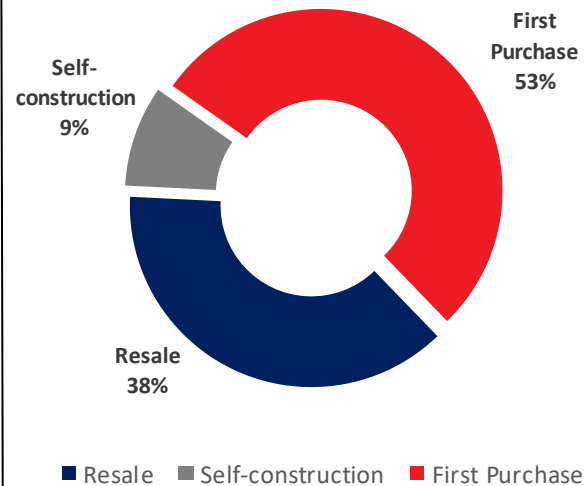
- 23% of home loan approvals in volume terms and 10% in value terms has been to the EWS & LIG segments
- Average home loan – EWS: Rs. 1.09 mn, LIG: Rs. 1.97 mn

## INDIVIDUAL LOANS: H1FY23\*

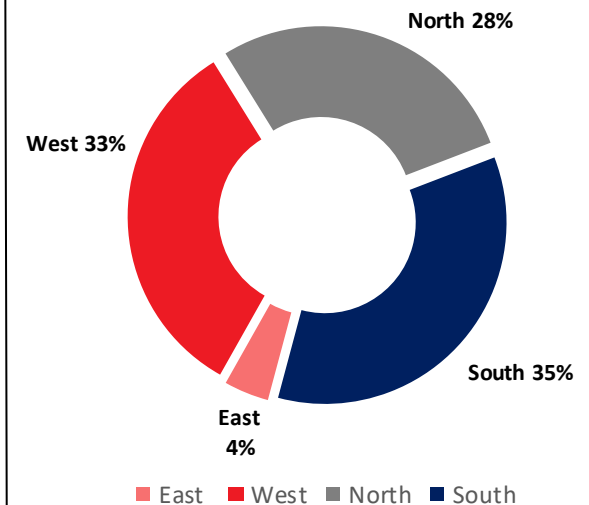
### Employment



### Acquisition Mode



### Geographic Spread



\* Based on value of approvals

## SCALE & SPEED THROUGH DIGITALISATION

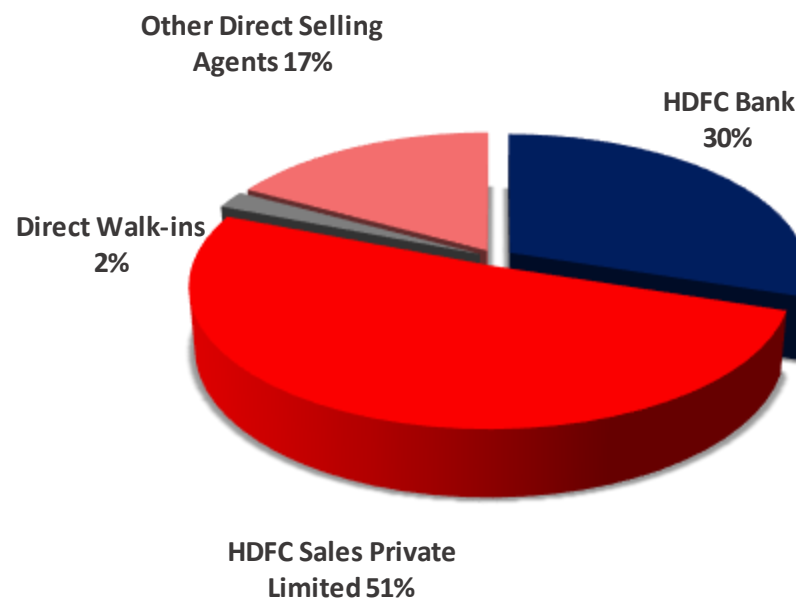
- Growing trend of digital on-boarding of customers
  - Reimagined on-boarding journey with both, mobile and web
  - Digital on-boarding enabled for channel partners
  - Customers digitally on-boarded and go through a paperless approval process
  - Use of QR codes to help customers access the digital platform
  - 92% of new loan customers on-boarded digitally
- Focused targeting and lead nurturing across multiple digital channels/platforms using SaaS based marketing solutions, thereby increasing effectiveness of marketing campaigns
- Use of technology solutions and fintech integrations at various stages of underwriting, enabling speedy processing of applications and fraud detection
- Machine Learning (ML) based lead scoring model
- Advanced conversational chatbot with Natural Language Processing (NLP) and ML technology, backed by live chat to address customers' servicing and new loan requirements 24X7
- HDFC's website in six vernacular languages, besides English, to serve the needs of customers in Tier II, Tier-III cities and rural areas

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

### DIGITAL CHANNELS FOR CUSTOMERS

- Using digital and social media marketing strategies and tools to reach out to customers
- Lifecycle management for upselling and cross-selling products to HDFC's existing customers using advanced predictive analytical tools and marketing automation platforms
- Customer queries and service requests fulfilled through 'Customer Connect' – HDFC's digital servicing platform

September 30, 2022



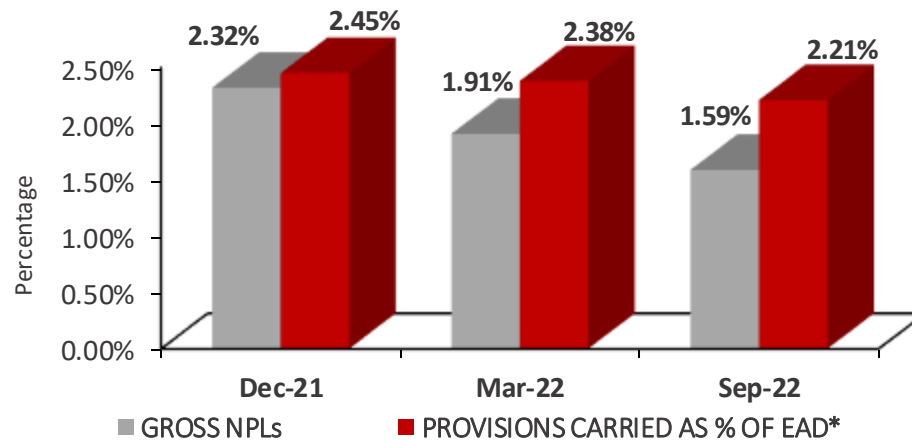
Deposit & loan products offered at several locations through outreach programmes.

Total number of offices: 709 which is inclusive of 212 outlets of HDFC Sales Limited

## OUR CONSERVATIVE LOAN PROFILE UNDERLIES OUR HIGH CREDIT QUALITY

- Average Loan Size : Rs. 3.57 mn (~US\$ 43,900)
- Average Loan to Value : 70% (at origination)
- Average Loan Term : 12 years
- Average Age : 38 years
- Primary Security : Mortgage of property financed
- Repayment Type : Amortising

## GROSS NON-PERFORMING LOANS(NPLs) & PROVISIONS CARRIED As per RBI's Revised Norms (i.e. November 12, 2021)



As at September 30, 2022	(Rs. in bn)
NPLs (90 days):	93.55
Provisions Carried:	131.46

NPLs	As at Sep 30, 2022	As at Mar 31, 2022	As at Dec 31, 2021
Individual Loans	0.91%	0.99%	1.44%
Non-Individual Loans	3.99%	4.76%	5.04%
Overall NPLs	1.59%	1.91%	2.32%

\*EAD: Exposure at Default



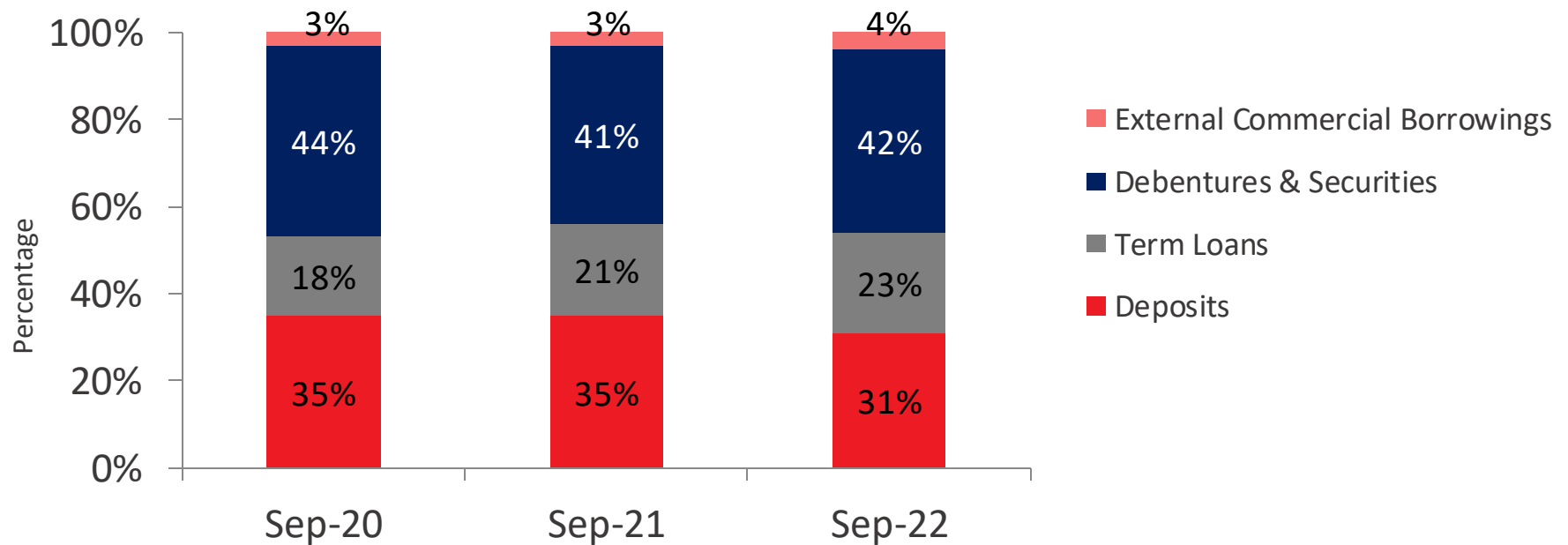
## EXPECTED CREDIT LOSS (ECL) BASED ON EXPOSURE AT DEFAULT (EAD)

As per IndAS

Exposure at Default	Sep-22	Mar-22	Sep-21
Stage 1	94.2%	93.3%	91.3%
Stage 2	3.9%	4.4%	6.2%
Stage 3	1.9%	2.3%	2.5%
Coverage Ratio (ECL/EAD)			
Stage 1	0.25%	0.26%	0.30%
Stage 2	23.45%	20.35%	14.96%
Stage 3	55.34%	54.33%	54.84%
<b>ECL/EAD</b>	<b>2.21%</b>	<b>2.38%</b>	<b>2.56%</b>

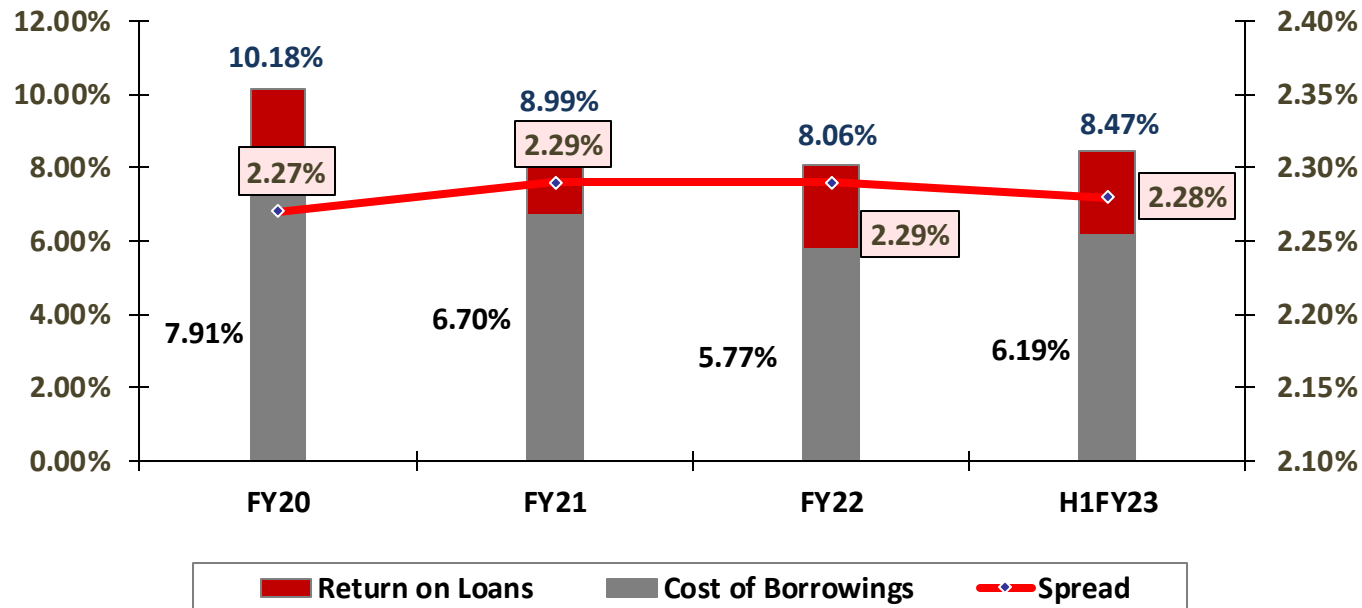
## MULTIPLE SOURCES OF BORROWINGS

(As at September 30, 2022: Total Borrowings - US\$ 65.04 bn)



Total Borrowings: Rs. 5,290.34 bn (US\$ 65.04 bn)

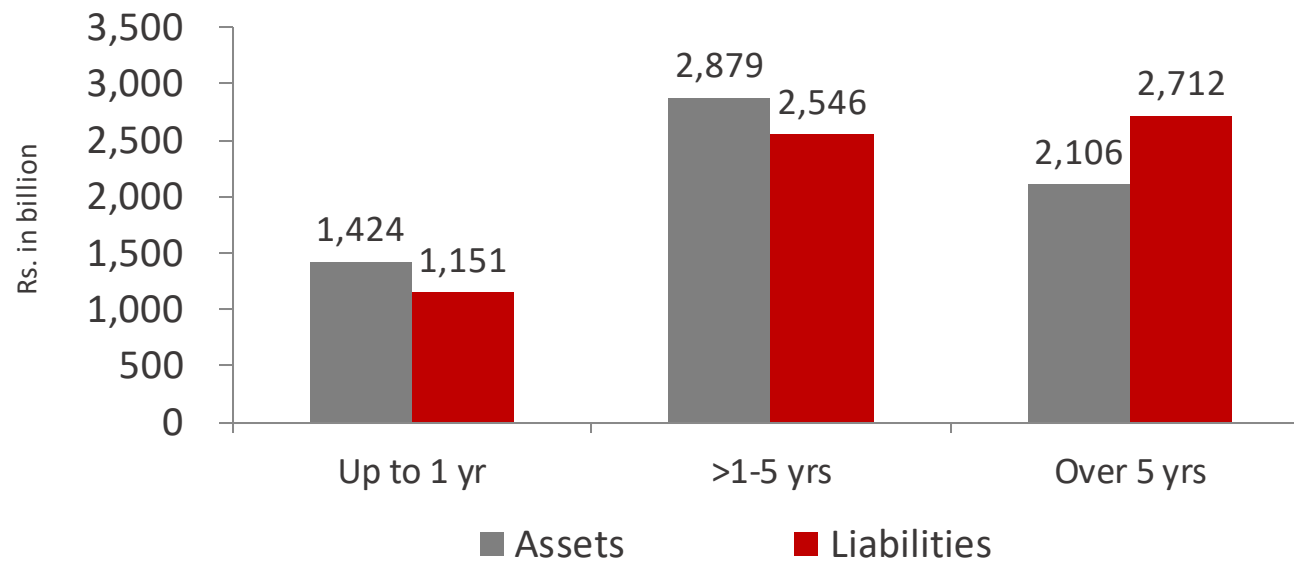
## LOAN SPREADS



	H1FY23
Spread earned on:	
Individual Loans	1.91%
Non-individual Loans	3.65%
Loan Book	2.28%

## MATURITY PROFILE

(As at March 31, 2022)



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

## PRODUCTIVITY RATIOS

	Sep-22	Mar-22	Mar-21
Number of employees	3,869	3,599	3,226
Number of outlets	497	464	390
Profit per employee (US\$ '000)	516	501	491
Assets per employee (US\$ mn)	20.8	22.7	22.5
Admin costs/assets (%)^	0.29	0.23	0.21
Cost income ratio (%)^	9.5	8.1	7.7

Sep 22: annualised

^Excluding notional cost of ESOS and CSR expenses

## KEY FINANCIAL METRICS

	Sep-22	Mar-22	Mar-21
Net Interest Margin (%)	3.4	3.5	3.5
Pre-Tax RoAA (%)	3.1	2.9	2.8
Post Tax RoAA (%)	2.6	2.3	2.3
Return on Tier 1 Capital (%)	16.3	15.0	14.8
Capital Adequacy (%)	22.5	22.8	22.2
Of which Tier I (%)	21.9	22.2	21.5
Tier II (%)	0.6	0.6	0.7

Sep 22: annualised



# VALUATION & SHAREHOLDING



## VALUATION – METHOD 1

- Number of shares outstanding: 1.82 billion
- Share Price (CMP as at October 31, 2022): Rs. 2,470
- Market Capitalisation: Rs. 4,488 billion (~US\$ 55 bn)

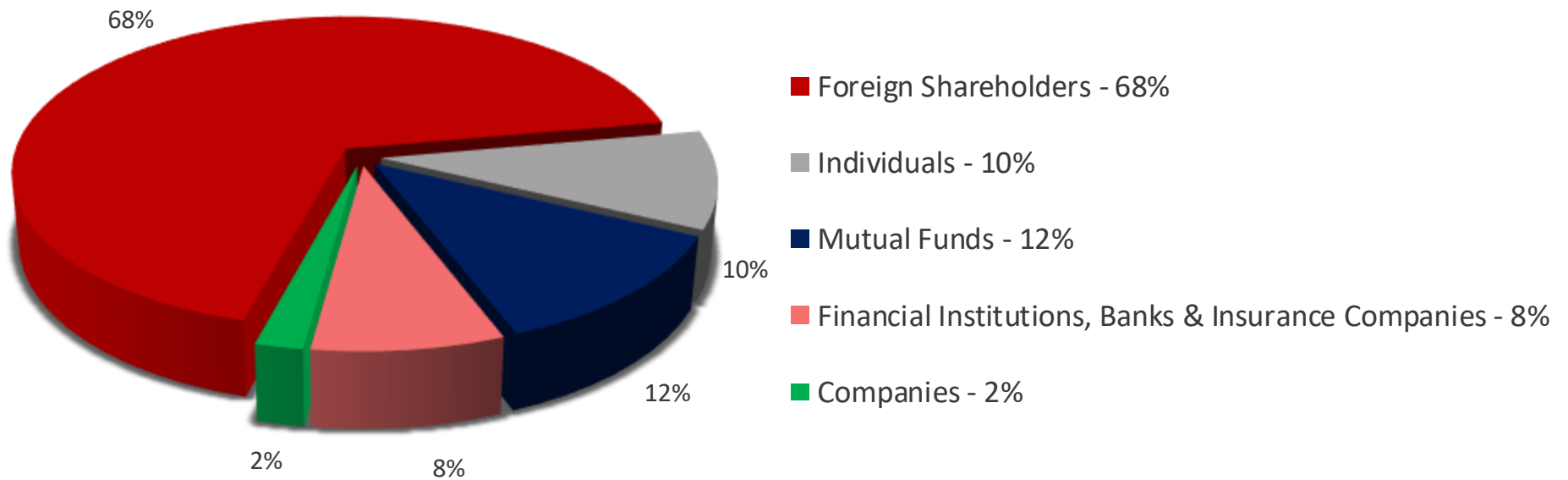
Particulars	Rs. bn	US\$ bn
Net Worth	1,234	15.2
<i>Add:</i> Unaccounted gains on strategic listed investments	2,248	27.6
<i>Add:</i> Unaccounted gains on unlisted investments	258	3.2
Adjusted Networkth	3,740	46.0
Market Capitalisation	4,488	55.2
<b>Adjusted Price to Book Ratio</b>	<b>1.2</b>	<b>1.2</b>

## VALUATION – METHOD 2

- Number of shares outstanding: 1.82 billion
- Share Price (CMP as at October 31, 2022): Rs. 2,470
- Market Capitalisation: Rs. 4,488 billion (~US\$ 55 bn)

Particulars	Rs. bn	US\$ bn
Market Capitalisation	4,488	55.2
<i>Less: Unaccounted gains on strategic listed investments</i>	2,248	27.6
<i>Less: Unaccounted gains on unlisted investments</i>	258	3.2
Adjusted Market Capitalisation	1,982	24.4
Net Worth	1,234	15.2
<b>Adjusted Price to Book Ratio</b>	<b>1.6</b>	<b>1.6</b>

## SHAREHOLDING PATTERN (As at September 30, 2022)





# FINANCIALS STANDALONE

(BASED ON INDIAN ACCOUNTING STANDARDS)

## BALANCE SHEET (Standalone)

	Sep-22	Sep-21	Growth
	(Rs. in billion)	(Rs. in billion)	(%)
<b>Sources of Funds</b>			
Shareholders' Funds	1,234.41	1,118.18	
Borrowings	5,290.34	4,627.37	14%
Current Liabilities & Provisions	273.08	196.85	
	<b>6,797.83</b>	<b>5,942.40</b>	<b>14%</b>
<b>Application of Funds</b>			
Loans (before provisions) ^	5,952.68	5,207.98	14%
Investments	750.49	695.05	
Current/ Fixed Assets	94.66	39.37	
	<b>6,797.83</b>	<b>5,942.40</b>	<b>14%</b>

<sup>^</sup>Net of loans sold during the preceding 12 months amounting to Rs. 345.13 billion of individual loans. If these loans were included, the growth in loans would have been 21%.

## FINANCIALS - H1FY23

- H1FY23 entailed a volatile environment
- The monetary policy and interest rate actions have had a short-term impact on the net interest income and to a slightly lesser extent on the net interest margin.
  - This has been due to the transmission lag between the interest rate increase in borrowing costs and the increase in lending rates
  - Benchmark lending rates have been increased; incremental individual loans have shifted to a monthly reset (previously quarterly) to reduce the transmission impact
- On account of volatile equity markets, the net gain on investments fair valued through the profit and loss account stood at Rs 1.51 bn (PY: Rs 5.48 bn)
- Dividend income was higher at Rs 20.46 bn (PY: Rs 11.88 bn)
- Profit on Sale of Investments: Rs 1.84 bn (PY: Rs 2.63 bn)
- Non-interest expense ratios were higher due to an increase in upfront expenses on staffing, branch expansion and information technology -- benefits to accrue over the ensuing quarters.

## STATEMENT OF PROFIT AND LOSS – H1FY23 (Standalone)

	H1FY23 (Rs. in billion)	H1FY22 (Rs. in billion)	Growth (%)
<b>Net Interest Income</b>	<b>90.86</b>	<b>82.35</b>	<b>10%</b>
Add: Income on derecognised (assigned) loans	5.14	3.95	
Add: Other Operating Income	1.71	1.49	
<b>Net Operating Income</b>	<b>97.71</b>	<b>87.79</b>	<b>11%</b>
Less: Non Interest Expenses	9.26	7.17	
Less: Amortisation of ESOS and CSR Expenses	2.52	3.63	
Add: Other Income	0.17	0.16	
<b>Profit Before Sale of Investments, Dividend, Fair Value Changes and ECL</b>	<b>86.10</b>	<b>77.15</b>	<b>12%</b>
Add: Net gain/(loss) on Fair Value Changes	1.51	5.48	
Add: Dividend	20.46	11.88	
Add: Profit on Sale of Investments	1.84	2.63	
Less: Expected Credit Loss (ECL)	9.87	11.38	
<b>Profit Before Tax</b>	<b>100.04</b>	<b>85.76</b>	<b>17%</b>
Provision for Tax	18.81	17.95	
<b>Profit After Tax</b>	<b>81.23</b>	<b>67.81</b>	<b>20%</b>
<i>Effective tax rate (%)</i>	<i>18.8%</i>	<i>20.9%</i>	



## STATEMENT OF PROFIT AND LOSS – Q2FY23 (Standalone)

	Q2FY23 (Rs. in billion)	Q2FY22 (Rs. in billion)	Growth (%)
<b>Net Interest Income</b>	<b>46.39</b>	<b>41.10</b>	<b>13%</b>
Add: Income on derecognised (assigned) loans	2.32	1.28	
Add: Other Operating Income	0.95	0.88	
<b>Net Operating Income</b>	<b>49.66</b>	<b>43.26</b>	<b>15%</b>
Less: Non Interest Expenses	4.68	3.60	
Less: Amortisation of ESOS and CSR Expenses	1.21	1.70	
Add: Other Income	0.09	0.10	
<b>Profit Before Sale of Investments, Dividend, Fair Value Changes and ECL</b>	<b>43.86</b>	<b>38.06</b>	<b>15%</b>
Add: Net gain/(loss) on Fair Value Changes	1.42	1.46	
Add: Dividend	13.59	11.71	
Add: Profit on Sale of Investments	-	-	
Less: Expected Credit Loss (ECL)	4.73	4.52	
<b>Profit Before Tax</b>	<b>54.14</b>	<b>46.71</b>	<b>16%</b>
Provision for Tax	9.60	8.90	
<b>Profit After Tax</b>	<b>44.54</b>	<b>37.81</b>	<b>18%</b>
<i>Effective tax rate (%)</i>	<i>17.7%</i>	<i>19.1%</i>	



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# KEY ASSOCIATES AND SUBSIDIARIES

## HDFC BANK LIMITED

- 20.9% owned by HDFC
- ADRs listed on NYSE
- 6,499 banking outlets, 18,868 ATMs
- Key business areas-  
Wholesale banking | Retail banking | Treasury operations
- Financials (as per Indian GAAP) for the year half-year ended September 30, 2022
  - Advances as at September 30, 2022, stood at Rs. 14,799 bn – an increase of 23% over the previous year
  - Total deposits stood at Rs. 16,734 bn – an increase of 19% over the previous year
  - PAT (Indian GAAP): Rs. 198.02 bn – an increase of 20% 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 (October 31, 2022): ~US\$ 103 bn

## HDFC LIFE INSURANCE COMPANY LIMITED (HDFC LIFE)

- 48.7% owned by HDFC
- Successfully completed the merger with Exide Life in October 2022. The entire transaction was completed in less than 14 months.
- Total premium income for H1FY23 stood at Rs. 217.2 bn – growth of 13% over the previous year. Total premium income for H1FY23 on a post merger basis stood at Rs. 233.3 bn
- On a post merger basis, HDFC Life had a market share of 16.1%
- H1FY23 Highlights (post-merger)<sup>#</sup>:
  - New Business Margin: 26.2% (PY: 26.4%). Pre-merger NBM for H1FY23: 27.6%
  - Indian Embedded Value stood at Rs. 360 bn as at September 30, 2022 (PY: Rs. 287 bn)
  - Assets Under Management as at September 30, 2022 stood at Rs. 2.2 trillion (PY: Rs 1.9 trillion)
  - Solvency Ratio as at September 30, 2022 – 210% (regulatory requirement: 150%)
  - PAT for H1FY23 (Indian GAAP): Rs. 6.9 bn (PY: Rs.5.8 bn)
  - Product mix (Individual APE) - Unit Linked: 22%, Non-Par Savings: 37%, Annuity: 6%, Protection: 4%, Par: 31%
- HDFC International, (overseas subsidiary of HDFC Life) has received an in-principle approval from International Financial Services Centres Authority to set up a 'global in-house center' at GIFT City
- Market capitalisation (October 31, 2022): ~US\$ 14 bn

<sup>#</sup> Previous year numbers are not comparable due to the Exide Life merger in FY23

## **HDFC ASSET MANAGEMENT COMPANY LIMITED (HDFC AMC)**

- 52.6% owned by HDFC and Abrdn Investment Management holds 10.21% of the equity of HDFC AMC
- Quarterly Average Assets under Management as at September 30, 2022, stood at Rs. 4.3 trillion (US\$ 53 bn), with an overall market share of 11%
- Amongst India's largest actively managed equity mutual fund, with a market share of 11.5% as at September 30, 2022
  - Equity-oriented AUM of HDFC MF as a proportion of total AUM was 54%
- Individual accounts of HDFC MF as at September 30, 2022
  - 10.4 million live accounts
  - 65.5% of total monthly average AUM is contributed by individuals
  - Market share of 12.6% of individual monthly average AUM
- In May 2022, HDFC AMC International (IFSC) Limited, located in Gujarat International Finance Tec-City (GIFT City), has been incorporated by HDFC AMC.
- PAT for H1FY23 (as per Ind AS): Rs. 6.78 bn
- Market capitalisation (October 31, 2022): ~US\$ 5 bn

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

- HDFC holds 49.98% and ERGO International AG holds 48.99% of the equity of HDFC ERGO
- Gross direct premium for H1FY23 stood at Rs. 80.02 bn (PY: Rs. 65.25 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 rural segment
  - Retail accounts for 56% of the total business
- Market share of 10.6% (private sector) and 6.4% (overall) in terms of gross direct premium for the period ended September 30, 2022 (Source: GI Council)
- As at September 30, 2022: Solvency Ratio – 178% (as against regulatory requirement of 150%)
- Profit after tax for H1FY23: Rs. 3.21 bn (PY : Rs. 1.53 bn)

## **HDFC CAPITAL ADVISORS LIMITED (HCAL)**

- HDFC owns 88.2% and Abu Dhabi Investment Authority (ADIA) holds 10% of the equity in HCAL
- HDFC Capital Affordable Real Estate Fund (HCARE)
  - Set up as a SEBI registered AIF in 2016
  - Objective: To provide long-term flexible funding across the lifecycle of affordable and mid-income housing projects, including early-stage funding. The HCARE platform also invests in technology companies engaged in the affordable housing ecosystem.
  - HCARE 1 & 2 is a US\$ 1.1 bn platform targeting affordable & mid-income residential projects
  - In January 2022, HCARE achieved the initial closure of HCARE 3. Investors have committed US\$ 1.22 bn to HCARE 3, focused on affordable and mid-income residential projects. Combined with potential re-investments, the total fund corpus will increase to an estimated US\$ 1.88 bn.
  - HCARE 3 combined with HCARE 1 & 2 will create a US\$ 3 bn funding platform, focused on the development of affordable housing
  - Primary investors in HCARE 1, 2 & 3 is a wholly owned subsidiary of 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 FINANCIAL SERVICES LTD. (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 September 30, 2022
  - Profit After Tax (as per Ind AS): Rs. 1.18 bn – 25% growth
  - Cumulative loans disbursed: Rs. 205 bn
  - Loan book outstanding: Rs. 122 bn
    - 30% of the loan book is collateralised
  - Gross non-performing assets: 0.17% (post RBI Nov'21 circular)



# FINANCIALS CONSOLIDATED

(BASED ON INDIAN ACCOUNTING STANDARDS)

## BALANCE SHEET (Consolidated)

	Sep-22	Sep-21	Growth
	(Rs. in billion)	(Rs. in billion)	(%)
<b>Sources of Funds</b>			
Shareholders' Funds	1,982.17	1,727.40	15%
Liabilities Pertaining to Insurance Business	2,422.48	2,141.63	
Loan Funds	5,398.20	4,695.38	
Current Liabilities & Provisions	334.57	239.61	
	<b>10,137.42</b>	<b>8,804.02</b>	<b>15%</b>
<b>Application of Funds</b>			
Loans	5,942.07	5,145.82	15%
Assets pertaining to Insurance Business	2,586.44	2,273.14	
Investments	1,267.10	1,154.07	
Current Assets, Advances & Fixed Assets	288.92	214.98	
Goodwill on Consolidation	52.89	16.01	
	<b>10,137.42</b>	<b>8,804.02</b>	<b>15%</b>

## STATEMENT OF PROFIT AND LOSS –H1FY23 (Consolidated)

	Rs. in billion	
	H1FY23	H1FY22
Interest & Other Operating Income	274.76	234.35
Income from Insurance Business	389.16	447.00
Profit on Sale of Investment & Investment Properties	0.01	0.72
Net gain on fair value changes	2.27	9.90
Income on derecognised (assigned) loans	4.81	3.85
Other Income	0.20	0.19
<b>Total Income</b>	<b>671.21</b>	<b>696.01</b>
Finance costs	164.50	133.10
Expenses from Insurance Business	379.62	443.21
Non-Interest Expenses	21.07	18.25
Impairment on financial instruments	9.76	11.31
<b>Total Expenses</b>	<b>574.95</b>	<b>605.87</b>
Share of profit of associates (equity method)	51.39	40.61
<b>Profit Before Tax</b>	<b>147.65</b>	<b>130.75</b>
Total tax expense	21.48	20.93
<b>Net Profit After Tax</b>	<b>126.17</b>	<b>109.82</b>
<b>Profit Attributable to the Corporation</b>	<b>118.62</b>	<b>102.99</b>

## CONSOLIDATED PROFIT AFTER TAX – H1FY23

(As per Ind-AS)

	H1FY23	H1FY22
	(Rs. in billion)	(Rs. in billion)
<b>HDFC Profit After Tax</b>	<b>81.23</b>	<b>67.81</b>
HDFC Life	2.85	2.77
HDFC Ergo	1.44	1.00
HDFC Bank	48.87	38.24
HDFC AMC	3.57	3.63
HDFC Credila	1.17	0.94
Other Companies	5.40	2.10
Adjustments:		
Dilution gain / loss from Associates	2.53	2.37
Profit on Sale of Investments	(1.42)	(1.44)
Dividend & Other Adjustments	(27.02)	(14.43)
<b>Net Profit Attributable to the Corporation</b>	<b>118.62</b>	<b>102.99</b>





## ESG & OTHER INITIATIVES

## THE ESG WAY: ENCOMPASSING ALL STAKEHOLDERS



### ENVIRONMENTAL

- ESG Ratings: HDFC's environmental impact is minimal/low risk
- Long-term commitment to finance affordable & green housing
- Focus on responsible lending -- enhanced E&S due diligence
- Signed a MoU with Indian Green Building Council to help promote green buildings
- ~ 3/4<sup>th</sup> of the lease rental discounting portfolio is certified as green by accredited green rating agencies
- Funding lines from multilateral agencies for on-lending for green and affordable housing
- Green and sustainable deposits for retail depositors
- Supporting programmes for environmental sustainability, recycling, conservation, animal & wildlife protection and the ecology
- Employee sensitisation on environmental impact; initiatives to facilitate carbon offsets
- Measuring and monitoring the Corporation's carbon footprint, increased solar panel installations in owned office premises

*Contd...*

## THE ESG WAY: ENCOMPASSING ALL STAKEHOLDERS



### SOCIAL

- Shelter Assistance Reserve created in 1987: Set aside a portion of profits each year to support socially high impact projects
- Cumulatively financed 9.8 million housing units
- Focus on inclusion & diversity; employee engagement, training and wellbeing
- Institution with the largest number of beneficiaries under the Government's Credit Linked Subsidy Scheme at 0.31 mn
- HDFC primarily implements its CSR initiatives through the H T Parekh Foundation, a charitable institution set up by HDFC
- CSR focus areas: healthcare, education, skilling & livelihoods, persons with disabilities, environmental sustainability
- National CSR Awards by the Ministry of Corporate Affairs, Government of India for 'Overall Excellency in CSR for Large Companies' and 'CSR in National Priority Areas – Supporting Technology Incubators'

*Contd...*

## THE ESG WAY: ENCOMPASSING ALL STAKEHOLDERS



### GOVERNANCE

- Founding principles of kindness, fairness, efficiency & effectiveness
- Recent Awards
  - Highest Governance score of 1 by ISS, 2022
  - 'Leadership' category for ESG - CRISIL Sustainability Yearbook, 2022
  - Felicitated under the 'Leadership' category in the Corporate Governance Score Card, 2021 under a joint initiative by IFC-IIAS-BSE
  - Best Integrated Report 2020 by Asian Centre for Corporate Governance & Sustainability
  - 'Leadership in Employee Development' 2021 by ESGRisk.ai, India's 1<sup>st</sup> ESG rating company
  - 'Company of the Year' at The Economic Times Awards for Corporate Excellence 2020
  - Golden Peacock Award for Excellence in Corporate Governance: 2018, 2020 and 2022
- No promoter holding
- Well reputed, independent directors since inception; core competencies directly linked to the strategy of HDFC



## ESG REPORTS

- Report of Directors on Corporate Governance
- Annual Report on Corporate Social Responsibility (CSR) Activities
- Business Responsibility and Sustainability Report - prescribed by SEBI in May 21, voluntary for the top 1,000 companies by market cap for FY22 and mandatory from FY23 onwards. HDFC voluntarily adopted this format in FY21 and FY22
- Integrated 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>

## DASH PHILOSOPHY & DIGITALISATION OBJECTIVES

Re-imagine and transform the customer journey across the lifecycle to improve customer experience and create market differentiation



**D**

### Digital First

Personalised and digital borrower experience



**A**

### Agile Methods

Customer centric designs, teams collaborate with IT & User Support Groups



**S**

### Seamless

Automate document ingestion; leverage cloud architecture and APIs to facilitate scalability



**H**

### HDFC For You

Organisation-wide thrust on identification and tracking of outcomes and input metrics to drive impact

## **DASH PHILOSOPHY & 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



WITH YOU, RIGHT THROUGH