

**Ref. No. SE/ 2018-19/257**

November 9, 2018

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

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

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

**Kind Attn:** Head - Listing

Dear Sirs,

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

Pursuant to the above-captioned regulations, please find enclosed a copy of the investor presentation prepared by the Corporation. The said presentation is also being placed on the website of the Corporation.

We request you to kindly take the same on record and acknowledge receipt.

Thank you.

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



**Ajay Agarwal**  
Company Secretary

Encl. a/a

**Corporate Office:** HDFC House, H T Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai 400 020.  
Tel.: 66316000, 22820282. Fax: 022-22046834, 22046758.

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



**Housing Development Finance  
Corporation Limited**

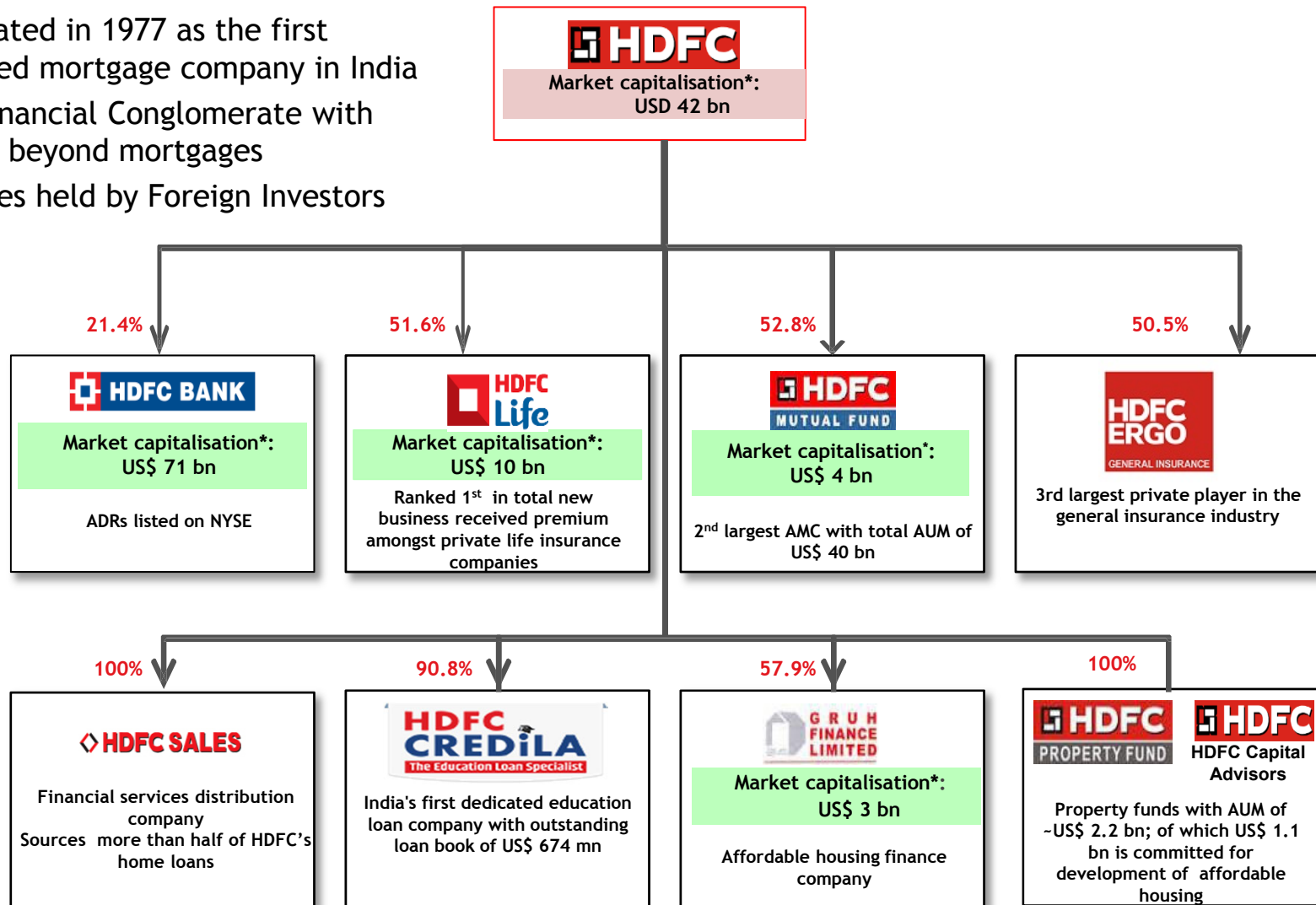
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# HDFC SNAPSHOT

## WHO WE ARE...

- Incorporated in 1977 as the first specialised mortgage company in India
- Now a Financial Conglomerate with interests beyond mortgages
- 75% shares held by Foreign Investors



\*As at October 31, 2018  
US\$ amounts converted based on exchange rate of US\$ 1 = Rs. 72.66

# BUSINESS SUMMARY

- **Loans Outstanding (Gross loans)** : Rs. 4,302.10 bn  
*(September 30, 2018)* : US\$ 59.21 bn
- **Individual Loans Originated CAGR (5 years)** : 18%
- **Cumulative Housing Units Financed** : 6.6 million
- **Total loan write offs since inception** : Under 7 basis points  
*(of cumulative disbursements)*
- **Cost to Income Ratio\*** : 9%
- **Unaccounted gains on listed investments** : Rs. 1,697.44 bn  
**in subsidiary and associate companies\*** : US\$ 23.36 bn
- **Profit After Tax CAGR (5 years)** : Standalone - 12%  
*(FY 2018){excluding exceptional items}* : Consolidated - 14%

\* As at September 30, 2018

# **MORTGAGE MARKET IN INDIA**

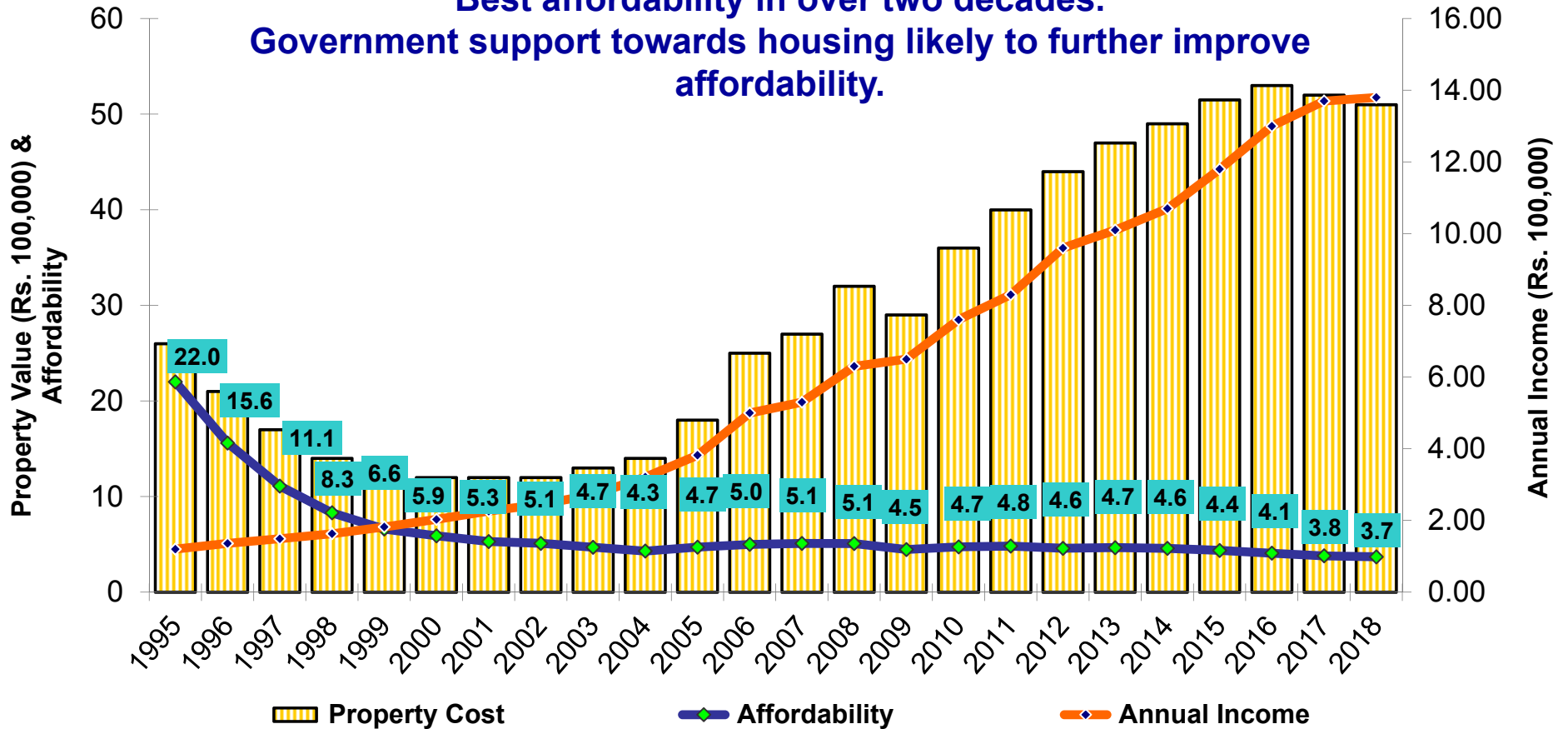
# DRIVERS OF MORTGAGE GROWTH

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



# IMPROVED AFFORDABILITY

Best affordability in over two decades.  
 Government support towards housing likely to further improve affordability.

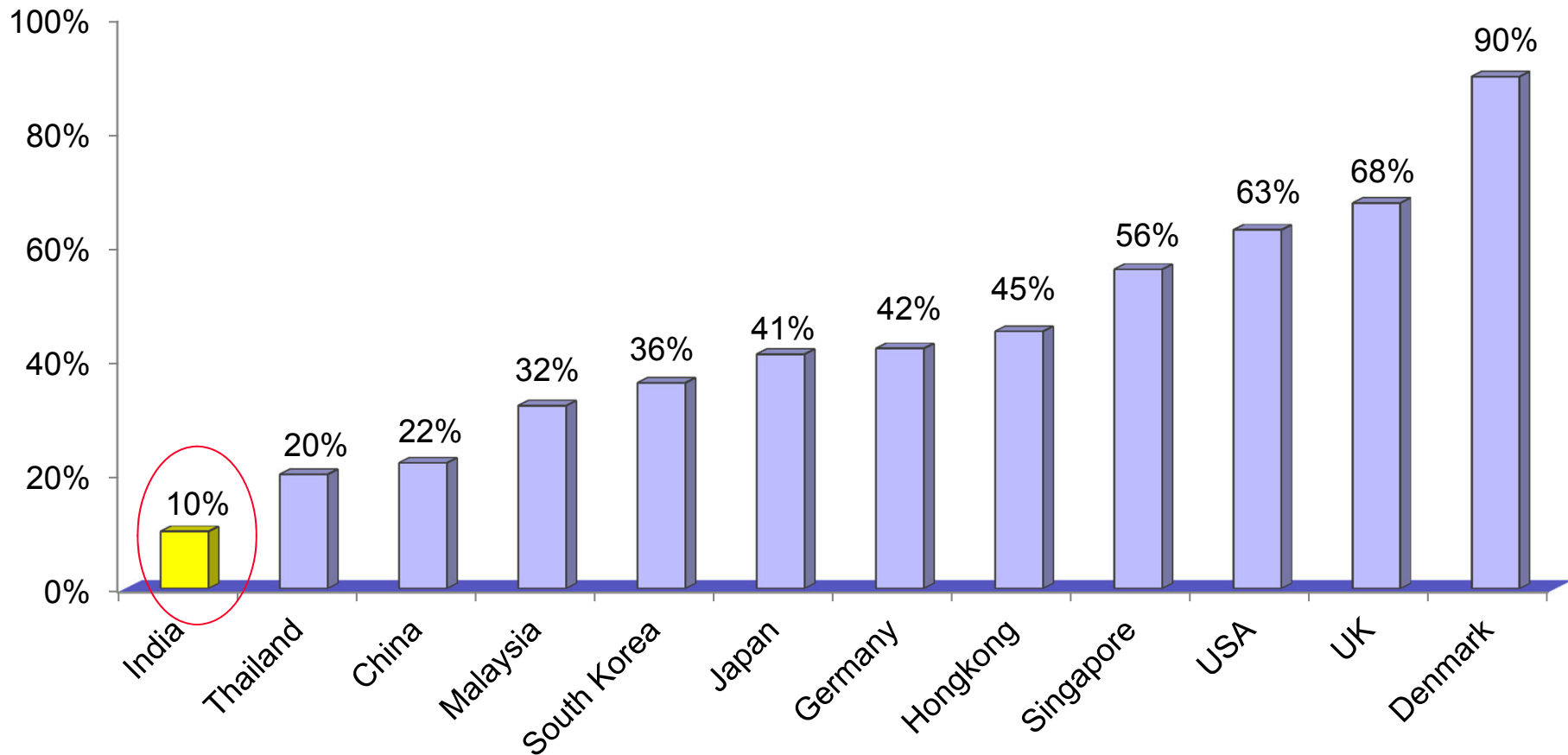


Representation of property price estimates

Affordability equals property prices by annual income

Based on customer data of a large metro city

## 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 2019	FY 2002	FY 2000
Loan amount (Rs)	2,700,000	2,700,000	2,700,000
Less: Subsidy under CLSS	230,156	-	-
Revised loan amount	2,469,844	2,700,000	2,700,000
Nominal Interest Rate(%)	8.85%	10.75%	13.25%
Max deduction for interest allowed	200,000	150,000	75,000
Deduction on principal	150,000	20,000	20,000
Tax rate	30.90%	31.50%	34.50%
Tenor (years)	20	20	20
Total amount paid per year	368,581	321,636	376,812
Interest component	218,581	290,250	357,750
Principal repaid	150,000	31,386	19,062
Tax amount saved	108,150	53,550	32,775
Effective interest paid on home loan	110,431	236,700	324,975
Effective interest on home loan	4.1%	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.
- HDFC ranked as the top performing primary lending institution in the EWS & LIG segment and the second best in the MIG segment of the CLSS

### 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\$ 8,300)	Rs > 600,000 up to 1,200,000 (>US\$ 8,300 to 16,500)	> Rs 1,200,000 to 1,800,000 (>US\$ 16,500 to 25,000)
Property size (sq mtrs)	60	120	150
Maximum amount of loan qualifying for subsidy	Rs 600,000 (US\$ 8,300)	Rs 900,000 (US\$ 12,400)	Rs 1,200,000 (US\$ 16,500)
Interest Subsidy (% per annum)	6.50%	4%	3%
Subsidy under CLSS*	Rs 267,280 (US\$ 3,700)	Rs 235,068 (US\$ 3,200)	Rs 230,156 (US\$ 3,170)

\*NPV discount rate at 9% for 20 years

## OTHER DEMAND DRIVERS

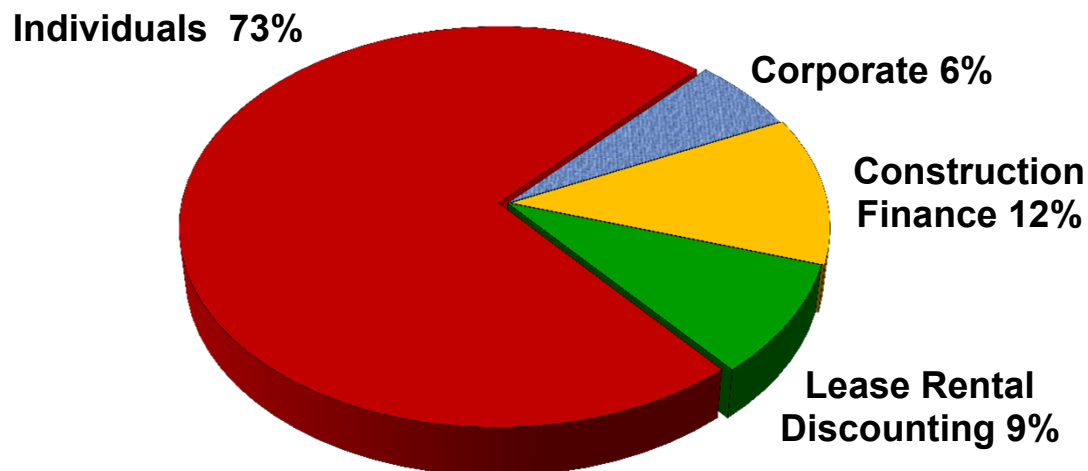
- **Favourable Demographics:** 66% of India's population is below 35 years of age, hence large potential for home loans
- **Nuclear Households:** Rise in the number of households with a shift towards nuclear families
- **Urbanisation:** Currently 32% of the Indian population reside in cities; estimated 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 September 30, 2018: Gross Loans - US\$ 59 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, 2018	Loan Book o/s			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	2,652	37	18%	2,810	39	25%	3,156	43	18%
Non-Individuals	1,139	16	14%	1,139	16	14%	1,146	16	13%
<b>Total</b>	<b>3,791</b>	<b>53</b>	<b>17%</b>	<b>3,949</b>	<b>55</b>	<b>22%</b>	<b>4,302</b>	<b>59</b>	<b>17%</b>

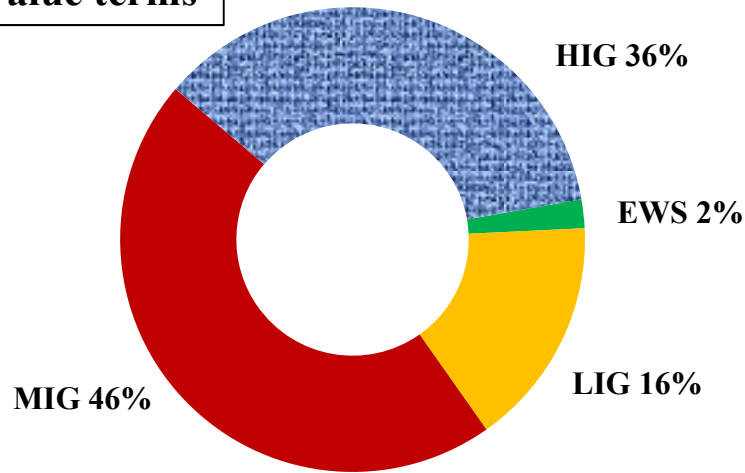
Individual loans sold (outstanding): Rs. 504.14 bn (US\$ 6.94 bn)



# AFFORDABLE HOUSING

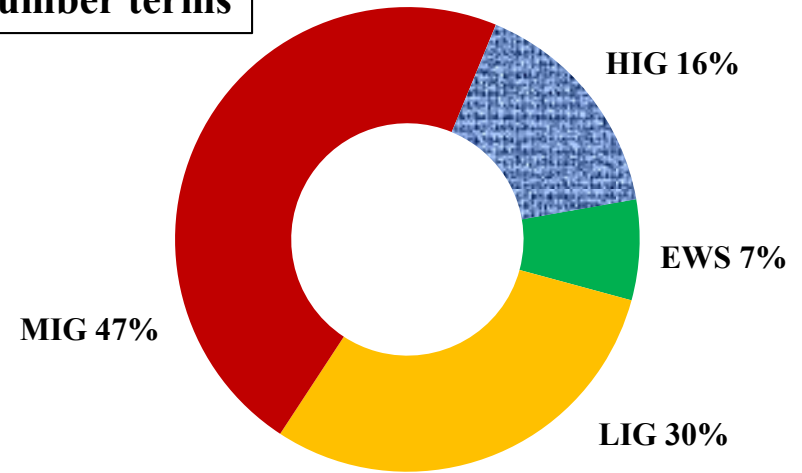
## Housing Loan Approvals Based on Income Slabs: H1 FY19

**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**



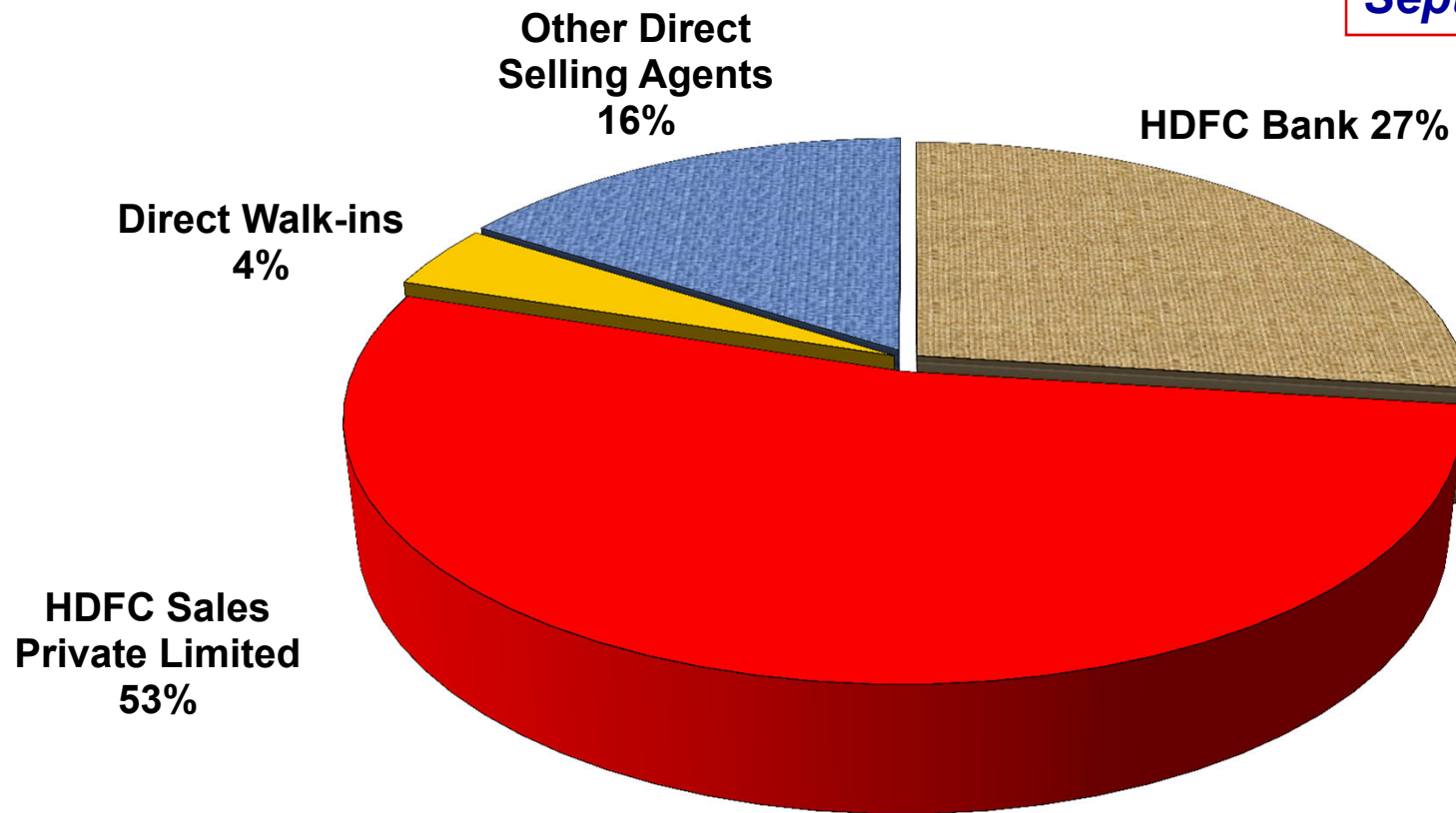
Low Income Group: Above Rs 0.3 mn to Rs 0.6 mn p.a.  
 High Income Group: Above Rs 1.8 mn p.a.

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

- 37% of home loan approvals in volume terms has been to the EWS & LIG segments and 18% in value terms
- Approving ~8,300 loans monthly in EWS/LIG segment; monthly average approvals: Rs 13.54 bn
- Average home loan – EWS: Rs 1.01 mn, LIG: Rs 1.76 mn

# 84% OF OUR MORTGAGES ARE SOURCED BY OURSELVES OR THROUGH OUR AFFILIATES

September 30, 2018



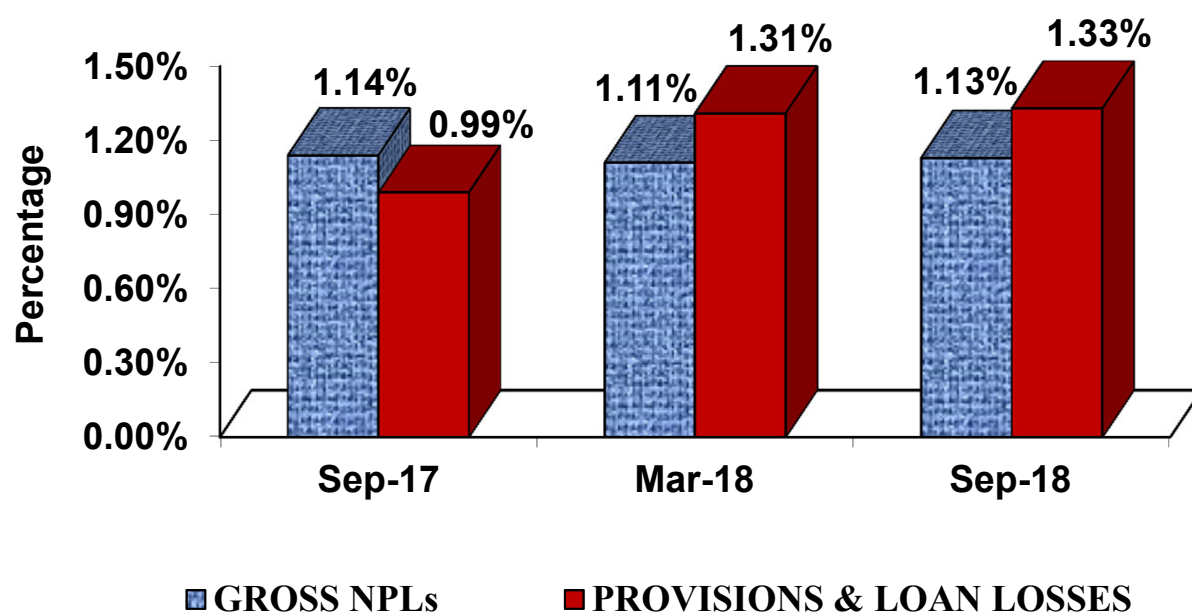
Deposit & loan products offered at several locations through outreach programmes.

Total number of offices: 514 which is inclusive of 169 outlets of HDFC's wholly owned distribution company.

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

- **Average Loan Size** : Rs. 2.70 mn (US\$ 37,159)
- **Average Loan to Value** : 69% (at origination)
- **Average Loan Term** : 13 years
- **Average Age** : 39 years
- **Primary Security** : Mortgage of property financed
- **Repayment Type** : Amortising

## GROSS NON-PERFORMING LOANS (NPLs) & PROVISIONS & LOAN LOSSES



As at September 30, 2018

(Rs. in bn)

NPLs (3 months): 42.78

Provisions & Loan Losses: 50.71

Regulatory Provisioning: 29.51

•NPLs as % of the loan portfolio:

Individual Loans: 0.66%

Non-individual Loans: 2.18%

Total loan write offs since inception is less than 7 basis points of cumulative disbursements.

# CLASSIFICATION OF ASSETS

	Sep-18	Jun-18	Mar-18
Stage 1 & 2	98.87%	98.82%	98.89%
Stage 3	1.13%	1.18%	1.11%
Total	100.00%	100.00%	100.00%

98.6% of loan instalments in Stage 1 & 2 are in the 0-30 day bucket

Stage 1 – Outstanding up to 30 days

Stage 2 – Outstanding for greater than 30 days but less than 90 days

Stage 3 – Outstanding for greater than 90 days

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

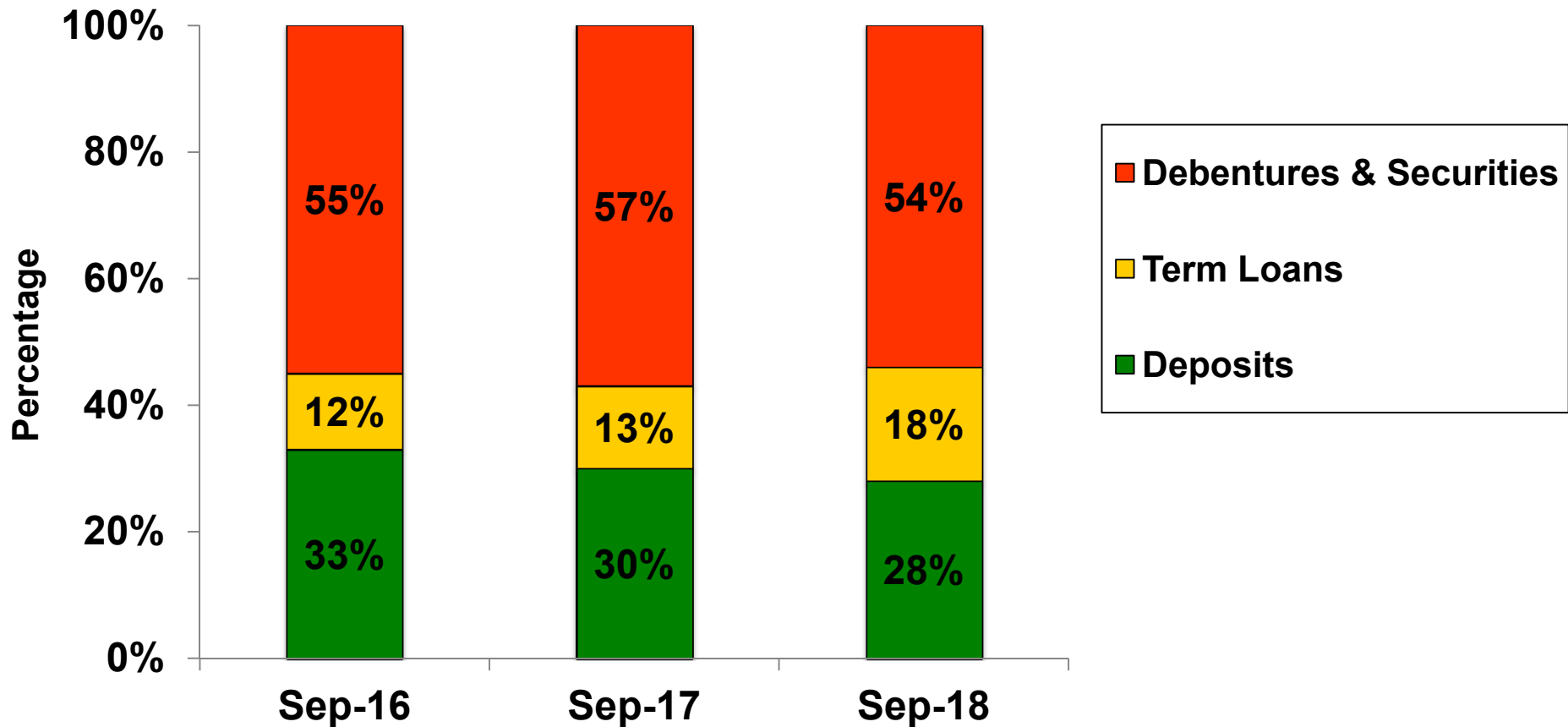
Rs bn

As per IND AS	Sep-18	Jun-18	Mar-18
Gross Stage 3	50.22	51.45	47.17
ECL Provision Stage 3	19.46	23.61	19.78
Net Stage 3	30.76	27.84	27.39
Coverage Ratio% Stage 3	39%	46%	42%
Gross Stage 1 & 2	3,774.29	3,694.59	3,579.61
ECL Provision Stage 1 & 2	30.68	27.54	31.62
Net Stage 1 & 2	3,743.61	3,667.05	3,547.99
ECL Provision % Stage 1 & 2	0.81%	0.75%	0.88%
ECL/EAD	1.31%	1.37%	1.42%

\*ECL is based on the principle of providing for expected future losses, rather than incurred losses based on period of default. Provisions are assessed using statistical modelling which facilitates granular analysis of the portfolio.

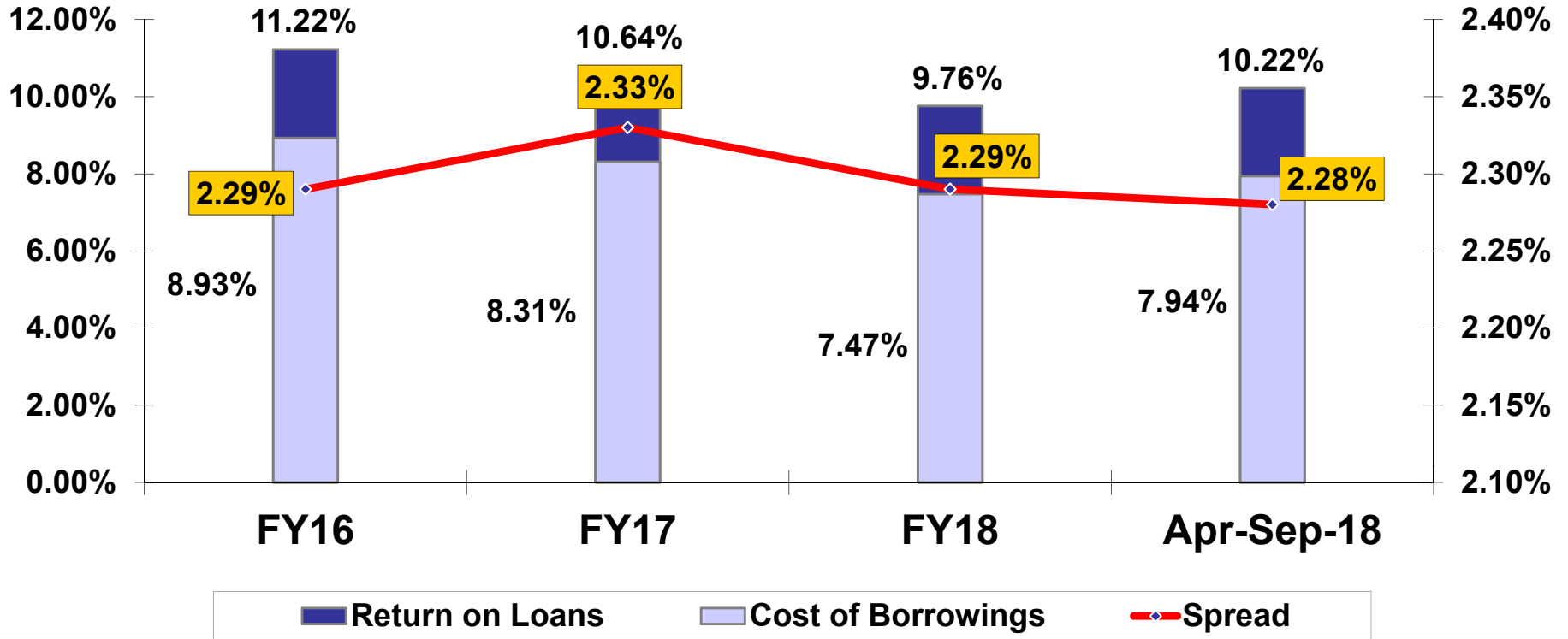
# MULTIPLE SOURCES OF BORROWINGS

(As at September 30, 2018: Total Borrowings - US\$ 47.23 bn)



**Total Borrowings: Rs. 3,431.72 bn (US\$ 47.23 bn)**

# LOAN SPREADS

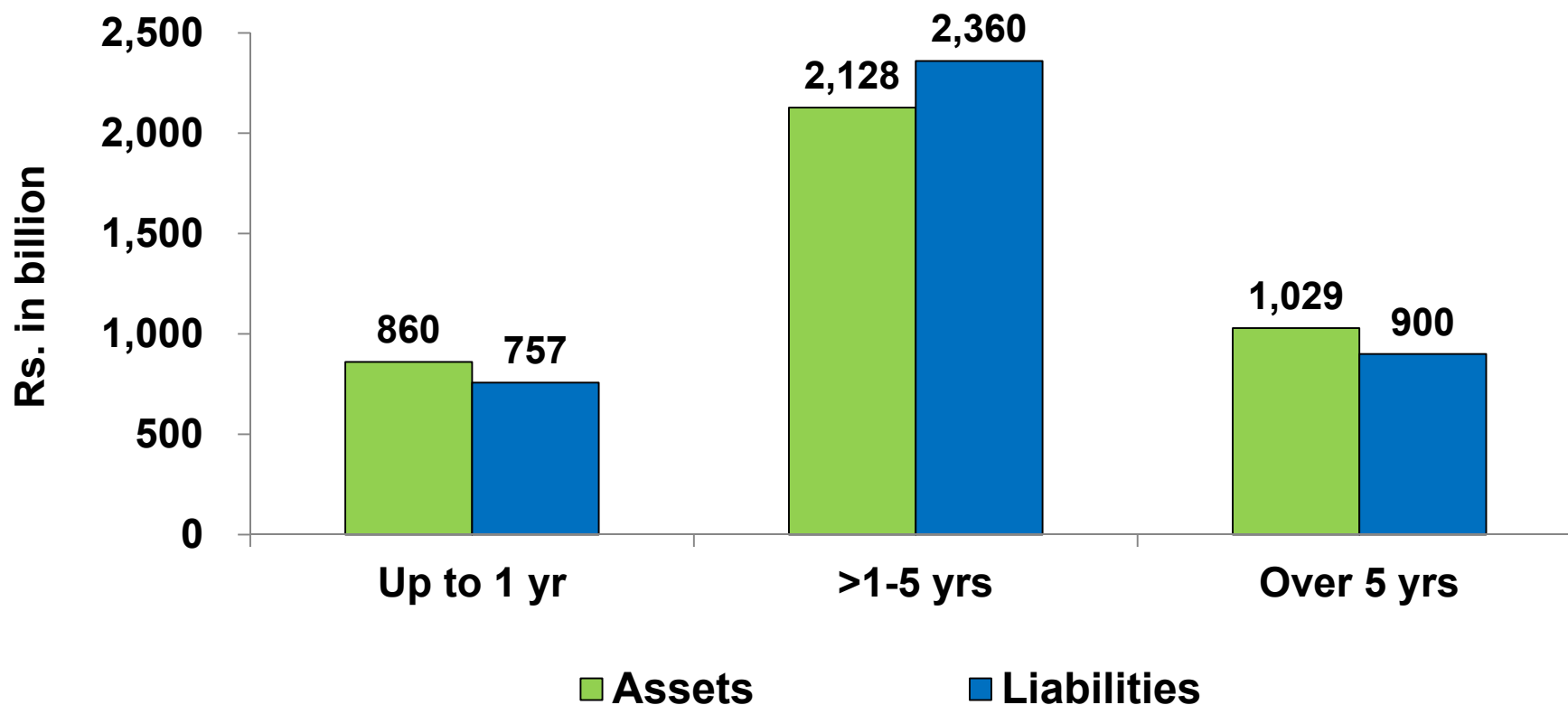


Apr-Sep 2018	
<b>Spread earned on:</b>	
Individual Loans	1.91%
Non-individual Loans	3.11%
Loan Book	2.28%



# MATURITY PROFILE

(As at March 31, 2018)



**Total Assets/Liabilities: Rs. 4,017 bn**

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

# PRODUCTIVITY RATIOS

	<b>FY18</b>	<b>FY10</b>	<b>FY00</b>	<b>FY90</b>
<b>Number of employees</b>	<b>2,575</b>	<b>1,505</b>	<b>794</b>	<b>727</b>
<b>Number of outlets</b>	<b>332</b>	<b>214</b>	<b>67</b>	<b>24</b>
<b>Profit per employee (US\$ '000)^</b>	<b>506</b>	<b>416</b>	<b>118</b>	<b>8</b>
<b>Assets per employee (US\$ mn)</b>	<b>22.9</b>	<b>16.4</b>	<b>4.4</b>	<b>0.5</b>
<b>Admin costs/assets (%)</b>	<b>0.26</b>	<b>0.29</b>	<b>0.49</b>	<b>0.76</b>
<b>Cost income ratio (%)^</b>	<b>7.6</b>	<b>7.9</b>	<b>13.8</b>	<b>30.9</b>

^To make ratios comparable, the profit on the sale of strategic investments has not been considered.

## KEY FINANCIAL METRICS

	FY18	FY17	FY16
Net Interest Margin(%)	4.0	4.1	4.1
Pre Tax RoAA (%)^	3.3	3.4	3.5
Post Tax RoAA (%)^	2.4	2.3	2.5
Return on Equity (%)^	20.4	19.0	19.5
Capital Adequacy (%)	18.4 <sup>#</sup>	14.5	16.6
Of which Tier I	17.1	11.8	13.2
Tier II	1.3	2.7	3.4

^To make ratios comparable, the profit on the sale of strategic investments has not been considered.

#As on September 30, 2018.

# RECONCILIATION OF PROFITS: IGAAP & IND AS

## (Under IND AS 101: First Time Adoption of Ind AS)

Particulars	Quarter ended Sept 30, 2017	Half-year ended Sept 30, 2017
		Rs bn
<b>Profit After Tax as per Previous GAAP</b>	<b>20.98</b>	<b>36.51</b>
<b>Adjustments:</b>		
Adjustment on account of effective interest rate / forex valuation / net interest on credit impaired loans	(0.64)	(1.70)
Adjustment on account of derecognition of (assigned) loans	0.65	0.65
Adjustment on account of expected credit loss	0.39	(0.12)
Adjustment due to fair value of stock options	(2.80)	(3.75)
Fair value change in investments	0.15	0.32
Reversal of Deferred tax liability on Section 36(1)(viii)	1.08	2.13
Other Adjustments	(0.03)	(0.01)
<b>Total effect of Transition to Ind AS</b>	<b>(1.20)</b>	<b>(2.48)</b>
<b>Net Profit After Tax as per Ind AS</b>	<b>19.78</b>	<b>34.03</b>
Other Comprehensive Income (net of tax)	(0.63)	(0.78)
<b>Total Comprehensive Income (net of tax) as per Ind AS</b>	<b>19.15</b>	<b>33.25</b>

## STATEMENT OF PROFIT AND LOSS – FY19 Q2 (Standalone)

As per Ind AS

	<u>Jul-Sep-18</u> (Rs in billion)	<u>Jul-Sep-17</u> (Rs in billion)	<u>Growth</u> (%)
<b>Operating Income of which:</b>			
Interest & Other Op Income	97.58	81.09	20%
Less: Interest Expenses	70.45	58.45	21%
Add: Net Income on Loans sold	3.97	2.26	
<b>Net Interest Income</b>	<b>31.10</b>	<b>24.90</b>	<b>25%</b>
Add: Fees	1.99	1.93	
Less: Commission	1.14	1.26	
	<b>31.95</b>	<b>25.57</b>	<b>25%</b>
Less: Non Interest Expenses	2.69	2.29	
Less: Amortisation of ESOS and CSR Expenses	0.53	2.80	
Less: Provisions & Loan Losses	4.01	(0.62)	
Add: Other Income	0.11	0.04	
<b>Profit Before Tax, Dividend &amp; Sale of Investments</b>	<b>24.83</b>	<b>21.14</b>	<b>17%</b>
Dividend	0.06	5.37	
Profit on Sale of Investments	10.00	0.63	
<b>Profit Before Tax</b>	<b>34.89</b>	<b>27.14</b>	<b>29%</b>
Provision for Tax	10.22	7.36	
<b>Profit after tax Before Other Comprehensive Income</b>	<b>24.67</b>	<b>19.78</b>	<b>25%</b>
Other Comprehensive Income	(0.89)	(0.63)	
<b>Total Comprehensive Income</b>	<b>23.78</b>	<b>19.15</b>	<b>24%</b>
<i>Effective tax rate (%)</i>	<i>29.3%</i>	<i>27.1%</i>	

## STATEMENT OF PROFIT AND LOSS – FY19 H1 (Standalone)

As per Ind AS

	<u>Apr-Sep-18</u> (Rs in billion)	<u>Apr-Sep-17</u> (Rs in billion)	<u>Growth</u> (%)
<b>Operating Income of which:</b>			
Interest & Other Op Income	189.55	161.72	17%
Less: Interest Expenses	133.97	115.99	16%
Add: Income from Loans Sold	5.39	3.63	
<b>Net Interest Income</b>	<b>60.97</b>	<b>49.36</b>	<b>24%</b>
Add: Fees	3.41	3.21	
Less: Commission	2.34	2.28	
	<b>62.04</b>	<b>50.29</b>	<b>23%</b>
Less: Non Interest Expenses	5.56	4.84	
Less: Amortisation of ESOS and CSR Expenses	2.76	3.75	
Less: Provisions & Loan Losses	4.21	1.02	
Add: Other Income	0.16	0.08	
<b>Profit Before Tax, Dividend &amp; Sale of Investments</b>	<b>49.67</b>	<b>40.76</b>	<b>22%</b>
Dividend	5.92	5.96	
Profit on Sale of Investments	10.00	0.64	
<b>Profit Before Tax</b>	<b>65.59</b>	<b>47.36</b>	<b>38%</b>
Provision for Tax	19.02	13.33	
<b>Profit after tax Before Other Comprehensive Income</b>	<b>46.57</b>	<b>34.03</b>	<b>37%</b>
Other Comprehensive Income	(1.18)	(0.78)	
<b>Total Comprehensive Income</b>	<b>45.39</b>	<b>33.25</b>	<b>37%</b>
<b>Effective tax rate (%)</b>	<b>29.0%</b>	<b>28.1%</b>	

## BALANCE SHEET (Standalone)

	<u>Sep-18</u> (Rs. in billion)	<u>Sep-17</u> (Rs. in billion)	<u>Growth</u> (%)
<b>Sources of Funds</b>			
Shareholders' Funds	708.01	424.56	
Borrowings	3,431.72	3,003.37	14%
Current Liabilities & Provisions	130.38	180.54	
	<b>4,270.11</b>	<b>3,608.47</b>	<b>18%</b>
<b>Application of Funds</b>			
Loans <sup>1</sup>	3,790.91	3,242.69	17%
Investments	386.12	257.35	
Current/ Fixed Assets	93.08	108.43	
	<b>4,270.11</b>	<b>3,608.47</b>	<b>18%</b>

<sup>1</sup>Net of loans sold during the preceding 12 months amounting to Rs 158 bn of individual loans. If these loans were included, the growth in loans would have been higher at 22%.

Individual loans amounting to Rs 158 bn were sold during the half year ended September 30, 2018.

# VALUATION & SHAREHOLDING



# VALUATION – METHOD 1

- Number of shares outstanding: 1.717 bn
- Share Price as at October 31, 2018: Rs. 1,770
- Market Capitalisation: Rs. 3,039 bn (~US\$ 41.8 bn)

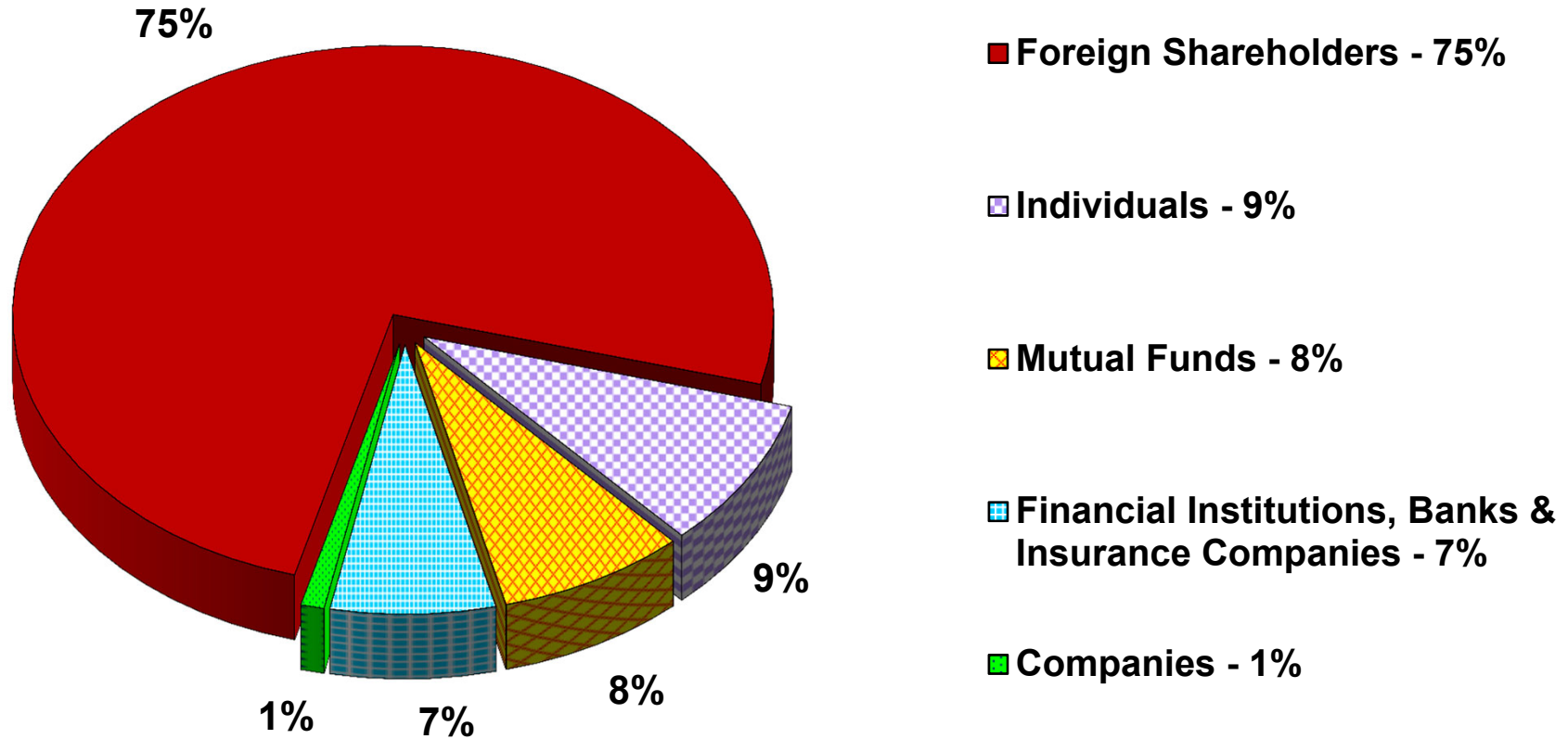
	Total		Per Share
	Rs bn	US\$ bn	Rs
Net Worth	708	9.7	412
<i>Add: Unaccounted gains on listed investments</i>	1,627	22.4	947
<i>Add: Unaccounted gains on unlisted investments</i>	114	1.6	67
Adjusted Networkth	2,449	33.7	1,426
Market Capitalisation	3,039	41.8	
Price Per Share			1,770
<b>Adjusted Price to Book Ratio</b>	<b>1.2</b>	<b>1.2</b>	

## VALUATION – METHOD 2

- Number of shares outstanding: **1.717 bn**
- Share Price as at October 31, 2018: **Rs. 1,770**
- Market Capitalisation: **Rs. 3,039 bn (~US\$ 41.8 bn)**

Valuation	Rs bn	US\$ bn
Market Capitalisation	3,039	41.8
<i>Less: Unaccounted gains on listed investments</i>	1,627	22.4
<i>Less: Unaccounted gains on unlisted investments</i>	114	1.6
Adjusted Market Capitalisation	1,298	17.8
Net Worth	708	9.7
<b>Adjusted Price to Book Ratio</b>	<b>1.8</b>	<b>1.8</b>

# SHAREHOLDING PATTERN



# KEY ASSOCIATES AND SUBSIDIARIES

# HDFC BANK

- **21.4% owned by HDFC**
- **ADRs listed on NYSE**
- **4,825 branches, 13,018 ATMs**
- **Key business areas**
  - Wholesale banking      Retail banking      Treasury operations
- **Financials (as per Indian GAAP) for half year ended September 30, 2018**
  - Advances as at September 30, 2018, stood at Rs. 7,508.4 bn – an increase of 24% over the previous year
  - Total deposits stood at Rs. 8,333.6 bn – an increase of 21% over the previous year
  - PAT: Rs. 96.1 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 (October 31, 2018): ~US\$ 71 bn**

# HDFC STANDARD LIFE INSURANCE COMPANY LIMITED (HDFC LIFE)

- **HDFC holds 51.6% and Standard Life (Mauritius Holdings) 2006 Limited holds 29.3% of the equity of HDFC Life.**
- **Total premium income for the half year ended September 30, 2018 stood at Rs. 119 bn – growth of 30% over the previous year**
- **For the half year ended September 30, 2018, HDFC Life had a market share of 21% in terms of total new business received premium (private sector)**
- **Financial Highlights**
  - **New Business Margin for the half year ended September 30, 2018 (post overrun): 24.3% (PY: 22.4%)**
  - **Embedded Value (Indian Embedded Value methodology) stood at Rs. 163.8 bn as at September 30, 2018 (PY: Rs. 140.1 bn)**
  - **Operating Return on Embedded Value for the half year ended September 30, 2018 stood at 19.6% (PY: 21.2%)**
  - **Assets Under Management as at September 30, 2018 stood at Rs. 1,132.3 bn (PY: Rs. 995.3 bn)**
  - **Indian GAAP profits for the half year ended September 30, 2018: Rs. 6.7 bn (PY: Rs. 5.5 bn)**
- **Product mix - Unit Linked: 59%, Non-Par Savings: 11%, Non-Par Protection: 7%, Traditional Par: 23%,**
- **Market capitalisation (October 31, 2018): ~US\$ 10 bn**

# HDFC ASSET MANAGEMENT

- **HDFC holds 52.8% of HDFC Asset Management, Standard Life Investments holds 30%**
- **Total Assets under Management (AUM) as at September 30, 2018, stood at Rs. 2.93 trillion (US\$ 40 bn)**
  - **Equity-oriented assets of HDFC MF as a proportion of total AUM was 52%**
- **Second largest in the industry on the basis of quarterly average assets under management (Source: AMFI)**
  - **Overall market share: 13.3%**
  - **Market share of equity oriented funds: 16%**
- **Individual accounts of HDFC MF as at September 30, 2018**
  - **8.6 million live accounts**
  - **64% of total monthly average AUM of HDFC MF is contributed by individuals**
  - **Market share of 15.1% of individual monthly average AUM**
- **PAT for half year ended September 30, 2018 (as per Ind AS): Rs. 4.1 bn – an increase of 19% over the previous year**
- **Market capitalisation (October 31, 2018): ~US\$ 4 bn**

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

- **HDFC holds 50.5% and ERGO holds 48.3% of the equity of HDFC ERGO**
- **Gross direct premium for the half year ended September 30, 2018 stood at: Rs. 42 bn – a growth of 28% (excluding weather/ crop business)**
- **Combined Ratio as at September 30, 2018: 98.6%**
- **Market share of 9.8% (private sector) and 5.1% (overall) in terms of gross direct premium for the half year ended September 30, 2018 (Source: GI Council)**
- **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 51% of the total business**
- **Profit After Tax for the half year ended September 30, 2018: Rs. 2.30 bn (PY: Rs. 2.02 bn)**



# GRUH FINANCE LIMITED (GRUH)

- **57.9% owned by HDFC**
- **Registered housing finance company offering loans to individuals for purchase, construction and renovation of dwelling units**
  - **Also offers loans to the self-employed segment where formal income proofs are not available.**
- **Retail network of 194 offices across 11 states in India – Gujarat, Maharashtra, Karnataka, Madhya Pradesh, Rajasthan, Chhattisgarh, Tamil Nadu, Uttar Pradesh, West Bengal, Bihar and Jharkhand**
- **Financials for the half year ended September 30, 2018**
  - **Loan portfolio as at September 30, 2018, stood at Rs. 167 bn – an increase of 17% over the previous year**
  - **PAT (as per Ind AS): Rs. 2.20 bn – an increase of 20% over the previous year**
- **Market capitalisation (October 31, 2018): ~US\$ 3 bn**

## 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
  - 18 investments across India
  - 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
  - 14 investments across India
  - Some 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
  - 6 investments across India
  - Fund is in process of investing the corpus

### 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 and 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 advisor for the funds and is one of the largest real estate fund managers in the country

# HDFC CREDILA

- **HDFC holds 90.8% 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, 2018**
  - **Profit After Tax (as per Ind AS): Rs. 487 mn**
  - **Cumulative disbursements: Rs. 77 bn**
  - **Loan book outstanding as at September 30, 2018: Rs. 49 bn – growth of 28% over previous year**
    - **45% of the loan book is collateralised**
  - **Average loan: Rs. 1.79 mn**
  - **Gross non-performing assets: 0.07%**

# **FINANCIALS**

## **Standalone & Consolidated**

### **FY18 (Based on Indian GAAP)**

# BALANCE SHEET (Standalone)

	<u>Mar-18</u>	<u>Mar-17</u>	<u>Growth</u>
	(Rs. in billion)	(Rs. in billion)	(%)
<b>Sources of Funds</b>			
Shareholders' Funds	614.03	396.45	
Borrowings	3,206.55	2,805.34	14%
Current Liabilities & Provisions	196.16	171.27	
	<b>4,016.74</b>	<b>3,373.06</b>	<b>19%</b>
<b>Application of Funds</b>			
Loans <sup>1</sup>	3,594.42	2,964.72	21%
Investments	305.33	204.10	
Current/ Fixed Assets	116.99	204.24	
	<b>4,016.74</b>	<b>3,373.06</b>	<b>19%</b>

Loans sold in FY18: Rs 65 bn (PY Rs 160 bn)

<sup>1</sup>Net of loans sold during the preceding 12 months. If these loans were included, the growth in loans would have been higher at 23%.

## PROFIT AND LOSS ACCOUNT – FY18 (Standalone)

	<u>Apr-Mar-18</u> (Rs in billion)	<u>Apr-Mar-17</u> (Rs in billion)	<u>Growth</u> (%)
<b>Operating Income of which:</b>			
Interest Fees & Other Op Income	335.83	308.56	9%
Interest Expenses	222.35	208.97	6%
<b>Net Interest Income</b>	<b>113.48</b>	<b>99.59</b>	<b>14%</b>
Add: Fees	8.15	8.49	
Less: Commission	6.70	5.02	33%
	<b>114.93</b>	<b>103.06</b>	<b>12%</b>
Less: Non Interest Expenses	9.58	8.37	
Less: Provisions	4.55	7.00	
Add: Other Income	0.45	0.47	
<b>Profit Before Tax, Dividend &amp; Sale of Investments &amp; Exceptional Item</b>	<b>101.25</b>	<b>88.16</b>	<b>15%</b>
Dividend	10.79	9.09	
Profit on Sale of Investments	3.78	10.02	
Exceptional Items	36.82	-	
<b>Profit Before Tax</b>	<b>152.64</b>	<b>107.27</b>	<b>42%</b>
Provision for Tax	25.93	28.53	
<b>Profit after tax but before DTL on Special Reserve</b>	<b>126.71</b>	<b>78.74</b>	<b>61%</b>
Less: Provision for DTL on Special Reserve	5.07	4.31	
<b>Profit After Tax</b>	<b>121.64</b>	<b>74.43</b>	<b>63%</b>
<b>Effective tax rate (%)</b>	<b>20.3%</b>	<b>30.6%</b>	

Note: Exceptional items include profit of Rs 52.57 bn from the Initial Public Offer of HDFC Life and additional special provision of Rs 15.75 bn as a charge to the statement of profit and loss.

Transaction of HDFC Life has triggered provision of Minimum Alternate Tax & tax expense has been adjusted accordingly.

# BALANCE SHEET (Consolidated)

	<u>Mar-18</u> (Rs. in billion)	<u>Mar-17</u> (Rs. in billion)	<u>Growth</u> (%)
<b>Sources of Funds</b>			
Shareholders' Funds	865.41	600.59	44%
Minority Interest	46.98	34.73	
Policy Liabilities	859.47	742.56	
Loan Funds	3,366.30	2,937.95	15%
Current Liabilities & Provisions	488.85	425.54	
	<b>5,627.01</b>	<b>4,741.37</b>	<b>19%</b>
<b>Application of Funds</b>			
Loans*	3,791.73	3,128.91	21%
Investments	1,632.28	1,328.55	
Current Assets, Advances & Fixed Assets	200.78	277.71	
Goodwill on Consolidation	2.22	6.20	
	<b>5,627.01</b>	<b>4,741.37</b>	<b>19%</b>

\* Net of loans sold during the preceding 12 months amounting to Rs 65 bn. If these loans were included, the growth in loans would have been 23%.

No loans were sold during the half year ended March 31, 2018.

## PROFIT AND LOSS ACCOUNT (Consolidated)

	Apr-Mar-18	Apr-Mar-17	Growth
	(Rs. in billion)	(Rs. in billion)	(%)
<b>Income</b>			
Revenue from Operations	382.45	350.06	9%
Premium Income from Insurance Business	263.62	217.29	21%
Other Operating Income from Insurance Business	38.69	31.23	
Other Income	0.24	0.53	
	<b>685.00</b>	<b>599.11</b>	<b>14%</b>
<b>Expenses</b>			
Finance Cost	234.53	219.53	7%
Staff/Establishment/Other Expenses	24.04	21.34	
Claims paid pertaining to Insurance Business	153.37	118.88	
Commission, Operating & Other Expenses- Insurance Business	132.36	116.10	
Depreciation & Provisions	5.64	8.53	
	<b>549.94</b>	<b>484.38</b>	<b>14%</b>
<b>Profit Before Sale of Investments, Exceptional Items and Tax</b>	<b>135.06</b>	<b>114.73</b>	<b>18%</b>
Profit on Sale of Investments	6.42	11.77	
Exceptional Items	34.54	-	
<b>Profit Before Tax</b>	<b>176.02</b>	<b>126.50</b>	<b>39%</b>
Tax Expense	40.01	40.21	
<b>Net Profit</b>	<b>136.01</b>	<b>86.29</b>	<b>58%</b>
Share of profit of minority shareholder	(10.76)	(7.97)	
Net share of profit from Associates (Equity Method)	37.30	32.19	
<b>Profit after Tax attributable to the Group</b>	<b>162.55</b>	<b>110.51</b>	<b>47%</b>



## CONSOLIDATED PROFIT AFTER TAX – FY18

### As per Indian GAAP

	Mar-18	Mar-17
	(Rs. in billion)	(Rs. in billion)
<b>HDFC Profit After Tax</b>	<b>121.64</b>	<b>74.43</b>
HDFC Life	6.00	5.18
HDFC ERGO	1.91	1.51
GRUH	1.98	1.73
HDFC Bank	37.47	32.33
HDFC-AMC	3.75	3.02
Others	2.56	2.89
Dividend and Other Adjustments	(12.76)	(10.58)
<b>Consolidated Profit After Tax</b>	<b>162.55</b>	<b>110.51</b>
Adjustment for Securities Premium debited in HDFC for Zero Coupon Bonds	3.84	4.96
<b>Adjusted Profit after Tax</b>	<b>158.71</b>	<b>105.55</b>
Contribution of subs/ associates to the consolidated PAT*	33%	33%

\*Adjusted for exceptional items

*Thank You*