HDFC
HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED
www.hdfc.com

Ref. No. SE/2019-20/47

May 13, 2019

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

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

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

Kind Attn: Head - Listing

Dear Sirs,

Sub: Press Release

Further to our intimation submitted today i.e. on May 13, 2019, please find enclosed a press release issued by the Corporation.

We request you to take note of the above and arrange to bring this to the notice of all concerned.

Thank you,

Yours faithfully,
For Housing Development Finance Corporation Limited

Ajay Agarwal
Company Secretary

Encl: a.a.

Press Release

FINANCIAL RESULTS FOR THE QUARTER AND THE YEAR ENDED MARCH 31, 2019 STANDALONE & CONSOLIDATED

PERFORMANCE HIGHLIGHTS

- **27% growth in Profit After Tax for the quarter ended March 31, 2019 -- ₹ 2,862 crore (PY: ₹ 2,257 crore)**
- **24% growth in individual loans (after adding back loans sold in the preceding 12 months)**
- **17% growth in the individual loan book on an Assets Under Management (AUM) basis as at March 31, 2019**
- **Spreads at 2.30%, Net Interest Margin at 3.3%**
- **Final dividend of ₹ 17.50 per share of ₹ 2 per equity share recommended, total dividend including interim dividend: ₹ 21 per share (PY: ₹ 20 per share)**
- **Consolidated Profit After Tax stood at ₹ 16,232 crore (PY: ₹ 11,980 crore) - Growth of 35%**

The Board of Directors of Housing Development Finance Corporation Limited (HDFC) approved the standalone and consolidated audited financial results for the quarter and year ended March 31, 2019, at its meeting held on Monday, May 13, 2019 in Mumbai.

The Corporation has adopted Indian Accounting Standards (Ind AS) from April 1, 2018 and the effective date for such transition is April 1, 2017. Accordingly, the standalone and the consolidated financial statements for the financial year ended March 31, 2019, have been prepared in accordance with Ind AS specified under the Companies Act, 2013 and other relevant provisions of the Companies Act, 2013.

The comparative figures of the previous year have been restated to make them comparable.

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FINANCIAL RESULTS

Financials for the quarter ended March 31, 2019

The reported profit before tax for the quarter ended March 31, 2019 stood at ₹ 3,691 crore compared to ₹ 2,602 crore in the corresponding quarter of the previous year an increase of 42%.

After providing for tax of ₹ 829 crore (previous year: ₹ 345 crore), the reported profit after tax (before Other Comprehensive Income) for the quarter ended March 31, 2019 stood at ₹ 2,862 crore compared to ₹ 2,257 crore in the corresponding quarter of the previous year, representing a growth of 27%.

Financials for the year ended March 31, 2019

The profit numbers for the year ended March 31, 2019 are not comparable with that of the year ended March 31, 2018.

In the previous year, the Corporation had sold shares in the initial public offer of HDFC Life Insurance Company Limited (HDFC Life). This transaction had also triggered the provision of Minimum Alternate Tax (MAT), resulting in a lower tax rate in the previous year.

The profit on sale of investments stood at ₹ 1,212 crore compared to ₹ 5,609 crore in the previous year.

On a comparative basis, the Profit before Sale of Investments and Provision for Loan Losses for the year ended March 31, 2019 stood at ₹ 12,841 crore compared to ₹ 9,696 crore in the previous year, representing a growth of 32%.

The reported profit before tax for the year ended March 31, 2019 stood at ₹ 13,119 crore compared to ₹ 13,190 crore in the previous year. After providing for tax of ₹ 3,486 crore (previous year: ₹ 2,230 crore), the reported profit after tax (before Other Comprehensive Income) for the year ended March 31, 2019 stood at ₹ 9,633 crore compared to ₹ 10,959 crore in the previous year.

To reiterate, the higher profit in the previous year is on account of profit of ₹ 5,265 crore on sale of its stake in HDFC Life.

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DIVIDEND

In March 2019, the Board of Directors declared and paid an interim dividend of ₹ 3.50 per equity share of ₹ 2 per share -- the same as the previous year.

The Board of Directors recommends payment of final dividend for the year ended March 31, 2019 of ₹ 17.50 per equity share of ₹ 2 per share compared to ₹ 16.50 per equity share for the previous year.

The total dividend for the year is ₹ 21 per equity share as against ₹ 20 per equity share for the previous year.

LENDING OPERATIONS

Affordable Housing

During the year ended March 31, 2019, 37% of home loans approved in volume terms and 18% in value terms have been to customers from the Economically Weaker Section (EWS) and Low Income Groups (LIG).

The Corporation on an average, has been approving ~8,600 loans on a monthly basis to the EWS and LIG segment, with monthly such average approvals at ₹ 1,406 crore.

The average home loan to the EWS and LIG segment stood at ₹ 10.1 lac and ₹ 17.5 lac respectively.

Overall Lending Operations

Total individual loan disbursements grew by 15%. The average size of individual loans stood at ₹ 27 lac.

On an Assets Under Management (AUM) basis, the growth in the individual loan book was 17%. The growth in the total loan book was 15%.

As at March 31, 2019, individual loans comprise 74% of the AUM.

As at March 31, 2019, the loan book stood at ₹ 4,06,607 crore as against ₹ 3,62,811 crore in the previous year.

The lower growth in the loan book was due to the unfavourable lending environment for non-individual loans that prevailed in the second half of the financial year. Tight liquidity conditions, over leverage and credit rating downgrades led to heightened risks across the corporate sector. In order to preserve asset quality, the Corporation opted to be

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prudent by curtailing some of its lending to non-individual loans.

The loan book also reflects a lower growth because loans assigned during the year were significantly higher at ₹ 25,150 crore compared to ₹ 6,453 crore in the previous year. Loans assigned during the year included a backlog of loans of the previous year. There were no loans assignments in the second half of FY18 as certain regulatory clarifications pertaining to the Goods and Service Tax were awaited. Loan assignments resumed from June 2018 onwards once necessary clarifications were received.

As at March 31, 2019, the outstanding amount in respect of individual loans sold was ₹ 54,601 crore. HDFC continues to service these loans.

The growth in the individual loan book, after adding back loans sold in the preceding 12 months was 24% (14% net of loans sold). The growth in the total loan book after adding back loans sold was 19% (12% net of loans sold).

Non-Performing Assets (NPAs)

As per National Housing Bank norms, the gross non-performing loans as at March 31, 2019 stood at ₹ 4,777 crore. This is equivalent to 1.18% of the loan portfolio. The non-performing loans of the individual portfolio stood at 0.70% while that of the non-individual portfolio stood at 2.34%.

As per NHB norms, the Corporation is required to carry a total provision of ₹ 3,220 crore. Of this, ₹ 1,817 crore is towards provisioning for standard assets and ₹ 1,403 crore is towards non-performing assets.

As per Ind AS, the Impairment Loss Allowance (Expected Credit Loss) as at March 31, 2019 stood at ₹ 5,880 crore. The provisions carried as a percentage of the Exposure at Default (EAD) is equivalent to 1.44%.

On the basis of classification of assets under Ind AS, as at March 31, 2019, 98.6% of the EAD comprised Stage 1 and 2 assets.

Net Interest Income

The net interest income for the year ended March 31, 2019 stood at ₹ 11,403 crore compared to ₹ 9,635 crore in the previous year, representing a growth of 18%.

For the quarter ended March 31, 2019, the net interest income stood at ₹ 3,161 crore compared to ₹ 2,650 crore in the corresponding quarter of the previous year, representing a growth of 19%.

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Spread and Margin

The spread on loans over the cost of borrowings for the year ended March 31, 2019 stood at 2.30%. The spread on the individual loan book was 1.91% and on the non-individual book was 3.17%.

Net Interest Margin (including the upfronting of income on account of loans sold as per Ind AS) stood at 3.3%, the same as in the previous year.

The NIM excluding the upfronting of income on account of loans sold stood at 3.1%, the same as in the previous year.

INVESTMENTS

As at March 31, 2019, the unaccounted gains on listed investments in subsidiary and associate companies amounted to ₹ 1,87,386 crore.

COST INCOME RATIO

For the year ended March 31, 2019, the cost to income ratio stood at 8.5% compared to 9.2% in the previous year.

CAPITAL ADEQUACY RATIO

The Corporation's capital adequacy ratio stood at 19.2%, of which Tier I capital was 17.6% and Tier II capital was 1.6%. As per the regulatory norms, the minimum requirement for the capital adequacy ratio and Tier I capital is 12% and 6% respectively.

CONSOLIDATED FINANCIAL RESULTS

As per Ind AS, for the year ended March 31, 2019, the consolidated profit after tax attributable to the Corporation stood at ₹ 16,232 crore as compared to ₹ 11,980 crore in the previous year, representing a growth of 35%.

DISTRIBUTION NETWORK

HDFC's distribution network spans 546 outlets which include 188 offices of HDFC's distribution company, HDFC Sales Private Limited (HSPL). HDFC covers additional locations through its outreach programmes. Distribution channels form an integral part

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of the distribution network with home loans being distributed through HSPL, HDFC Bank Limited and third party direct selling associates.

To cater to non-resident Indians, HDFC has offices in London, Dubai and Singapore and service associates in the Middle East.

May 13, 2019

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