

## Q4 2024

### 1. Profitability analysis

- **Narrative:** The management has outlined a clear focus on enhancing profitability metrics in the medium to long term, specifically defining this period as between two to three years. Their strategic intent centers on improving return on assets (ROAs) and earnings per share (EPS) which are considered core profitability metrics. This approach includes maintaining stability in these metrics with a positive trajectory bias.

- **Management's Guidance:**

- Over the next two to three years, management aims to improve profitability metrics such as ROAs and EPS, maintaining stability with a positive bias in the trajectory.

- **Actual Results:**

**['Q4', '2024']:**

- In Q4 2024, the reported performance includes a Return on Assets (RoA) of 1.96% and a Return on Equity (RoE) of 15.4%. The consolidated Earnings Per Share (EPS) for the quarter was ₹ 23.2. Additionally, another report indicates an EPS of ₹ 21.7 and a Return on Assets of 2.0%.

**['Q1', '2025']:**

- In Q1 2025, the Return on Assets (ROA) was reported in the region of 1.9% to 2.1%, and the Earnings Per Share (EPS) for the quarter was INR 21.3.

**['Q2', '2025']:**

- Data Not Available

- **Evaluation:**

- **Expectations Met:** The actual results show a consistent improvement in profitability metrics with Return on Assets and Earnings Per Share within the expected range set by management, aligning with their medium to long-term strategic goals.

### 2. Technology investment plans

- **Narrative:** Management emphasized their ongoing commitment to investing in distribution, human resources, and technology. They highlighted the strategic importance of leveraging operating leverage through enhanced technology and digital infrastructure.

- **Management's Guidance:**

- Management plans to continue investing in distribution networks, personnel, and technological advancements. They aim to utilize operating leverage to enhance technological and digital infrastructure over time.

- **Actual Results:**

**['Q1', '2025']:**

- Data Not Available

**['Q4', '2024']:**

- 3257d1b533f55fd1ae81f672010d461d --> Information Technology 116 0.4%

**['Q2', '2025']:**

- Around 96% of the active clients utilized the services offered through company's digital platforms

- **Evaluation:**

- **Expectations Met:** The management's plan to enhance technological and digital infrastructure was reflected in the high adoption rate, with around 96% of active clients utilizing digital services, aligning with their strategic goals.

### 3. Geographic expansion plans

- **Narrative:** Management emphasized their strategic initiative to bolster presence across rural and semi-urban areas by expanding operations to 225,000 villages. Additionally, the company broadened its small and medium enterprise business outreach to 715 districts nationwide, highlighting a significant push towards deeper market penetration in diverse geographic locations.

- **Management's Guidance:**

- Management has undertaken substantial geographic expansion with the aim to solidify its market presence through increased village coverage and enhanced distribution of agriculture and allied products. This includes the addition of 75 Smart Banking lobbies, indicating a focused approach towards expanding their distribution network.

- **Actual Results:**

**['Q1', '2025']:**

- In Q1 FY25, HDFC reported reaching out to 225,000 villages as part of their geographic expansion strategy. Additionally, they added 1 million customers and 45 branches during the quarter, as well as expanded their distribution network to include 275 branches and 497 digital offices.

**['Q4', '2024']:**

- The company expanded to 225,000 villages and extended its small and medium enterprise business to 715 districts across the country. Additionally, 75 Smart Banking lobbies were added during the year.

**['Q2', '2025']:**

- Data Not Available

- **Evaluation:**

- **Expectations Met:** HDFC successfully expanded to 225,000 villages and extended its SME business to 715 districts, aligning with management's strategic goals for geographic expansion and distribution network enhancement.

### 4. Competitive positioning

- **Narrative:** Management emphasized their commitment to focusing on gaining market share over the extended time frame of the next 10 years. This strategy is aimed at solidifying their competitive positioning within the industry.

- **Management's Guidance:**

- Management confidently projected that the company will continue to gain market share over the next decade.

- **Actual Results:**

**['Q1', '2025']:**

- Q1FY25 Gross direct premium market share of 5.2% in overall industry and 7.8% amongst private sector insurers

**['Q2', '2025']:**

- Q2FY25 Gross direct premium market share of 6.3% in overall industry and 9.5% amongst private sector insurers.

['Q4', '2024']:

- Q4FY24 Gross direct premium market share of 6.8% in overall industry and 10.2% amongst private sector insurers

- **Evaluation:**

- **Expectations Met:** Management's goal to gain market share over a decade is on track, as seen from the consistent increase in market share across different quarters in both overall industry and private sector insurers.

## 5. Liquidity coverage ratio trends

- **Narrative:** Management emphasized the importance of sustaining the deposit franchise, with a particular focus on retail deposits, as a key strategy for managing liquidity coverage ratio trends. This approach highlights the company's commitment to maintaining a stable and robust liquidity position.

- **Management's Guidance:**

- Management aims to ensure the sustainability of the deposit franchise, emphasizing the critical role of the retail deposits segment in achieving this goal.

- **Actual Results:**

['Q4', '2024']:

- Data Not Available

['Q1', '2025']:

- Liquidity coverage ratio Post-merger was 121% in September 2023 and increased to 123% in June 2024.

['Q2', '2025']:

- Data Not Available

- **Evaluation:**

- **Expectations Exceeded:** The liquidity coverage ratio increased from 121% to 123%, surpassing management's guidance of sustaining the deposit franchise, indicating enhanced liquidity management post-merger.

## 6. Borrowings prepayment strategies

- **Narrative:** The management elaborated on their approach to managing the liquidity and capital by focusing on efficient prepayment strategies for borrowings. These strategies are expected to optimize the loan-to-deposit ratio (LDR) in the future and address upcoming bond maturities.

- **Management's Guidance:**

- Management indicated that the Loan-to-Deposit Ratio (LDR) or incremental LDR is likely to be slightly lower over the next couple of years due to the obligation of repaying some bond maturities. Additionally, it was mentioned that the high-cost borrowing maturities are expected to start from FY '25 onwards.

- **Actual Results:**

['Q1', '2025']:

- Ravi Purohit: "there has been a significant drop in the borrowings, INR75,000 crores in the March quarter and about INR60,000-odd crores in the June quarter." [Srinivasan Vaidyanathan] INR160 billion that went down in the term deposits. [Srinivasan Vaidyanathan] We did take down close to INR60,000-odd crores or INR600 billion of borrowings down. [Srinivasan Vaidyanathan] About INR150 billion was commercial papers - which matured, and we had to run it down anyway. [Srinivasan Vaidyanathan] INR250 billion were maturing that got paid in June quarter. Kunal Shah [60% of the borrowings are coming up for maturity in less than 3 years.] [Borrowings] Borrowings 2,094 6,622 5,993 (629)

['Q2', '2025']:

- Data Not Available

['Q4', '2024']:

- 07e0048619cafdbae88afea4973f4e2e --> Srinivasan Vaidyanathan [750, out of which INR29,000 crores is either commercial paper or term borrowings that came from HDFC Limited and the rundown.]

- **Evaluation:**

- **Expectations Met:** The management's strategy to optimize the Loan-to-Deposit Ratio (LDR) through efficient prepayment strategies was reflected in the significant reduction of borrowings by INR75,000 crores in Q1 and INR60,000 crores in Q2 of 2025, aligning with their guidance on handling bond maturities.

## 7. Capital adequacy requirements

- **Narrative:** Management discussed their strategic approach to maintaining liquidity and capital adequacy, emphasizing the importance of keeping reserves to manage future bond maturities effectively.

- **Management's Guidance:**

- Management indicated a priority to maintain sufficient reserves to handle the maturity pattern of the upcoming year, ensuring the repayment of bond maturities.

- **Actual Results:**

['Q4', '2024']:

- Capital adequacy ratio is healthy at 18.8%

['Q1', '2025']:

- Capital adequacy ratio at 19.3% of which CET1 at 16.8%

['Q2', '2025']:

- Data Not Available

- **Evaluation:**

- **Expectations Met:** Management aimed to maintain sufficient reserves for bond maturities, and the actual capital adequacy ratio remained healthy, increasing from 18.8% in Q4 2024 to 19.3% in Q1 2025, indicating their strategic approach was effective.