


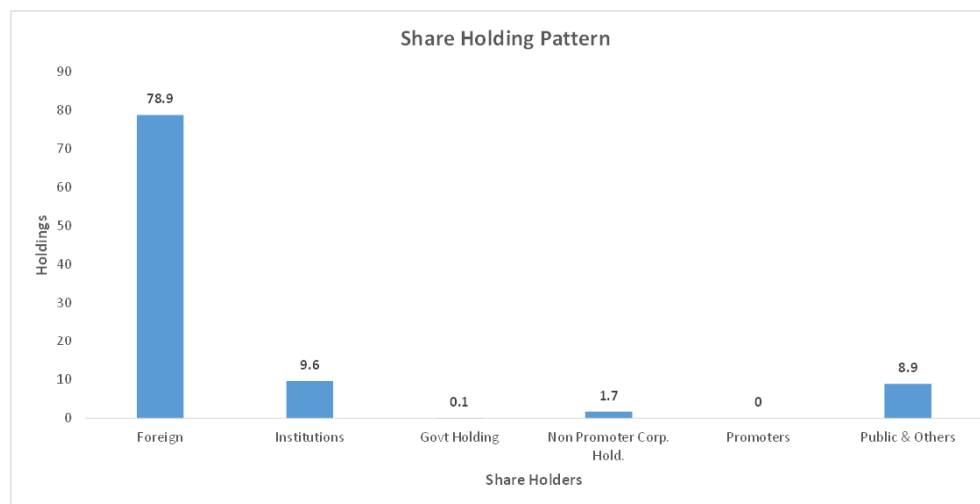
<p align="center"><b>Research Report</b></p>																	
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<p align="center"><b>Industry : Financial Services</b></p>	<p><b>Quick Glance</b></p> <table> <tr> <td>Share Capital ( Rs Cr )</td><td align="right">312.10</td></tr> <tr> <td>Market Cap ( Rs Cr )</td><td align="right">188,568.64</td></tr> <tr> <td>Enterprise Value ( Rs Cr )</td><td align="right">259,384.11</td></tr> <tr> <td>Face Value ( in Rs )</td><td align="right">2.00</td></tr> <tr> <td>52 Week High/ Low ( in Rs )</td><td align="right">1210/755.6</td></tr> </table>	Share Capital ( Rs Cr )	312.10	Market Cap ( Rs Cr )	188,568.64	Enterprise Value ( Rs Cr )	259,384.11	Face Value ( in Rs )	2.00	52 Week High/ Low ( in Rs )	1210/755.6						
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<p><b>Company Overview</b></p> <p>&gt; Incorporated in the year 1977 as the first specialized mortgage company, HDFC Ltd is the largest and a major player in the Housing Finance Industry in India.</p> <p>&gt; With a distribution network consisting of 333 outlets across 2,400 towns and cities spread across India, the company has forayed into various businesses such as mortgaging, insurance, mutual funds etc.</p> <p>&gt; The company is said to have recorded an approximate o Rs. 4,56,000 crores of loan disbursement in its 35 years of existence in the industry.</p>	<p><b>Financials</b></p> <table> <tr> <td>EPS ( Rs )</td><td align="right">34.62</td></tr> <tr> <td>Book Value ( Rs )</td><td align="right">177.90</td></tr> <tr> <td>P/E</td><td align="right">34.66</td></tr> <tr> <td>P/BV</td><td align="right">6.75</td></tr> <tr> <td>ROE</td><td align="right">17.43</td></tr> <tr> <td>ROCE ( % )</td><td align="right">16.70</td></tr> <tr> <td>Dividend Yield ( % )</td><td align="right">1.17</td></tr> <tr> <td>Debt - Equity</td><td align="right">3.11</td></tr> </table>	EPS ( Rs )	34.62	Book Value ( Rs )	177.90	P/E	34.66	P/BV	6.75	ROE	17.43	ROCE ( % )	16.70	Dividend Yield ( % )	1.17	Debt - Equity	3.11
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<p><b>Industry Overview</b></p> <p>&gt; India is the second most populous country in the world with an estimated population of 1.2 bln as per 2011 census. The Indian mortgage industry has grown at a 16% CAGR over the past five years. Population grew by 17.64% in the decade from 2001 to 2011 resulting in an annual growth of 1.64%.</p> <p>&gt; The mortgage industry in India is about 9-11 years behind other regional Ems like that in China and Thailand, in terms of penetration in the economy. India's urban population has grown at a CAGR of 2.8% over 2001-2011, resulting in an increase in the urbanization rate from 27.8% to 31.2%.</p> <p>&gt; According to CRISIL estimates population growth is likely to moderate to 1.5% per annum in the current decade. Working population; i.e. age group of 20-59 years; is expected to grow from 50.4% of the total population in 2005 to 54.2% in 2025 as per CRISIL estimates which would drive the need for more housing and housing finance.</p> <p>&gt; Rising employment opportunities have led to an overall increase in income levels. Increasing working population has reduced the average age of the work force, with higher aspiration levels leading to rising standards of living, matched with sufficient purchasing power.</p>	<p><b>Highlights</b></p> <table> <tr> <td>Debt ( Rs Cr )</td><td align="right">112,523.79</td></tr> <tr> <td>Reserves ( Rs Crs )</td><td align="right">27,643.09</td></tr> <tr> <td>FII Holdings ( % )</td><td align="right">77.85</td></tr> <tr> <td>MF Holdings ( % )</td><td align="right">2.10</td></tr> <tr> <td>Free Float Market Capitalization ( Rs Cr )</td><td align="right">188,568.64</td></tr> <tr> <td>Beta</td><td align="right">0.86</td></tr> <tr> <td>Avg Volume Per day ( no. of shares )</td><td align="right">2,449,558</td></tr> <tr> <td>Avg Volume Per Month ( no. of shares )</td><td align="right">59,433,664</td></tr> </table>	Debt ( Rs Cr )	112,523.79	Reserves ( Rs Crs )	27,643.09	FII Holdings ( % )	77.85	MF Holdings ( % )	2.10	Free Float Market Capitalization ( Rs Cr )	188,568.64	Beta	0.86	Avg Volume Per day ( no. of shares )	2,449,558	Avg Volume Per Month ( no. of shares )	59,433,664
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<p><b>Key Highlights</b></p> <p>&gt; HDFC Ltd is the first specialized housing finance company in India and also the largest with a market share of ~16%.</p> <p>&gt; HDFC Ltd has a healthy track record of sustaining spreads and NIMs above 2% and 3.5%, respectively, across volatile interest rate cycles.</p> <p>&gt; HDFC Ltd has one of the best asset quality parameters in the industry. Its GNPA as on FY14 is 0.7% while NNPA was nil on account of 100% provision coverage ratio.</p>																	
<p><b>Key Risks</b></p> <p>&gt; An economic slowdown that will affect the income levels of borrowers impacts the affordability of loans to individuals and increase probability of default.</p> <p>&gt; Cooling off in real estate market</p> <p>&gt; Adverse Regulation</p>																	

## Financial Highlights

Income Statement ( Annual )					
Particulars ( Rs Cr )	2014	2013	2012	2011	2010
Net Sales	24,143.01	21,112.50	17,332.94	12,852.93	11,338.28
<b>EBITDA</b>	<b>23,446.82</b>	<b>20,452.20</b>	<b>16,821.60</b>	<b>12,420.96</b>	<b>10,974.72</b>
<b>EBITDA Margin</b>	<b>97.12</b>	<b>96.87</b>	<b>97.05</b>	<b>96.64</b>	<b>96.79</b>
Depreciation	31.87	23.59	20.54	19.20	18.20
Interest	16,029.37	13,890.89	11,156.78	7,559.94	7,063.08
Other Income	54.66	35.12	21.34	25.14	22.55
PBT	7,440.24	6,572.84	5,665.62	4,866.96	3,915.99
<b>APAT</b>	<b>5,440.24</b>	<b>4,848.34</b>	<b>4,122.62</b>	<b>3,534.96</b>	<b>2,826.49</b>
<b>PAT Margin ( % )</b>	<b>22.53</b>	<b>22.96</b>	<b>23.78</b>	<b>27.50</b>	<b>24.93</b>
Earnings Per Share	34.62	31.45	27.54	23.66	98.43

Balance Sheet					
Particulars ( Rs Cr )	2014	2013	2012	2011	2010
Equity Share Capital	312.10	309.27	295.39	293.37	287.11
Reserves and Surplus	27,643.09	24,690.73	18,722.19	17,023.14	14,910.55
<b>Net Worth</b>	<b>27,955.19</b>	<b>25,000.00</b>	<b>19,017.58</b>	<b>17,316.51</b>	<b>15,197.66</b>
Deferred Tax Liability :	-	-	-	-	-
Long Term Debt	70,815.47	65,564.39	64,899.16	60,831.30	63,605.65
Short Term Debt	41,708.32	43,227.31	31,084.82	21,862.57	32,959.66
<b>Total Debt</b>	<b>112,523.79</b>	<b>108,791.70</b>	<b>95,983.98</b>	<b>82,693.87</b>	<b>96,565.31</b>
Current Liabilities	81,224.43	57,321.90	48,445.41	36,027.46	2,656.16
Total Provisions	4,053.98	4,417.15	4,072.97	3,204.52	2,222.30
<b>Total Liabilities</b>	<b>140,478.98</b>	<b>133,791.70</b>	<b>115,001.56</b>	<b>100,010.38</b>	<b>111,762.97</b>
Gross Block	628.63	576.41	551.17	544.12	524.46
Net Fixed Assets	<b>280.48</b>	<b>237.94</b>	<b>233.95</b>	<b>233.95</b>	<b>222.12</b>
<b>Investments</b>	<b>13,912.65</b>	<b>13,613.46</b>	<b>12,207.00</b>	<b>11,832.42</b>	<b>10,727.45</b>
<b>Current Assets</b>	<b>7,800.04</b>	<b>5,752.46</b>	<b>5,533.06</b>	<b>6,131.30</b>	<b>490.30</b>
Deferred Tax Asset :	-	-	-	-	-
Receivables	84.52	1.32	60.21	1.27	0.73
Inventories	-	-	-	-	-
Cash	7,715.52	5,751.14	5,472.85	6,130.03	489.57
<b>Total Assets</b>	<b>140,478.98</b>	<b>133,791.70</b>	<b>115,001.56</b>	<b>100,010.38</b>	<b>111,762.97</b>

Income Statement ( Quarterly )								
Particulars ( Rs Cr )	2014				2013			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net Sales	6,620.33	6,019.80	5,945.94	5,556.94	5,666.08	5,242.02	5,269.45	4,934.95
<b>EBITDA</b>	<b>6,474.69</b>	<b>5,834.73</b>	<b>5,768.43</b>	<b>5,368.97</b>	<b>5,535.21</b>	<b>5,064.04</b>	<b>5,087.38</b>	<b>4,765.55</b>
<b>EBITDA Margin</b>	<b>97.80</b>	<b>96.93</b>	<b>97.01</b>	<b>96.62</b>	<b>97.69</b>	<b>96.60</b>	<b>96.54</b>	<b>96.57</b>
Depreciation	8.49	8.35	9.49	5.54	7.30	5.89	5.61	4.79
Interest	4,140.59	4,079.80	4,045.65	3,763.33	3,439.83	3,521.45	3,541.40	3,388.21
Other Income	27.49	11.13	8.04	8.00	11.63	8.38	7.75	7.36
PBT	2,353.10	1,757.71	1,721.33	1,608.10	2,099.71	1,545.10	1,548.12	1,379.91
<b>APAT</b>	<b>1,723.10</b>	<b>1,277.71</b>	<b>1,266.33</b>	<b>1,379.91</b>	<b>1,173.10</b>	<b>1,555.21</b>	<b>1,140.10</b>	<b>1,151.12</b>
<b>PAT Margin ( % )</b>	<b>26.03</b>	<b>21.23</b>	<b>21.30</b>	<b>24.83</b>	<b>20.70</b>	<b>29.67</b>	<b>21.64</b>	<b>23.33</b>
Earnings Per Share	10.92	8.14	8.07	7.49	9.95	7.29	7.53	6.68

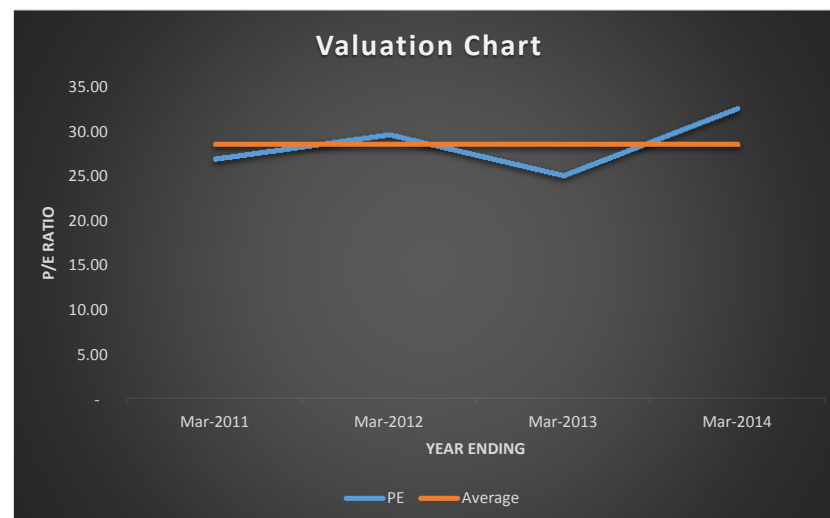
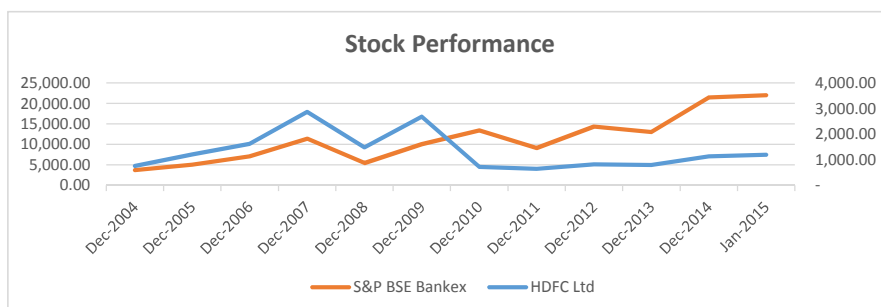


Key Financial Indicators						
Particulars	Units	2014	2013	2012	2011	2010
Revenue	Crs	24,143.01	21,112.50	17,332.94	12,852.93	11,338.28
EBITDA Margins	%	97.12	96.87	97.05	96.64	96.79
PAT	Crs	5,440.24	4,848.34	4,122.62	3,534.96	2,826.49
PAT Margins	%	22.53	22.96	23.78	27.50	24.93
Revenue Growth	%	14.35	21.81	34.86	13.36	3.36
EBITDA Growth	%	14.64	21.58	35.43	13.18	3.33
PAT Growth	%	12.21	17.60	16.62	25.07	23.83
Gearing	times	4.03	4.35	5.05	4.78	6.35
ROCE	%	16.70	15.29	14.62	12.42	9.83
ROE	%	17.43	17.43	17.43	17.43	17.43

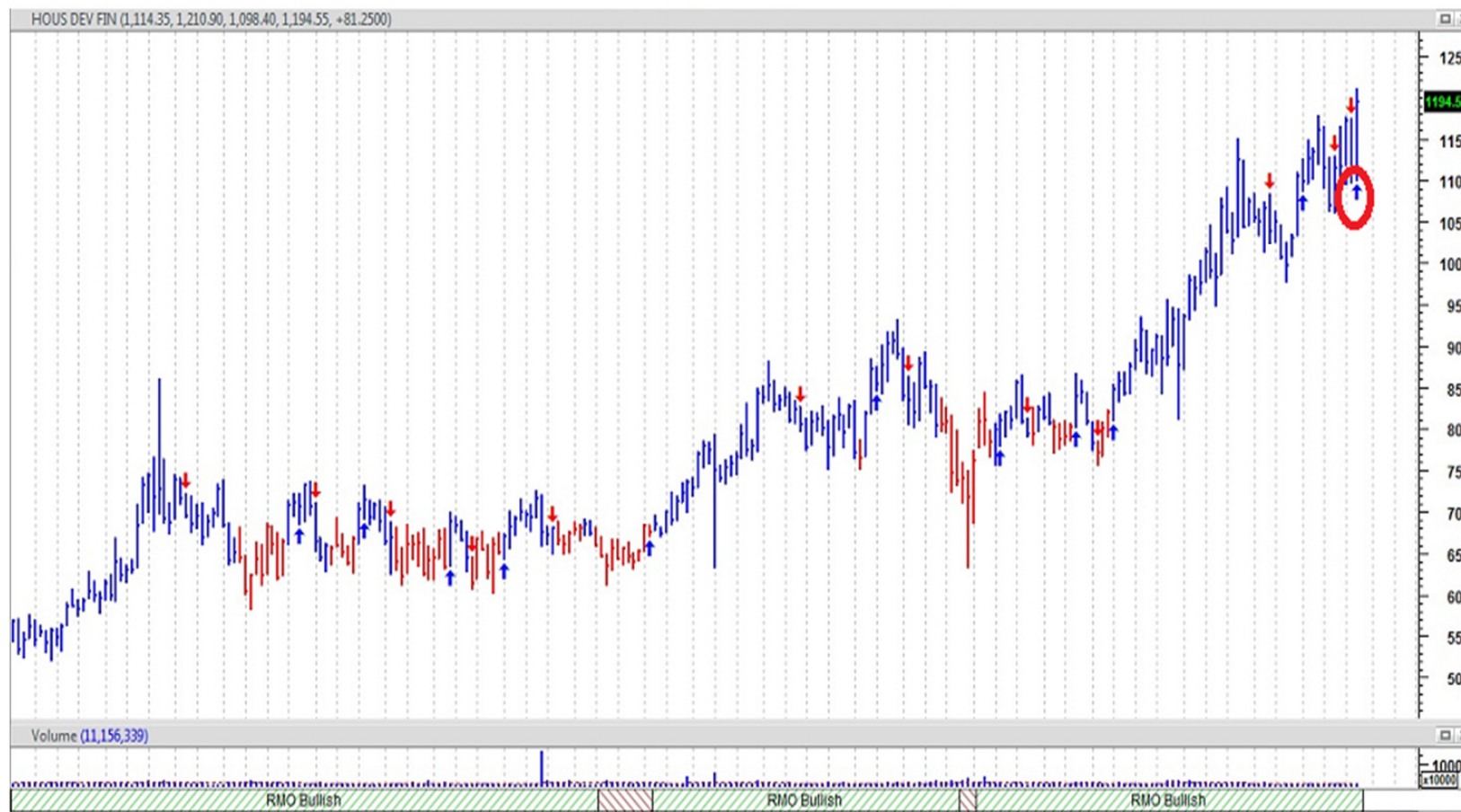
Peer Comparison				
Particulars	Units	HDFC Ltd	LIC Housing	Gruh Finance
Revenue	Rs Cr	24,143.01	9,073.34	845.69
EBITDA Margins	%	97.12	96.43	93.42
PAT	Rs Cr	5,440.24	1,317.19	176.96
PAT Margins	%	22.53	14.52	20.92
Gearing	times	4.03	9.49	9.10
EPS	Rs / Share	34.62	26.10	9.82
PE	times	34.66	18.70	31.26
P/BV	times	6.75	3.27	18.35
ROCE	%	16.70	17.48	12.84
ROE	%	17.43	11.39	13.91
EV/EBITDA	times	13.40	9.92	13.80

#### Stock Performance vis-a-vis Index

Particulars	Return	
	YTD	QTD
HDFC Ltd	6%	20%
CNX Finance	3%	23%



## Technical Outlook



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